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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

P has seen

September 30, 1976

TO: Jim Cavanaugh
Deputy Assistant to the President
The White House

SUBJECT: P.L. 480 Wheat Exports

The Associated Press article entitled "Food for Peace Wheat Cut" published in the September 23 issue of the Philadelphia Evening Bulletin is not correct. We will attempt to get the AP to run a correction.

The AP reporter compared the wrong data. In our original P.L. 480 Title I budget for FY 1976, we allocated only 72 percent of the budget for wheat, not 80.5 percent as claimed by the AP reporter.

The AP reporter compared our P.L. 480, Title I budget for FY 1977 with the revised budget for FY 1976. You will recall that the initial FY 1976 budget for P.L. 480 was raised in December 1975 following the Sinai Accord. The increase was mostly for wheat, and raised the wheat share of the total budget to 81 percent.

In our FY 1977 budget we plan to export 3.6 million tons of wheat under Title I of P.L. 480. This compares with actual shipments of 2.8 million tons in FY 1976 ended June 30, 1976.

We have made good progress in the early programing of P.L. 480 wheat for FY 1977. Nearly half of the 3.6 million tons has been committed and the new fiscal year does not begin until October 1. We never before have been this far ahead. It is a very positive step.

Earl Butz

EARL L. BUTZ
Secretary



Food for Peace Wheat Cut

Washington — (AP) — The Ford administration has reduced slightly the proportion of wheat allocations in the long-term credit side of the Food for Peace program for the coming fiscal year.

Most things considered, that wouldn't be unusual this year if it weren't for repeated recent assurances to grain farmers of a new emphasis on wheat in export programs.

The initial allocations for the year beginning Oct. 1, developed by an interdepartmental panel said to be dominated by Secretary of State Henry A. Kissinger, call for 3.43 million metric tons of wheat to go to 17 countries.

Wheat amounts to 79 percent of the total food commodities allocated, compared to 80.5 percent last year.

Agriculture Department reports this summer, after fiscal year 1976 ended on June 30, said that agreements under Title I for wheat "sales" totaled 3.98 million metric tons together for fiscal 1976 and the three-month transition quarter before fiscal 1977 starts a new federal bookkeeping period.

But after the allocations were announced Wednesday by Assistant Agriculture Secretary Richard E. Bell, a spokesman said 4.09 million metric tons, the initial 12-month planning figure for fiscal 1976, is the proper one to use in comparing the new 3.43 million-ton target.

Doing so means the wheat volume was dropped about 16 percent. The program's Title I budget was decreased about 12 percent.

Actually, the announced plans calls for eventual easy credit sales of 3.61 million metric tons of wheat. But Bell said \$38.9 million of the program's \$866-million budget would be held in reserve to meet changing world needs and individual countries' situations.

The initial allocations could change, he said, because final U.S. govern-

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ment approvals of the deals and agreements with the foreign countries "generally... are yet to be made." Nonetheless, Bell said a month ago he hoped to move one-third of the foodgrains in the first quarter of the fiscal year.

The initial allocation of \$827.1 million worth of wheat, rice, feedgrains, vegetable oil, cotton and tobacco show sizeable increases in planned shipments to Portugal, Sri Lanka, Indonesia, Tanzania, Zaire, Haiti and Guinea and new allocations for the Phillipines, Senegal, Sudan and Zambia.

The allocations are devised by the interagency staff committee on Food for Peace concessional-sales and donations aspects.

A USDA official heads the committee, which meets secretly, but both insiders and Senate critics of the program's direction have repeatedly said Kissinger's policies dominate decisions.

Bell's announcement showed that, of the allocations made so far, 19.7 percent of the Title I funds or \$162.6 million are earmarked for Egypt, 14.6 percent or \$120.8 million for South Korea, 12.5 percent or \$103.5 million for Bangladesh and 6 percent or \$50 million for Portugal.

Almost 30 percent of the wheat is allocated to Egypt.

The total program allocations, with the reserves, included the 3.66 million metric tons of wheat, 650,000 tons of rice, 170,000 tons of vegetable oil, 135,000 tons of feedgrains, 100,000 bales of cotton and 10,500 tons of tobacco, Bell said.

He said USDA also plans to buy and ship 1.3 million metric tons of foodstuffs, mostly grain and soybean products, under the donations aspects of

Food for Peace.

The day before, Secretary Earl L. Butz pointed to Bell's Aug. 23 announcement that Title I shipments could start earlier than normal this year as evidence of the administration's work on promoting wheat exports.



Memo to
Jim Cavanaugh
10/1/76

THE WHITE HOUSE
WASHINGTON

Dick Cheney

P.L. 450

Article.

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Important to get
purchases now.

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