as we have known them. So if the price should go to the floor contained in the agreement, of $1.50 a bushel, the agreement would spell disaster to the wheat producers of this country.

Another factor in this agreement which reduces its value is the fact that there are no fixed quantities that countries agree to purchase; there are merely percentages. It is valuable that countries agree to do even that, but it would have been a much more adequate guarantee if the percentages could have been related to actual quantities of wheat so the producing countries in the world and the grain producers would have some idea of just what is involved.

Then there are important importing countries which are allowed by this agreement to purchase large quantities outside of the agreement itself. The Federal Republic of Germany, which has become Canada's second best customer for wheat in recent years, agrees to purchase 70 per cent of its requirements. In other words 30 per cent of the purchases of the Federal Republic of Germany can be made, under this agreement, outside of the agreement. That is what is set forth here. Another country, Japan, which has been an exceedingly important customer of Canada—a customer that recently, at any rate, has been growing in importance—is allowed under this agreement to purchase 50 per cent of its wheat from countries other than the exporting countries listed in this agreement. That is therefore another feature which shows that there are large quantities which can be purchased and sold outside of the agreement.

Then, of course, another thing that bears on the wheat situation as it now exists is the larger number of exporting countries that are brought under this agreement. It used to be considered that there were four exporting countries, the Argentine, Australia, Canada and the United States. To those countries from time to time have been added other countries. France is now a large exporter of wheat. We have had such other countries added to this agreement as Italy, Mexico and Spain. Countries which have not been large importers of wheat in the past but who still have imported wheat from time to time are now becoming exporting nations. This is another indication that the wheat situation is rather disturbing from the standpoint of the agricultural producers of this country.

Mr. Martin (Essex East): Has my hon. friend the figures for world surplus?

Mr. Argue: Our minds must think alike; I have them in my hand and it was the next thing I was coming to. These figures are

[Mr. Argue.]

contained in the most recent issue of *The Wheat Review* for May, 1959, and here is the paragraph dealing with world surplus:

> Latest available estimates indicate that supplies of wheat remaining on or about May 1, 1959 in the four major exporting countries for export and for carryover at the end of their respective crop years amounted to 2,207.7 million bushels, representing an increase of 22 per cent over the 1,815.5 million available a year ago. Supplies at May 1, 1959 in millions of bushels were held as follows: . . . United States, 1,373.7; Canada, 609.2; Argentina, 99.4; Australia, 125.4.

These are large and growing surpluses. There is an indication also that the U.S.S.R. is becoming a very important factor in the wheat situation. I have in my hand the Alberta *Wheat Pool Budget* of June 26, and it has this to say about the wheat production in Russia:

> Reports from Russia indicate that country may harvest another tremendous wheat crop this year. Last year Russia produced a wheat crop claimed to be in excess of 2,300 million bushels, compared to the United States' all time record harvest of 1,450 million bushels. Another 2 billion bushel Russian crop could result in a substantial wheat surplus for export and create further wheat trading problems for Canada.

And, I might add, for the world.

> The possibility of Russia entering the world wheat market on a large scale was a matter of some considerable concern at the international wheat agreement negotiations at Geneva last winter where the fear was expressed that Russia might decide to use wheat as an economic weapon in the world cold war. With the United States already distributing wheat in every manner possible, Canada's trading position would be greatly aggravated should Russia take such action.
>
> This spring a total of 112.5 million acres were reported to have been sown to spring wheat in Russia. This compares with a total U.S. winter and spring wheat acreage of about 55 million and the Canadian acreage of only 22 million. About two-thirds of the Russian wheat crop is sown in the spring.

When the Canadian wheat board officials were before the agriculture committee they recognized that the Soviet union today stands as a very important potential competitor in the wheat markets of the world, and a country that in recent months has played a more active part in wheat exports.

For Canada there are indications that the grain situation is becoming more difficult. The Minister of Trade and Commerce seems to disagree with me every time I point out the difficulties that Canada is facing in the export field, and the difficulty Canada is facing in obtaining markets. The minister takes the same generally optimistic view which was taken by his predecessor, but I say to him that the wheat situation in Canada is not only serious at the present time but that the outlook for wheat sales in the days ahead is difficult.

This agreement provides for an annual review of the surplus disposal policies which