

Dr. HUDSON: The percentage provided in the agreement is only the percentage of the commercial imports.

Senator CRERAR: India agrees to take 70 per cent. Would that be all commercial?

Dr. HUDSON: No, that is 70 per cent of their commercial imports. This, I think, is a very good illustration of a situation when a large proportion of their imports are obtained on special terms; whereas in the United Kingdom, all imports of wheat are commercial. There are no special transaction applying to the U.K.

Senator CRERAR: India has been importing wheat in the past under what are described in the agreement as special transactions. Are we to assume they will take 70 per cent as ordinary commercial transactions and take whatever balance they require probably through special transactions?

Dr. HUDSON: No, senator. They will still take by far the bulk of their imports on a special transaction basis. Agreement between the United States and India provides for the sale of large quantities of wheat to India under P.L. 480 for local currency. It would only be such quantities as India buys commercially that this 70 per cent would apply to.

Senator CRERAR: Would that leave the United States in a position where they would bargain with India on the basis that they would say to India "Now, we will supply you with a volume of wheat through special transactions if you will take a certain amount under the old commercial method?"

Dr. HUDSON: This situation did exist but as a result of discussions with the United States through the new Wheat Utilization Committee which was established as a result of the Food for Peace Conference called by President Eisenhower, the United States has agreed that she will discontinue the tying in of commercial purchases with special transactions. I should qualify this to the extent that exceptions might be made under special circumstances. By and large they have agreed to discontinue this practice.

Senator CRERAR: In other words, while they make that general agreement there are loopholes in it?

Dr. HUDSON: Well, not, I think, serious loopholes. If special circumstances arose they would discuss the situations with Canada and other interested exporting countries. They have given a broad assurance that tied-in sales of the type you mentioned will be discontinued, and I think we can assume that this assurance will cover almost all transactions.

Senator CRERAR: You mentioned a moment ago, I believe, for the year 1957-58, a figure of one billion, 100 million bushels. How much of that was under the International Wheat Agreement?

Dr. HUDSON: Mr. Gherson has just advised me that the guaranteed quantities were 295 million, but the quantities actually recorded were about 195 million bushels.

Senator CRERAR: Of the volume in that particular year of one billion, 100 million, roughly 200 million was through the instrumentality of the International Wheat Agreement?

Dr. HUDSON: Well, I think perhaps we might just refer back to the present International Wheat Agreement, and while there are quotas established under that agreement importing countries are not obliged to record every transaction; they may have a certain guaranteed quantity but they may elect for some reason or other that they do not wish to have these recorded. Therefore, quite a lot of this trade may have been recordable but actually not reported for recording under the agreement.