

HOUSE OF COMMONS

Monday, July 14, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

TRADE

WHEAT—STATEMENT ON INTERNATIONAL MARKETING SITUATION FOLLOWING WASHINGTON MEETING

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, as hon. members are aware, the international wheat marketing situation has in recent weeks become increasingly more difficult. This is not a specific Canadian problem but reflects, rather, an over-all international situation which Canada must seek to influence and to which we must also adapt. Record stocks of wheat are held by exporting countries at a time when world trade in wheat, both commercial and non-commercial, has dropped substantially below the levels of two years ago.

Not surprisingly, this underlying supply-demand situation has exerted downward pressure on wheat prices from the inception of the International Grains Arrangement in July, 1968. There have been a growing number of infractions of its minimum price provisions as individual exporting countries, both members and non-members of the agreement, have sought a temporary advantage over competitors by reducing prices. Earlier this year, the Canadian Wheat Board found it difficult to move wheat at the I.G.A. minimum prices in competition with lower prices offered by other countries. As hon. members will recall, I announced on March 14 that the Canadian Wheat Board would have to reduce prices to remain competitive even if this meant going below the I.G.A. minimum levels. In maintaining its competitive position the Canadian Wheat Board is of course being careful to ensure that the best possible price levels are maintained.

All exporting countries have in common a real concern about what would happen if the structure of international co-operation built up over the years were to disappear. Thus, over the last many months the major exporting countries have held a series of meetings,

notably in Canberra in September, 1968, and in Washington in April this year, to seek to rectify the problems which had been identified. Despite these efforts, pressures for further price cuts had built up in recent weeks and we were faced with the prospect of imminent unilateral price reductions. This might easily have triggered an uncontrollable downward spiral, to the detriment of all exporting countries and of the future of international co-operation in wheat marketing.

Following my visit with the United States Secretary of Agriculture, Mr. Hardin, on June 18, the discussions in the International Wheat Council in London, and the Canada-United States ministerial meeting in the following week, Canada supported the early convening of a ministerial meeting of major exporting countries. This meeting was held in Washington on July 10 and 11 and was attended by ministerial representatives from Argentina, Australia, Canada, the E.E.C. and the United States. The Minister of Agriculture (Mr. Olson) and I took part in this meeting and we were accompanied by the chief commissioner and commissioners of the Canadian Wheat Board and senior departmental officials.

I would like to table, under Standing Order 41(2), copies in French and in English of the communiqué issued in Washington regarding the wheat exporters' meeting, which reads in part as follows:

The ministers, in reviewing current prices in world markets, recognized that distortions had appeared and that corrective action would be taken by some exporters to bring prices into proper competitive relationship in the interests of orderly marketing and price stability.

The ministers reiterated their support for the International Grains Arrangement and expressed their determination to strengthen its operations.

As a means of making the arrangement more effective, the ministers agreed to maintain continuing consultations to deal with problems that may arise.

In the case of the E.E.C., the understandings reached in Washington will be subject to the approval of the Council of Ministers representing their member countries.

This ministerial meeting has served to strengthen the determination of the major wheat exporting countries to co-operate closely in the interests of price stability in accordance with the principles of the I.G.A. Canada