

There have been serious arguments about the access arrangements for Canadian and other wheat with the major importing markets of Europe, Britain and Japan. There have been long arguments about whether the big wheat exporters themselves should limit production in the interests of obtaining a stable market. These disagreements were so serious that by the final week of the talks the United States negotiating team voluntarily abandoned the cereal discussions in order, as they thought, to save the rest of the round. Perhaps this did save the remainder, but certainly it put us in an unenviable position this year.

The six European common market countries and Great Britain agreed with the United States and Australia, leaving Canada holding the bag. In view of the fact the United States is an exporter of wheat, it naturally agreed. The final wheat minimum was 11 cents below our asking price. Besides that, the scheme to finance the world food aid agreement provided only 4,500,000 tons. The grain producing countries, particularly the United States, wanted 10,000,000 tons taken off the world market and delivered to underdeveloped nations who otherwise would not have been able to use wheat to feed their peoples. They had to settle for 4,500,000 tons.

This left the United States with a serious problem of marketing a large quantity of low quality grain. As we all know, this has always been a big problem for the United States because they have always had a large quantity of grain of a quality much below what we market. This year in particular we find ourselves in a very difficult position when trying to compete with them, because we have produced an average crop of a very high quality. In my own constituency of Kindersley I doubt whether there will be any appreciable quantity of grades 2 or 3 grain. It looks as though 80 per cent to 90 per cent of the crop in that area will be No. 1 Northern. That grain is of such high quality it will be extremely difficult to sell it on the markets of the world. We know that the lines—I almost said pipe lines—to and from the elevators are plugged from the country elevators to the terminals, and unless we can move this high quality grain I am very much afraid the situation will remain the same for most of the winter.

We also know that the railway companies have been doing their best, but there are 7,000 to 8,000 loaded grain cars sitting on sidings and in terminals. We will all realize that there is a tremendous blockage when we

#### *Loss to Canada of World Wheat Market*

reach the point that we can no longer move it at all. This whole situation has left the United States with a serious problem of marketing low quality grain. This is one of the main reasons the United States team set out deliberately to cut the price, and they began to do so almost immediately after the delegation left Geneva. It took the minister until mid-September to take the logical step of meeting them on a ministerial level to find an agreement.

The minister now thinks the decline has been stopped. The other day he even boasted a bit about the fact that the price had recovered a couple of cents; and so it had. He went on to make an announcement that wheat would be supported at the minimum price set by the agreement. He said that all grain sold below that price would be subsidized to bring the price up to the minimum. This did help, of course, but I think members can gather from what I have said that unless we sell our grain this subsidization will mean nothing.

At the present time there seems to be very little prospect of our selling any grain. What this will do to the farmer who needs money, I am not sure, but he will be very embarrassed and not very favourably disposed toward the actions of this minister or this government.

In the four weeks of negotiations it seems clear that we came out with very much less than we expected. The question now is whether the agreement will ever be operative. The minister pointed out early this summer in the house that the old agreement had lapsed and that the new one would not take effect until July 31, 1968. In the meantime he has said that the law of supply and demand would govern world wheat prices. If he knew this then, and I am sure he did because he is an excellent businessman, it is very strange that he did nothing while the price declined under the so-called law of supply and demand. The minister ought to know that if the price stays under the newly negotiated minimum it is very doubtful that the new agreement will ever mean anything.

It is quite possible that under these circumstances importing countries will refuse formally to ratify this agreement. If enough of them do this the agreement will not become effective. This could place us in the middle of a price war such as that of the early 1930's. Some will recall that period when we all suffered, and may recall how we lost markets as importing countries subsidized their wheat