

case stocks in excess of the maximum at the end of the succeeding crop-year shall be permitted surplus stocks. Permitted surplus stocks at the end of each succeeding crop-year shall be ascertained by the Council by deducting from the permitted surplus stocks at the end of the preceding crop-year (a) any secondary or supplementary export quotas allocated in the crop-year then ending, and (b) any quantity by which production in that crop-year, plus the permitted excess stocks at the end of the preceding crop-year, was less than the maximum production prescribed in paragraph 1 of Article II.

6. Should it be shown to the satisfaction of the Council that, owing to insufficient or defective storage facilities, any part of the permitted surplus stocks in any country has been destroyed or has been disposed of by governmental measures in a manner clearly constituting extraordinary use, such part shall nevertheless be counted as permitted surplus stocks for the purposes of paragraphs 3 and 4 of Article IV so long as any other permitted surplus stocks remain in that country.

7. The Council shall

- (a) at its regular August meeting ascertain the permitted surplus stocks in Canada and the United States of America at the end of their preceding crop-years and estimate such stocks in Argentina and Australia at the end of their current crop-years, and
- (b) at its regular January meeting ascertain the permitted surplus stocks in Argentina and Australia at the end of their preceding crop-years estimate such stocks in Canada and the United States of America at the end of their current crop-years.

#### ARTICLE IV (EXPORT CONTROL)

1. The contracting Government of each exporting country shall adopt the measures necessary to ensure that net exports of wheat, including flour expressed in terms of its wheat equivalent, from its territories in each quota-year shall not, subject to the provisions of paragraph 11 of this Article, exceed the basic, secondary and supplementary export quotas for which provision is hereinafter made. It is recognized in principle that, within the framework of this Agreement, wheat from each exporting country should continue to find its way into its normal markets.

2. The basic export quotas for Argentina, Australia, Canada and the United States of America shall, subject to the provisions of paragraph 3 of this Article, be 25, 19, 40 and 16 per cent respectively of the Council's latest published estimate of the total volume of international trade in wheat and flour in each quota-year less (a) such basic export quotas for other exporting countries as may be agreed under Article XIV, and (b) reasonable allowances, having due regard to exports in past years, for net exports from the territories of Governments not parties to the Agreement.

3. Should the residual quantity ascertained under paragraph 2 of this Article exceed 500 million bushels in any quota-year, the excess shall be allocated to Argentina, Australia, Canada and the United States of America as secondary export quotas. Allocations made in the first half of the quota-year shall be in proportion to permitted surplus stocks as determined under paragraph 7 (a) of Article III, and allocations made in the second half of the quota-year shall be in proportion to permitted surplus stocks as determined under paragraph 7 (b) of Article III. Should there be no permitted surplus