

International Wheat Agreement

important. I know the minister would not want to leave the country with an exaggerated impression of the extent of the agreement which was arrived at in Geneva. It is true the international wheat council will make a yearly review of annual production and marketing measures affecting trade in wheat, and sales by member countries. This will, admittedly, include not only commercial sales, as the minister observed, but special transactions. Article 3 of the treaty defines what are special transactions. Commercial purchases are the percentages of purchases which importing countries agree to make of their total requirements of commercial wheat. Special transactions are defined as:

- (a) sales on long term credit resulting from government intervention;
- (b) sales under tied government loans;
- (c) sales for inconvertible currency;
- (d) barter transactions;
- (e) bilateral trading agreements;
- (f) gifts or grants.

It may be very well in principle to say the wheat council now, under this treaty, is going to have a review power that was not as clearly stated under the old treaty. However, this is to be observed. When the United States gave away wheat for foreign currency, and gave it away on tied government loans as it did to certain South American countries, we argued that the United States violated the spirit of the international wheat agreement, if it did not violate the letter of the agreement itself. I do not believe it can be argued that this limitation is removed under the present treaty. Under this treaty the United States now, without violating even the spirit or the letter of the agreement, may sell on long term credit to any country. It can continue to sell on tied government loans. It can say to a country, "We will make you loans for industrial purposes if you will take a certain amount of wheat from us."

As I understand it, there is nothing to prevent that under this treaty. It can continue to sell for inconvertible currencies, for instance to India for rupees. It can make barter transactions, which are the worst of all. It can make bilateral trading arrangements and agreements. It may dispose of wheat by gifts or grants.

We have been objecting to all this. We have been arguing that this was contrary to GATT at least in spirit. But now, under the new agreement, the United States will be able to take the position that while there is an obligation to have an annual review of all transactions of this kind, there is no possible argument that these various kinds of transactions, other than commercial ones are even contrary to the spirit of the

international wheat agreement. Under this new agreement therefore, as I see it, these practices really received the approval of the signatory countries to the international wheat agreement.

There is no need for any further extended comment on this treaty which, in principle, represents a sound approach. I do not believe, in fairness, it could be argued that it is a great improvement or, on balance, an improvement at all over the existing agreement. One appreciates all the difficulties in arriving at an agreement involving a matter of this sort. One recognizes the advantage of British participation, notwithstanding the fact that this means a cut-back from \$2 to \$1.90. While this treaty is perhaps the best that could have been obtained under all the circumstances—I want to be fair in my comments—I do believe its value should not be exaggerated. We should not think that by this agreement, involving the participation now of Britain, involving the greater publicity for certain transactions which we felt were inimical to our trading interests as a great wheat producing country, the argument we made against the surplus disposal policies of the United States has been destroyed.

However, with these observations I want the minister to know, as one who believes in the collective way of approaching these matters, that I do not overlook the fact that in principle this treaty does perpetuate some of the principles of the three preceding agreements. But it is certainly, I think, a great overstatement to argue that this treaty represents a fundamental change or an improvement over its predecessors.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the international wheat situation is a difficult one, and any consultation or any arrangement for consultation by most of the wheat exporting and wheat importing countries is something that should be supported. Agricultural producers have long been of the opinion that, in producing wheat and other grains and in the storage and sale of those grains, a proper central agency acting on behalf of producers is necessary, and have also believed that in the sale of wheat and in international deals in wheat this same principle of collective agreement should be continued.

We have had a number of wheat agreements in the past, and with the exception of the initial wheat agreement when there was a very definite price advantage under the agreement, those agreements have been stand-by rules for the sale of wheat. In general the buying and selling of wheat has taken place without the wheat agreements having any particular effect.