

three years ago. This price is very much lower than the support prices of all importing and exporting countries except Canada and Australia. Given normal yields \$1.55 is by no means a remunerative price to Canadian growers, particularly after deduction of storage and interest costs on normal commercial stocks held by the Canadian Wheat Board. For your own information, I believe that a reduction in this minimum price would have a weakening effect on the price structure in general.

5. Hitchman and Lee indicated to Sharp that they believed that under existing circumstances our prices should be at the minimum under the Agreement. We do not accept this position. Our sales have been reasonably satisfactory at existing prices and we see no reason to call upon the importers to take up their guaranteed quantities at the floor. The Canadian position is that Canada would honour her obligation at the ceiling, as she has done in the past, but that the question of putting the price to the minimum and calling upon the importers to fulfill their obligations lies solely within the discretion of each individual exporter. Any modification of this principle would be quite unacceptable to Canada.

6. Lawrie is being fully informed of the discussions which have taken place between the Canadian delegates and their farm advisers and between the Canadian, United States and Australian delegates during the past few days. I suggest that Lawrie might accompany you to the meetings with the United Kingdom representatives. Ends.

824.

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*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 116

London, January 31, 1956

SECRET. IMMEDIATE.

Reference: Your telegram 128 January 25.

Following for Right Honourable C.D. Howe from Robertson, Begins: Lawrie and I saw Hitchman with three or four senior colleagues at the Ministry of Agriculture and Food this afternoon. As Hitchman was prepared to outline the position which the U.K. advisers were putting up to their ministers, we listened.

2. Hitchman said that the U.K. were concerned about the world wheat situation and interested in ensuring that the present surplus position be adjusted without serious impact upon the world's economy. The main elements of the problem as the U.K. saw it followed pretty closely the first four points of the five-point exposition of the U.K. point of view made by Bishop in his speech in Geneva on October 27th (see Document E/Conf.20/EX/SR.2, page II); i.e., the U.K. would be prepared to take part in a concerted international effort to bring about the orderly disposal of world wheat surpluses. As part of an Agreement directed to this object, they would be prepared to relate their own production policies and incentives to growers to an agreed international programme. They would if necessary be prepared to restore such measures of control as might be required to implement their undertakings under such a programme. They did not think the present Wheat Agreement had any relevance to the problem of disposal of surpluses, and they did not think it would be politically feasible for the U.K. to reverse the position it had taken with respect to the IWA unless it could be demonstrated that a new Agreement was seriously