

Mr. DEUTSCH: Yes. That is what is meant by an intergovernmental agreement.

Hon. Mr. LAMBERT: But the wheat agreement is merely a form of bilateral treaty, is it not?

Mr. DEUTSCH: An agreement simply for the purchase and sale of a commodity between two parties is not an intergovernmental commodity agreement within this section.

Hon. Mr. CRERAR: Well, let us explore the wheat agreement a little. Under the charter it would be possible for Canada to make a wheat agreement with Britain and, say, sell at \$1.55 and refuse a similar agreement to France?

Mr. DEUTSCH: Well, if France were prepared to meet all the conditions which the British were prepared to meet then the French could say, "Well, we are prepared to give the same terms, exactly the same terms with respect to price, amount, and the number of years of the contract"—if the French were prepared to make such an offer it would have to be considered.

Hon. Mr. CRERAR: Well, it might not be for the same amount, but it might be at the same price.

Mr. DEUTSCH: Yes.

Hon. Mr. CRERAR: I mean, it would not be so rigidly done that if you sold Britain a hundred million bushels at \$1.55 you could refuse France unless France were prepared to buy one hundred million bushels.

Mr. DEUTSCH: Let me put it this way: if the French were prepared to offer equivalent terms then they would have to be given the same opportunity as the British.

Hon. Mr. CRERAR: But that would not apply to the quantity?

Mr. DEUTSCH: Well, the quantity is a consideration. You see, if, I say, the French came along—I am just using this as an example, it is not designed to be a concrete case—and said, "We want to buy for X cents ten million bushels of wheat for two years," and the X cents is the same as appears in the British contract, and the British are prepared to buy one hundred and fifty million bushels for four years, the terms are not the same. That would be a commercial consideration; that would be something which any private trader would consider. In other words, a private trader might be prepared to meet certain price conditions for a certain quantity for a certain period which he would not be prepared to meet for a smaller quantity for a shorter period.

The CHAIRMAN: They could easily evade that by saying, "We will take the same quantity and will sell the surplus," the same as Britain has done.

Hon. Mr. HAIG: They would. They would sign quickly.

Mr. DEUTSCH: If they were prepared to offer the same terms, under this charter they would have to be given the same opportunity.

Hon. Mr. HAIG: That is what I understood.

Hon. Mr. HAYDEN: That must be predicated on the seller having enough wheat to meet all these agreements.

Mr. DEUTSCH: Oh, yes.

Hon. Mr. HAYDEN: You can always defeat that by contracting for the entire supply to one country.

Mr. DEUTSCH: Yes, but that would be a matter which other countries could ask the organization to consider.

Hon. Mr. HAYDEN: You mean, to break up the quantities you are contracting to sell?

Mr. DEUTSCH: I could not say beforehand how the organization would deal with such a case.