

## INTERNATIONAL WHEAT AGREEMENT, 1959

Mr. Gordon Churchill, Minister of Trade and Commerce, has issued the following statement concerning the United Nations Wheat Conference, which concluded its deliberations on March 10 in Geneva.

The U.N. Wheat Conference, which has just ended, was convened by the Secretary-General of the United Nations for the renewal or replacement of the 1956 International Wheat Agreement, expiring on July 31, 1959. The work of the Conference was divided into two sessions. The first session, which met in Geneva from October 28 to November 6, 1958, addressed itself to a preliminary consideration of the scope and content of a new International Wheat Agreement, designed to help meet the needs of the current world wheat situation. The Conference at its first session appointed a Technical Committee and a Preparatory Committee. These met in London from November 10-21 to examine the proposals advanced, and formulate conclusions and recommendations on the type of operational clauses for inclusion in a new Agreement to be negotiated at the second session.

The Conference resumed at Geneva on January 26, with 52 governments represented - 44 by delegates and 8 by observers. The Food and Agriculture Organization of the United Nations (FAO), the Interim Committee of the International Trade Organization (ICITO), GATT and the International Labour Office were also represented by observers.

The second session completed its task on March 10. A new International Wheat Agreement has been negotiated and will be submitted to governments for their consideration. The new Agreement will be open for signature in Washington, D.C., from April 6-24, and is intended to come into effect on August 1, 1959, following the expiry of the current agreement.

The salient features of the new agreement are:-

### (i) Membership

It is expected that the Agreement will attract a wide membership. The exporting countries will now include Italy, Mexico and Spain - previously importing countries - in addition to Argentina, Australia, Canada, France, Sweden and the United States.

The United Kingdom, subject to Parliamentary approval, will be rejoining the Agreement as an importing country.

### (ii) Duration

As in the case of the 1953 and 1956 Agreement, the new Agreement is for three years, expiring on July 31, 1962.

### (iii) Purposes and Objectives

The objectives of the Agreement have been significantly broadened to include

the promotion of expanded international trade in wheat and of the freest possible flow of this trade, the overcoming of the effects of burdensome surpluses and critical shortages, the encouragement of the use and consumption of wheat and the furtherance of international co-operation generally concerning wheat problems.

(iv) Under the new Agreement, the International Wheat Council will have increased powers and functions. It is authorized to hold an annual review of the world wheat situation, due regard being given to the work of other inter-governmental bodies, such as FAO. The annual review will cover, in the light of the latest information available, developments in national production, stocks, prices and trade, including surplus disposals and special transactions, details of which must be supplied to the Council.

### (v) Rights and Obligations

In the preceding Agreements, exporting countries undertook to supply guaranteed quantities to importing countries when prices reached the maximum price; and importing countries undertook to purchase guaranteed quantities from exporting countries when prices reached the minimum price.

This has now been abandoned in favour of a continuing obligation by individual importing countries to purchase when prices are below the maximum price a specified percentage, set out in an annex to the new Agreement, of their annual commercial imports.

When prices reach the maximum price, the exporting countries undertake to make available to the importing countries quantities based on the average of commercial purchases from them over a representative period of years, which moves forward year by year with the Agreement. At the same time, importing countries are released from their percentage obligations; if they wish to obtain their commercial needs from any other source during the maximum price period. This new balance of mutual obligations is designed to promote a freer and larger movement of trade under the Agreement.

### (vi) Price Range

The maximum price in the new Agreement is \$1.90 per bushel, as against \$2.00 per bushel in the current Agreement, and the minimum price is \$1.50 per bushel, which remains unchanged, for No. 1 Manitoba northern wheat, basis in store Fort William/Port Arthur.