

International Wheat Agreement

This was the situation at 10.30 o'clock this morning. Today is the final date for signature of the agreement and I have reason to believe that all the importing countries which had not signed at 10.30 this morning, except the United Kingdom, will sign later in the day. I shall let the house have a final report later in the debate. It may safely be said that all countries party to the present agreement will have signed the new agreement within the prescribed time, except the United Kingdom, which accounts for 30 per cent of the guaranteed purchases, and perhaps one or two minor importers. This means that over 70 per cent of the total will probably be included in the agreement. Under its terms, the agreement becomes operative when countries representing 50 per cent or more of the guaranteed quantities on both the importing and the exporting side have signed and accepted. Since more than 50 per cent of the importing and exporting quantities have signed, it is in order now for Canada to proceed to accept. That is the purpose of the resolution which is before you. When it has been approved, Canada will formally accept or ratify the agreement.

As I have explained on previous occasions, the international wheat agreement is a multilateral contract between a group of wheat exporting countries on the one side, and a group of wheat importing countries on the other. The basic idea was developed in 1947 after long years of trial and failure with other types of agreements. While many minds contributed to the development of the idea, it is interesting to recall that a member of the United Kingdom delegation of that time played a leading part in solving some of the main problems.

Prior to 1947 most commodity arrangements were in effect agreements to limit exports or production. They were restrictive arrangements, or if you prefer, cartels. The wheat agreement now in effect, and the one which is the subject of this resolution, is nothing of that kind. It is a contract. In effect each exporting country offers to sell a certain quantity of wheat at the maximum price. In return each importing country undertakes to buy a certain quantity at the minimum price. That is the sum and substance of the agreement.

The exporting countries get their protection at the minimum. The importing countries get their protection at the maximum.

In the light of this explanation, you will understand why the government has been puzzled by some recent statements that the exporting countries were holding up the importing countries, and in particular the

United Kingdom, and forcing them to pay \$2.05 under the new agreement.

Let me say, in the plainest language of which I am capable, that this is not so. At \$2.05 the exporting countries must deliver certain quantities of wheat to the importing countries. But the importing countries do not have to buy. If wheat is available more cheaply the importing countries are free to take advantage of the lower prices without any breach of the agreement. Their only obligation is to take up their quotas at the minimum of \$1.55. The very fact that all the importing countries in the present agreement except the United Kingdom and possibly one or two minor importers have signed the agreement is evidence that the true meaning of the agreement is very well understood throughout the world.

Similarly, I wish to make it perfectly plain that Canada has not lost the British market for wheat if the United Kingdom does not sign the agreement. Agreement or no agreement, Canada will compete for the British market and will be in as favourable a position to get a good share of that market as any other exporter. Our friends in the United Kingdom know that, and there is no reason for any misunderstanding between our two countries.

We would prefer, however, that the United Kingdom should join the agreement. We would like to be able to extend to them the protection of the maximum price of \$2.05 so that if prices outside the agreement are higher than that level they will not have to pay such higher prices. As hon. members know, the Canadian wheat board sells at I.W.A. prices and at higher class II prices. That is likely to continue to be the situation at the beginning of the new crop year under the new agreement. Of course the wheat agreement is not intended as a means of distributing charity or assistance to the importing countries. In return for giving protection to the importers at the maximum, we and the other exporting countries get protection at the minimum. That is why Canada is in the agreement.

It is in Canada's interest to prevent wheat prices from going too high as well as going too low. Prices which, because of some temporary condition, jump to very high levels discourage consumption unduly and encourage importing countries to increase their production. We do not want this to happen. We want steady markets which depend upon Canada as a reliable source of supply. Canada should be willing to sacrifice temporary price advantage for the assurance of