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*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Australie*

*Secretary of State for External Affairs
to High Commissioner in Australia*

TELEGRAM 28

Ottawa, March 20, 1956

SECRET. IMMEDIATE.

Following for High Commissioner from C.D. Howe, repeat to M.W. Sharp, Hotel de la Paix, Geneva, Begins: Will you please deliver following message immediately to Mr. McEwen:

1. Thank you for your message¹¹ received through Copland. I appreciate the frankness and thoroughness with which you have reviewed the Australian position.

2. I must be equally frank and tell you that, from the Canadian point of view, it would not be worthwhile to agree to reduced prices in order to get an agreement with the limited quantities indicated. Because the International Wheat Agreement has been a worthwhile example of international co-operation, I could defend a renewal of the Agreement with present maximum and minimum prices, even with reduced quantities. I would find it difficult, however, to contend that such a renewal warranted a reduction in those prices.

3. I can appreciate that Australia, already selling at or near the minimum, may look at the matter differently. Canada, however, is not at or near the minimum and, under the present circumstances, I can assure you that we do not intend to test the minimum. If we were to agree now to reduced maximums and minimums in a new agreement, this would inevitably be regarded by the importers as a sign of weakness. It could result in a renewal of the type of atmosphere where buyers hold back in anticipation of a price-break and which, in itself, creates a downward pressure on prices. If that were to happen to Canadian prices, it would of course have an immediate effect on your own.

4. If the I.W.A. negotiations do collapse, I can assure you that Canada will be ready and anxious to continue close and frequent discussions amongst the exporters. At the November meeting of the Wheat Conference, the United Kingdom Representative expressed the opinion that prices had been stabilized not because of the presence of the agreement but because the surplus stocks were in strong hands. I think we must agree that there was some justification for this opinion and, if the present Agreement is not renewed, I could hope that the major exporters will continue to pursue policies of firm and stable pricing.

5. Under the circumstances, therefore, I am reluctant to join you in an approach to the United Kingdom nor could I honestly encourage a postponement to permit discussion at the Prime Ministers' conference. I would, however, agree to a one-year extension of the present Agreement with the present prices to permit a thorough examination of the United Kingdom's type of proposal of which we have few details. It seems to me it is too important to be considered hurriedly at the present time.

6. Copland has copy of this reply. Ends.

¹¹ Non retrouvé./Not located.