

There was some brief discussion on the term of the Agreement (Canada and the U.S. preferred 3 years, Australia 5 years), exporters' quotas, arbitration, and quality differentials. It was agreed that a few representatives of each of the three delegations, without farm advisers, should meet in Australia House, London, on February 17, the Friday before the resumption of the Geneva meetings. There should be no publicity about this meeting.

823.

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

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

TELEGRAM 128

Ottawa, January 25, 1956

SECRET. IMPORTANT.

Following for N.A. Robertson from C.D. Howe, Begins: We have been informed by the United Kingdom High Commissioner's Office here that the United Kingdom Government might be in a position to talk with us about the International Wheat Agreement between February third and February seventh. This indication is in response to a suggestion from Mitchell Sharp to Sir Allen Hitchman, at the time of the United Kingdom-Canada Continuing Committee meetings, that it was desirable to have preliminary talks between our two countries before the reopening of international negotiations in Geneva on February twentieth. We are informing the High Commissioner's Office here that you will act on behalf of Canada at these preliminary talks.

2. We are most interested to know whether the United Kingdom government is strongly in favour of a renewal of the International Wheat Agreement or whether they are willing to join only if the terms are very much in their favour. During the conversations in Ottawa, Hitchman and Lee indicated that there was strong opposition to the United Kingdom's re-entry into the Agreement and that the government had to demonstrate that it had gained major concessions in order to justify to the public a reversal of policy.

3. You may inform the United Kingdom representatives at the meeting that Canada's participation in the new Agreement will depend in the main upon the level of guaranteed quantities and of prices. We do not think that there would be much value in an agreement which did not cover about two-thirds of international trade in wheat, that is about six hundred million bushels out of nine hundred million bushels, assuming membership of the United States, Canada, Australia and France as exporters and proportionately more if Argentina were a member. As for prices, Canada is not prepared to agree to a reduction in the minimum price below the present level of \$1.55 for number one Northern, in store Fort William. Provided the Agreement is for a period of not longer than three years, we could agree to a significant reduction in the ceiling price (for your own information to as low as \$1.90), but if the Agreement were for a longer period we would have to be correspondingly firmer at the top.

4. I wish the United Kingdom Government to be fully informed about the firmness of the Canadian view on these two points, so that if our respective views are irreconcilable, each of us will know this in advance and will avoid public bickering at Geneva which can only serve to harm Canadian-United Kingdom relations and relations between the Canadian Wheat Board and the United Kingdom, its best customer. In the view of the Canadian Government, \$1.55 is a reasonable and justifiable floor. Farm costs are much the same as