

of the rules being to prevent abuses in the field of intergovernmental commodity agreements. It recognizes that in some circumstances such agreements may be desirable, and it specifies the type of circumstance in which these agreements might be desirable. The circumstances are rather narrow and confined; and in these circumstances, if an agreement is thought desirable, that agreement must be drawn up along certain lines; it must be drawn up in a certain way so as to prevent the abuses which might otherwise occur.

That, in general, covers the substance.

Hon. Mr. HAIG: Regarding that last matter: if this charter had been in force, and we had signed it, the British wheat agreement could not have been made?

Mr. DEUTSCH: No, I would not say that, senator.

Hon. Mr. HAIG: What would you say?

Mr. DEUTSCH: It depends on the nature of the agreement. I do not say that you cannot make an agreement. You can still make agreements. The agreement must meet certain requirements, however.

Hon. Mr. HAIG: Well, what agreement would the requirements be?

Mr. DEUTSCH: Well, that agreement would be an agreement under the state trading sections, probably, because it would be an agreement made by our Wheat Board with the British import organization, and that would be a state trading transaction. It would not come under this section.

Hon. Mr. HAIG: And at \$1.55, when the world's markets were higher than that, and if other nations wanted to buy, would they object?

Mr. DEUTSCH: They could object if they wanted to.

Hon. Mr. HAIG: It would come under this document.

Mr. DEUTSCH: It could come under the charter. It would come under the state trading section.

Hon. Mr. HAIG: And provisions could be invoked against Great Britain and Canada for making that kind of deal?

Mr. DEUTSCH: If the organization agreed that those complaints were justified. I cannot say whether they would, of course.

Hon. Mr. HAIG: And nobody else can!

Mr. DEUTSCH: But if the complaints were justified of course the organization could make recommendations.

Hon. Mr. LAMBERT: Would you define this as an intergovernmental commodity agreement?

Mr. DEUTSCH: No. This particular transaction which is referred to would be a transaction under the state-trading section of this charter. The kind of intergovernmental commodity agreement referred to here is one which would have in it, say, fifteen or twenty countries. Take the case of rubber, on which there have been agreements in the past. The countries producing rubber are about four or five. Say that these countries and a number of the countries which consume rubber got together and drew up an agreement, and that they got together because there was some difficulty in the rubber business. Say the price was too low or there were surplus stocks, or something was wrong, and they got together and agreed to remedy this difficulty. They might agree to all sorts of things. They might say, "We will agree to sell at certain prices only, and all exporters agree that they will not sell at a price different from a certain fixed price." The importers might agree to accept that price, and they would lay down all the conditions necessary. They might agree to the control of exports.

Hon. Mr. LAMBERT: It assumes a group?