

**EXCHANGE OF NOTES (MAY 28, 1941) REGARDING WHEAT
MARKETING BETWEEN CANADA AND THE UNITED STATES
OF AMERICA.**

*The United States Minister at Ottawa to the Secretary of State for
External Affairs of Canada*

LEGATION OF THE UNITED STATES OF AMERICA

OTTAWA, CANADA, May 28, 1941.

No. 384

SIR:

1. I have been instructed to call to your attention the fact that due to legislative action looking toward an increase in the income of American wheat producers there has been a substantial rise in the price of wheat in the United States. As a result of this development the spread between the price of wheat in the United States and the price of wheat in Canada has materially widened, thus making practicable an abnormal importation of Canadian wheat into the United States for consumption.

2. In view of the prospects of a record carry-over of wheat in the United States, prospects for a better than average wheat production this year and extremely limited possibilities for export, it is obvious that the United States is faced with a surplus problem of its own. Furthermore, the importation of appreciable quantities of wheat from Canada would materially interfere with the proposed wheat program of the United States set forth in the preceding paragraph.

3. In view of this situation, the Government of the United States regretfully finds it necessary on the basis of the findings of the United States Tariff Commission to place a limitation on the importation of Canadian wheat. Such action, however, will not apply to the movement of Canadian wheat into the United States for milling in bond and export, or to Canadian wheat moving through the United States for export. In the latter connection, moreover, the Government of the United States is anxious to collaborate closely with Canadian wheat authorities in making the most effective use of the available storage facilities in the United States.

4. In taking the action referred to above, the Government of the United States recognized that the wheat problem is, in fact, an international problem and one in which the Governments of Canada and the United States have mutual interest. It is for this reason that the Government of the United States welcomes the recent indication of the Canadian Government of its willingness to resume discussions on an international basis of the whole wheat surplus problem. The Government of the United States accordingly proposes to extend invitations for such discussions in Washington in the near future.

5. In addition to such discussions, however, the Government of the United States feels that there is a need for continuing consultation between appropriate authorities of our two governments with a view to preventing to the fullest possible extent divergencies in our respective wheat programs and policies. It is believed such collaboration would be in accord with the purposes of the two governments to work toward a closer integration of the economies of both countries. The Government of the United States would accordingly welcome an expression of the views of the Canadian Government on this subject.

Accept, Sir, etc.

PIERREPONT MOFFAT