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*Note du secrétaire d'État aux Affaires extérieures  
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs  
to Cabinet*

CABINET DOCUMENT NO. 108-56

Ottawa, May 8, 1956

CONFIDENTIAL

A revised International Wheat Agreement to follow the present Agreement, which expires on August 1, 1956, has been agreed upon in London and is open for signature in Washington until May 18. Copy of the text is attached.

The new Agreement is drafted along much the same lines as the two earlier Agreements. The basic principles remain that at the maximum price an importing country can call upon the exporting countries to make wheat available up to the importer's guaranteed quantity; and at the minimum price an exporting country can call upon importing countries to take wheat up to the exporter's guaranteed quantity. The maximum and minimum prices, however, are each five cents lower than in the current Agreement. The maximum will be \$2.00 per bushel and the minimum \$1.50 per bushel for No. 1 Northern in store Fort William/Port Arthur.

Although the importing countries in the current Agreement are all expected to sign the new agreement they have, taken as a whole, contracted for smaller quantities. The United Kingdom decided not to enter the Agreement. The Argentine, an important exporter, is expected to enter the Agreement for the first time. so is Sweden, also an exporter. Thus the total quantity of wheat covered by the new agreement will be less than under the current Agreement, and the Canadian share will be smaller (103 million bushels, compared with 153 million bushels).

The main value of the Agreement to Canada however will not lie in the field of guaranteed purchases or sales. (For one thing the United Kingdom, a non-member, will continue to be Canada's largest customer). The main value of the Agreement for Canada will be the fact that the countries represented — most of the world's importers and exporters of wheat make it clear by signing this Agreement that they recognize that a price range from \$1.50 to \$2.00 is reasonable in present circumstances. This fact in itself should give an element of stability to world trade in wheat. I understand that the farm advisers fully supported the view that these terms were acceptable.

With the concurrence of the Minister of Trade and Commerce, I recommend that the Canadian Ambassador in Washington be authorized to sign the International Wheat Agreement on behalf of Canada.<sup>15</sup>

L.B. PEARSON

C.D. Howe  
Minister of Trade and Commerce

<sup>15</sup> Approuvé par le Cabinet le 10 mai 1956. Pour le texte de l'accord, voir Canada, *Recueil des traités*, 1956, n° 5.

Approved by Cabinet on May 10, 1956. For the text of the agreement, see Canada, *Treaty Series*, 1956, No. 5.