

APPENDIX (2)

December 10, 1963.

A REVIEW OF THE FEED SUPPLY SITUATION IN EASTERN CANADA

During this summer, freight rates on the Great Lakes for the transportation of western feed grains dropped to a record low. All the wholesalers recommended therefore to feeders in eastern Canada, to cover their requirements of wheat, oats and barley, until the spring of 1964. A large percentage of feeders heeded this advice and took advantage of the situation. They will therefore get the grain they need until the opening of navigation 1964, at extremely low prices. It was no doubt a great incentive to eastern feeders to take advantage of the new legislation, where all consumers of western wheat, oats and barley, will enjoy free storage of these grains from October 15th to April 15th 1964. The government will even absorb the storage charges, accrued during that six month period, in case already stored grains are leaving eastern elevators after April 15th.

There is sufficient evidence that most eastern consumers of feed grains have bought even more oats and barley for fall delivery than needed, contracted during the time when grain and transportation rates were cheap, because all they could lose is a small amount of bank interest. Even during and after the two recent strikes, there has been ample supply and possibly over-supply of oats and barley in the elevators at Prescott, Montreal and Quebec, to take care of the requirements of the eastern livestock and poultry industry for some time. As a matter of fact, a number of large and small feedmills, partly cooperatives, partly privately owned, have been resellers of oats and barley to this day.

Most wholesalers report that their advance sales for delivery before the freeze-up have doubled and even tripled this year.

Although still a number of lake boats have to be unloaded in eastern elevators before the freeze-up, the stocks of western grain, particularly in the larger distributing centres like Montreal and Quebec, are considerably higher than at the same period last year. In spite of the record shipment of export grain in the last three months, there was never a shortage of domestic grain anywhere and at any time in eastern port elevators. This is due to the consideration given to the domestic demand for feed grain by the Canadian Wheat Board, the National Harbours Board, the Board of Grain Commissioners and above all the efficient handling of western grain by the Winnipeg shippers and eastern distributors.

Our firm and other eastern wholesalers have negotiated with the railways a reduced freight rate from western Ontario points to Montreal and other points, and this corn was available at much lower prices than imported American corn. The present stocks of Ontario corn in store at eastern ports, are therefore a welcome addition to our feed supply. My own firm, as one of the largest distributors of feed grain, has sold 200 per cent more feed grain to eastern processors for their winter requirements than in previous years, at the time this summer when water freight rates could be covered cheaply. By this we mean that during the late summer months this year, water freight rates reached a level at which shipping companies would have been better off to switch their cargoes to ore or other commodities to avoid further losses. Also, the prices that the Canadian wheat board has been asking for wheat, oats and barley, has been low and only some people who want to have everything for nothing and do not understand that western grain growers are also entitled to a small return, did not buy their requirements at that time.