

Food contracts with the United Kingdom

10. The Minister of Agriculture, referring to discussion at the meeting of October 12th, reported that he had now conferred with the Acting Prime Minister and the Ministers of Trade and Commerce and Finance regarding the position of food exports to the United Kingdom during 1949, in particular concerning the arrangements which could be made for continued shipments to Britain of bacon and eggs.

With respect to bacon, the Department of Agriculture felt that, if possible, arrangements similar to those presently in effect should be continued during the whole of 1949. This would involve agreement with the United Kingdom for the purchase of some 210 million pounds of bacon at a price of about \$34 a cwt. (equivalent to \$25.50 dressed cwt. or \$19.50 live cwt.). On the understanding that the Canadian government would release \$60 million from the United Kingdom credit, the U.K. government had indicated that they would allocate \$56 million for bacon purchases during the next year. It might be assumed, therefore that the full 210 million pounds would not be taken unless an additional amount of about \$15½ million were made available from the credit.

11. Mr. Gardiner said that the Department of Finance had suggested, as an alternative, that hogs and pork be permitted to move freely to the United States and that the U.K. government agree to purchase a minimum quantity of, say, 156 million pounds at the going market price. In this event it would probably be desirable to establish a Canadian floor price of 32¢ a pound (equivalent to \$23.90 dressed cwt. or \$17.95 live cwt.) and to include in arrangements with the United Kingdom a provision that they take (at the floor price of 32¢) any quantities in excess of 156 million pounds which we wished to deliver provided that the government made additional credit available for such additional purchases.

12. Mr. Gardiner added that final decisions would depend upon the quantities of bacon which Canada would have available during 1949 and upon the willingness of the U.K. government to accept shipments in excess of their present programme for 1949. Both these questions were being explored.

A report would be made at an early date on the position with regard to the export of eggs.

13. The Cabinet, after considerable discussion, noted the Minister's report and deferred further consideration of these questions until additional information was available.

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