

expires on July 31. The United Kingdom delegate announced that the United Kingdom would not be willing to enter an agreement along the lines of the present one. He made these criticisms of the present kind of wheat agreement:

- (a) the disposal of surpluses was not linked to the working of the agreement;
- (b) it did nothing to discourage the continuance of production in excess of effective demand;
- (c) it did nothing to encourage increased consumption; and
- (d) it contained no effective provisions to ensure the free movement of prices within the range prescribed in the agreement.

The United Kingdom delegate believed that measures of a different character could be found and said the United Kingdom would give full support to any discussions aiming to establish by formal convention a set of internationally agreed rules for the orderly disposal of wheat surpluses.

The principal exporters expressed some disappointment at the United Kingdom decision which they said made it somewhat doubtful whether a large enough proportion of world trade in wheat could be brought into a new agreement to make it effective. They were, however, willing to continue the negotiations without the United Kingdom participating. The importers also agreed to continue to negotiate on this basis. So far, however, it is by no means certain that enough wheat will be involved to make an Agreement realistic.

830.

DTC/T-20-1003

*Le représentant permanent auprès de l'Office européen des Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Representative to European Office of United Nations
to Secretary of State for External Affairs*

TELEGRAM 45

Geneva, March 19, 1956

SECRET. IMMEDIATE.

Following for Right Honourable C.D. Howe repeated Vogel from Sharp, Begins: At Subcommittee meeting this morning (Monday) importers made firm proposal of \$1.90 maximum and \$1.45 minimum for Agreement presumably 3 or 4 years although duration not too definite. We reiterated the Canadian position that guaranteed quantities for Canada are too small to justify price concession of any kind. It is possible that importers will finally be prepared to raise their offer by 5 cents per bushel. We have given no indication whatever that such an offer would be accepted. In fact we have made it as definite as language will permit, that in view of small quantities Canada cannot consider price concession. We assume, however, that before rejecting such an offer the government would wish to have individual views of farm advisers. Marler is only adviser who has so far indicated willingness to consider price concession at the minimum.

2. We have repeatedly thrown out the hint that a short term arrangement for one or two years at existing price would be acceptable to Canada. This short term idea is supported by a number of importers as a final alternative to breakdown but has not yet been thoroughly discussed by the importers as a group.