

in such ways as would take into account the interests both of producers and consumers and of importing and exporting countries.

4. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. This balance would be broadly based upon the present supplies to the United Kingdom market from domestic production on the one hand and cereals imports on the other, and as regards the future growth of the United Kingdom market would provide the opportunity for both domestic producers and overseas suppliers to share in this in a fair and reasonable way. The intentions of the Government of the United Kingdom with respect to the balance between domestic production and imports and the domestic guarantee arrangements for the year 1964/65 are set forth in paragraph 6 below. The balance for subsequent years will be reconsidered in the light of supply and marketing conditions, including the relative efficiency of suppliers, and changes therein, and to this end the Government of the United Kingdom shall consult with the Government of Canada and the Governments of other principal co-operating countries in accordance with the review procedure in paragraph 10.

5. The measures which the Government of the United Kingdom intend to introduce for securing the objectives in paragraph 4 above are: first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second to operate, in co-operation with their principal overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

6. The Government of the United Kingdom have decided that any necessary restraint of financial assistance should be applied through the effective reduction of guaranteed prices by means of the price mechanisms described in the United Kingdom White Paper on the Annual Review for 1964/65. These mechanisms would in the case of wheat start to operate when production exceeded 3.2 million tons and would operate fully when production exceeded 3.3 million tons and in the case of barley would start to operate when production exceeded 6.3 million tons and would operate fully when production exceeded 6.5 million tons. The range of wheat and barley production aimed at would therefore be from 9.5 to 9.8 million tons. Other cereals production, which is declining, is at present about 1.5 million tons. Total consumption of cereals (including wheat equivalent of flour) is expected to rise to 20.5 million tons in 1964/65 and to continue increasing thereafter. In accordance with the objectives in paragraph 4 above, the annual volume of imports of cereals (including wheat equivalent of flour) should, on average taking one year with another, increase above the present level of about 9 million tons as the United Kingdom market expands. On the basis of the above estimate of consumption, the volume of imports of cereals (including wheat equivalent of flour) in 1964/65 would, if domestic production did not exceed the ranges for wheat and barley stated above, be about 9.2 to 9.5 million tons. Changes in the above data shall be considered each year under the review procedure in paragraph 10 with a view to securing a fair and reasonable balance between home production and imports. It is the intention of the Govern-