

Exports

In the 1965-66 crop year, 583 million bushels of Canadian wheat and flour were shipped to almost 100 countries. Canada's exports to its traditional customers have declined slightly in recent years, but the very large sales to the U.S.S.R. have boosted total sales on commercial terms to record levels. Canada's best cash customers are the U.S.S.R., Britain, Japan and West Germany.

Canada has entered into long-term arrangements to supply wheat and flour to the U.S.S.R., Communist China, and East European socialist countries. Sales in these markets have increased greatly, and accounted for well over half of Canada's total sales in 1965-66. Sales to Communist China and East Germany are on Canadian Wheat Board credit terms of 25 per cent cash and the balance in 18 months. Sales under long-term arrangements with Poland, Hungary, Czechoslovakia and Bulgaria are on credit terms, authorized by the Federal Government under Section 21 of the Export Credits Insurance Act, of 10 per cent cash and the balance in 24, 30 and 36 months. Total sales of wheat on credit terms in 1965-66 were 110 million bushels, of which 82 million bushels were purchased by the Chinese. The U.S.S.R. has purchased only for cash.

Canada's aid shipments of wheat and flour have also increased greatly, and in 1965-66 totalled 30 million bushels. Almost 26 million bushels were provided to meet the emergency situation in India, and the remainder was distributed to other countries in Asia under the Canadian bilateral food-aid programme and to the United Nations Relief and Works Agency and the World Food Programme under the Canadian multilateral food-aid programme. Aid shipments of wheat and flour from Canada are likely to be maintained at least at this level in the future. (See Appendix 4)

International Wheat Agreement and "Kennedy Round"

The current International Wheat Agreement, negotiated in 1962, is the fifth of a series of agreements entered into between wheat exporters and importers since 1949. It has twice been extended by protocol, and expires on July 31, 1967. The price range under the Agreement is \$1.62½ to \$2.02½ (U.S.).

No arrangements have been made to extend or to renegotiate the IWA. It is hoped that a comprehensive world cereals agreement, currently being negotiated in the "Kennedy round" of trade talks, can be successfully concluded to replace the IWA. Failing this, Canada will strive for a renegotiated Agreement at a higher range of minimum and maximum prices.

RP/A