

Supply—Trade and Commerce

Mr. Winters: The price I gave was three quarters of a cent below the agreed minimum which is \$1.95½. But not all grades of wheat are selling below the minimum agreed to at Geneva. No. 3 Northern is currently two cents above the new agreement minimum for that grade. At the Pacific coast, all grades of Canadian wheat are above the new agreement minimums. This I think is important to note.

Every effort is being made to sell maximum quantities of wheat at the best possible prices. In this context, it should be recognized that in the marketing of wheat, as for other products, the law of supply and demand is a vital factor, and I have consistently informed the house that the price, within the agreed range, would be determined by market factors. High prices are meaningless unless the product can be sold. The problem is to achieve the highest price at which wheat will move. This we are doing.

Crops in the northern hemisphere this year have turned out better than originally expected, and it is not surprising that this supply situation should have an effect on prices. In these circumstances, the new price range takes on particular importance and it is in the general interest that the range should be observed.

Competition from other exporters is very keen; the United States, Australia, and France are marketing wheat aggressively in world markets and we must meet this competition. The Canadian crop, fortunately, is considerably better than was anticipated in the light of dry conditions prevailing shortly before harvesting, and we are all pleased about that.

I am naturally disappointed in our wheat sales to Japan. I have been in communication with the responsible minister of Japan toward reversing the downward trend in our wheat sales to this important market. If necessary, I propose asking the minister of food and agriculture to receive me in Japan very shortly in order to help resolve this matter. There has been a number of communications on this important subject.

I am determined that everything possible should be done to ensure wheat prices will strengthen further and that wheat will trade within the range agreed to at Geneva, but not yet ratified.

When the agreement is ratified it will stand on its own feet. But, pending ratification and only until that date, the government is prepared to make up the difference between the

[Mr. Woolliams.]

agreed schedule of Geneva minimum prices, related to approximately \$1.95½ basis No. 1 Northern in store the lakehead, and any wheat sold by the Canadian Wheat Board below this level during the period August 1, 1967 and July 1, 1968.

Some hon. Members: Hear, hear.

Mr. Winters: This is the date when the new agreement is scheduled to become effective.

In the light of prevailing prices and the current stronger tone in the market, it is not anticipated that this will involve any heavy demand on the treasury, but will, I hope, be an important factor in ensuring that we achieve sales at the optimum price.

Mr. Woolliams: Would the minister permit an interruption at this stage?

Mr. Winters: Certainly.

Mr. Woolliams: I believe that on behalf of the government this is the first time this announcement has been made in parliament or even outside parliament to the press.

Mr. Winters: On September 14 in Winnipeg I told the trade seminar that this matter was under very close consideration and that I thought the farmers of western Canada had a right to interpret the Geneva agreement as I have now interpreted it. Now, I am able to confirm this officially as a government decision.

In conclusion, I should like to turn to our general export performance. Canada's performance in the markets of the world continues strong. In 1967, to date, as in the preceding year, the rate of growth in Canada's exports has exceeded those of other major trading nations. This means also that Canada's share of the world market has continued to expand.

Canada's merchandise exports, in the first seven months of 1967 reached \$6.6 billion, up \$915 million or 16 per cent from the level of the same period last year. It seems clear that the centennial export target of \$11¼ billion will be reached and surpassed.

Mr. More: How much have imports increased?

Mr. Winters: Imports have increased quite substantially, but fortunately our exports have increased faster than our imports with the result that as of the date I mentioned we had a much healthier balance of trade than we had last year.

Some hon. Members: Hear, hear.