countries. Within the price range there was no commitment, either to sell or to purchase under the agreement.

In a period of strong demand and rising prices, stimulated by the post-war shortage of grains and later by the Korean crisis, the first wheat agreement did stabilize prices for almost two-thirds of the world wheat trade throughout its four-year period, 1949-50 to 1952-53. In 1956, under the burdensome weight of accumulating wheat surpluses almost everywhere in the world, the quantities committed under the I.W.A. fell to almost a quarter of the international trade in wheat. Purchases transacted under the agreement since then have declined to about a third of the total movement of wheat between those countries which are members of the agreement. In such circumstances, when the quantity of wheat moving outside the agreement was twice as large as that transacted under it, and when the problems of surplus accumulation and disposal were beyond the scope of the agreement, it was clear that the former type of agreement was no longer adequate to cope with issues in the current wheat situation which require a solution, either by grappling with root causes or by the formulation of remedial measures to mitigate their adverse international effects.

The 1959 agreement reaffirms the belief of its members in intergovernmental co-operation on world wheat problems. It also represents an attempt on the part of its members to devise a new framework to meet changed conditions. Under the new agreement the international wheat council has wider powers and functions. It is authorized to hold an annual review of the world wheat situation covering developments in national production, stocks, prices and trade, including surplus disposal and special transactions, details of which must be supplied regularly to the council.

Instead of expressing rights and obligations in terms of guaranteed quantities applicable only at the maximum or at the minimum price, in the new agreement individual importing countries are under a continuing obligation to purchase, when prices are within the price range but below the maximum, not a guaranteed quantity but a specified minimum percentage of their total commercial imports. When prices reach the maximum the exporting countries undertake, if requested, to supply importing countries, at prices no higher than the maximum, with quantities of wheat equal to the average of their total commercial purchases from them over a representative base period.

In this connection it should be pointed out that as the obligations of exporting countries at the maximum price are related to the average level of past purchases on commercial terms, there is an inducement to importing countries to buy more than their percentage commitment when prices are below the maximum in order to build up a larger entitlement. At the same time, while prices are at the maximum importing countries are released from their obligations to purchase under the agreement, and if they so wish may obtain their commercial needs from any other source. Thus mutual obligations are balanced in a way that is conclusive to a freer and larger movement of trade under the agreement.

From Canada's standpoint this aspect of the agreement represents a great improvement. In the previous agreement, guaranteed quantities were of the order of 295 million bushels, against which only 195 million bushels were transacted in 1957-58, the last year for which final figures are available. Under the new agreement, to the extent that the importing countries will purchase their requirements commercially, and in bushel terms, these may increase as well as decrease; a specific minimum percentage will have to be transacted under the agreement each year so long as prices are below the maximum. If the minimum percentages of the 30 importing countries specified in the agreement are expressed in terms of commercial purchases over a representative period, 1954-55 to 1957-58, the commercial movement within the agreement will amount to about 420 million bushels. If allowance is also made for the former United Kingdom dependent overseas territories, such as Ghana, Malaya and the West Indies Federation, and for members of the current agreement and other countries that did not participate in the conference but which are expected to accede to the new agreement, it is expected that annual commercial trade under the agreement will rise to about 450 million bushels or more.

Under earlier agreements the total of the importing countries' guaranteed quantities was divided among the exporting countries, each exporting country's share representing its individual guaranteed quantity. Importing countries could theoretically be required to take this guaranteed quantity if prices reached the minimum. In practice this right was never used, since prices did not fall to the floor. Moreover, there was considerable doubt whether the provisions safeguarding the exporters' position at the minimum would have proven effective had they been put to the test. In the new agreement the market represented by the total of the importing countries' commitment to purchase a specified percentage of their commercial imports will