

CANADA

TREATY SERIES, 1942

No. 11

EXCHANGE OF NOTES

(April 24, May 20, and June 27, 1942)

BETWEEN THE

GOVERNMENTS OF ARGENTINA, AUSTRALIA,  
CANADA, THE UNITED KINGDOM AND THE  
UNITED STATES OF AMERICA

BRINGING INTO EFFECT AS FROM JUNE 27, 1942, THE  
MEMORANDUM OF AGREEMENT INITIALED AT  
THE FINAL SESSION OF THE WHEAT  
MEETING HELD AT WASHINGTON

From July 10, 1941, to April 22, 1942



OTTAWA  
EDMOND CLOUTIER

PRINTED AT THE KING'S MOST EXCELLENT MAJESTY

1943

43 207 858  
b 1630593

TREATY SERIES 1942

EXCHANGE OF NOTES

SUMMARY

	PAGE
I. Note, dated April 24, 1942, from the Secretary of State of the United States of America to the Canadian Minister at Washington.	3
Enclosures:—	
1. Memorandum of Agreement initialled at Washington on April 22, 1942.....	3
Annex: Draft Convention.....	5
2. Minutes of the Final Session of the Wheat Meeting held at Washington from July 10, 1941, to April 22, 1942.....	17
II. Note, dated May 20, 1942, from the Canadian Minister at Washington to the United States Secretary of State.....	19
III. Note, dated June 27, 1942, from the United States Secretary of State to the Canadian Minister at Washington.....	19
Analytical Index.....	20

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF ARGENTINA, AUSTRALIA, CANADA, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA BRINGING INTO EFFECT AS FROM JUNE 27, 1942, THE MEMORANDUM OF AGREEMENT INITIALLED AT THE FINAL SESSION OF THE WHEAT MEETING HELD AT WASHINGTON FROM JULY 10, 1941, TO APRIL 22, 1942<sup>1</sup>.

Washington, April 24, May 20 and June 27, 1942

I

*The United States Secretary of State to the Canadian Minister at Washington*<sup>2</sup>

DEPARTMENT OF STATE

WASHINGTON, April 24, 1942.

SIR,—Pursuant to the conclusion of the wheat discussions which have been carried on at Washington by officials of the Governments of Argentina, Australia, Canada, the United Kingdom, and the United States, I have the honor to enclose herewith copies in English and Spanish<sup>3</sup> of the Memorandum of Agreement, including the Draft Convention attached thereto, and of the Minutes of the Final Session of the Washington Wheat Meeting relating to the Memorandum, which have been initialled by officials of those governments as competent experts in a position to reflect the views of their respective governments.

Your Government is invited to signify its approval of the Memorandum of Agreement and the interpretation thereof according to the Minutes of the Final Session of the Washington Wheat Meeting, it being understood that upon notification by this Government to the Governments of Argentina, Australia, Canada, and the United Kingdom that each of the five governments has signified its approval, the provisions of the Memorandum of Agreement will be deemed to come into effect.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL.

*Enclosure 1*

MEMORANDUM OF AGREEMENT

1. Officials of Argentina, Australia, Canada and the United States, wheat exporting countries, and of the United Kingdom, a wheat importing country, met in Washington on the 10th July, 1941, to resume the wheat discussions which were interrupted in London by the outbreak of war in September 1939, and to consider what steps might be taken toward a solution of the international wheat problem.

<sup>1</sup> The Washington Wheat Meeting comprised representatives of five of the ten countries which participated in the work of the Preparatory Committee for an international wheat conference established, on the 13th January, 1939, by the International Advisory Committee set up under the World Wheat Agreement signed at London, in the offices of the High Commissioner for Canada, the 25th of August, 1933, for the text of which see *Canada Treaty Series* 1933, No. 11, or *League of Nations Treaty Series* 1933, No. 3262.

<sup>2</sup> Similar notes were addressed to the Diplomatic Representatives at Washington of Argentina, Australia and the United Kingdom.

<sup>3</sup> Spanish text not printed.

2. The discussions at Washington, which extended over a period of many months, have made it clear that a satisfactory solution of the problem requires an international wheat agreement and that such an agreement requires a conference of the nations willing to participate which have a substantial interest in international trade in wheat. It was also recognized that, pending the holding of such a conference, the situation should not be allowed to deteriorate. The Washington Wheat Meeting has recorded the results of its deliberations in the attached Draft Convention in order to facilitate further international consideration of the subject at such time as may be possible and to provide a basis for such interim measures as may be found necessary.

3. The Washington Wheat Meeting has recognized that it is impracticable to convene at the present time the international wheat conference referred to above. Accordingly, the five countries present at that Meeting have agreed that the United States, so soon as after consultation with other countries it deems the time propitious, should convene a wheat conference of the nations having a substantial interest in international trade in wheat which are willing to participate, and that the Draft Convention above mentioned should be submitted to that Conference for consideration.

4. In the meantime, there should be no delay in the provision of wheat for relief in war-stricken and other necessitous areas so soon as in the view of the five countries circumstances permit. Likewise it is imperative that the absence of control measures over the accumulation of stocks in the four countries now producing large quantities of wheat for markets no longer available should not create insoluble problems for a future conference. Accordingly, the five countries have agreed to regard as in effect among themselves, pending the conclusions of the conference referred to above, those arrangements described in the attached Draft Convention which are necessary to the administration and distribution of the relief pool of wheat and to the control of production of wheat other than those involving the control of exports.

5. If the conference contemplated above shall have met and concluded an agreement prior to the cessation of hostilities, no further action will be needed by the countries represented at the Washington Meeting. However, if this is not the case, it will be necessary, in order to prevent disorganization and confusion in international trade in wheat, to institute temporary controls pending the conclusions of the conference. Accordingly, the five countries agree that in the period following the cessation of hostilities, and pending the conclusion of a wheat agreement at the conference referred to, the arrangements described in the attached Draft Convention which relate to the control of production, stocks and exports of wheat and to the administration thereof will be brought into effect among themselves. Those arrangements will come into effect on such date as may be unanimously agreed. Announcement of that date will be made within six months after the cessation of hostilities.

6. Pending the conclusions of the conference contemplated above, the five countries, on the cessation of hostilities or such earlier date as they may agree, will regard as in effect among themselves the arrangements described in the attached Draft Convention for the control of the prices of wheat. The determination of prices required to be made in accordance with those arrangements will be made by unanimous consent. If no determination of prices has been made on the cessation of hostilities, the five countries will, pending such determination but for a period not exceeding six months, maintain as the export price of wheat the last price negotiated by the United Kingdom for a bulk purchase of wheat from the principal country of supply; equivalent f.o.b. prices will be calculated for wheats of the other exporting countries and will be adjusted from time to time to meet substantial changes in freight and exchange rates.

7. In taking any decisions under this Memorandum and the arrangements of the Draft Convention which it brings into operation, each of the five countries will have one vote and a two-thirds majority will be required for decision except as otherwise provided herein.

8. The provisions of this Memorandum will be superseded by any agreement reached at the proposed wheat conference or by any arrangements which the five countries and other interested countries may make to deal with the period pending such a conference. In any event they are to terminate two years from the cessation of hostilities.

For Argentina:

A. M. V.

For Australia:

E. McC.

For Canada:

C. F. W.

For the United Kingdom:

H. F. C.

For the United States:

L. A. W.

WASHINGTON, April 22, 1942.

*Annex to Enclosure 1*

DRAFT CONVENTION

PREAMBLE

1. The prospects with regard to the production and marketing of wheat are such that accumulation of wheat surpluses threatens to result in grave post-war difficulties for the economies of the producing countries, and hence, because of the interdependence of nations, for the economies of all countries. It is also to be expected that, unless appropriate action is taken, such accumulation will recur.

2. A solution of the problem thus presented must be regarded as an essential part of any program of world economic reconstruction, and will call for co-operative action by all countries concerned in international trade in wheat. It will involve national and international measures for the regulation of wheat production in both exporting and importing countries, for the orderly distribution of wheat and flour in domestic and international trade at such prices as are fair to consumers and provide a reasonable remuneration to producers and for the maintenance of world supplies which shall be at all times ample for the needs of consumers without being so excessive as to create a world burden of unwanted surpluses.

3. Co-operative action is also necessary to meet the need for relief in the war-stricken areas of the world by the supply and distribution of gifts of wheat.

4. The benefits of abundant world supplies of wheat cannot be assured to consumers unless there is a substantial decrease in uneconomic incentives to high-cost production, a lowering of barriers to world trade and the charging of prices to consumers not substantially higher than the price of wheat in international trade.

5. In many countries the standard of living would be improved by increasing the consumption of wheat through a lowering of prices. In all countries the standard of living would be improved by stimulating the consumption of foods rich in vitamins, proteins and minerals. The increased production of such foods would offer a more valuable use for land which has at times been used uneconomically for high-cost production of wheat.

6. Producers of an international commodity such as wheat are directly affected by standards of living throughout the world, by international purchasing power and by prevailing policies and practices affecting international trade generally. There can be no basic solution of the problem of export surpluses without a general reduction of import barriers, and no measure should be taken or maintained which has the effect of retarding such reduction or of preventing in any way the fullest possible development of international trade.

Accordingly, the contracting Governments have agreed as follows:—

#### ARTICLE I (EXPANSION OF TRADE)

1. The contracting Governments agree that an essential element of a solution of the world wheat problem is that consumers should have the opportunity and means of increasing their purchases of wheat from areas which are equipped to produce it economically. They agree that such opportunity and means depend not only on the lowering of barriers to the importation of wheat, but also on making available to wheat importing countries increased outlets for the exportation of goods which they in turn are equipped to produce economically. They agree that this requires the adoption and pursuit of national and international policies aimed at a fuller and more efficient use among nations of human and natural resources and thereby a world-wide expansion of purchasing power.

2. Recognizing therefore that much that is called for transcends the scope of a wheat agreement and requires action on a broad international basis, but that much also can be accomplished by national measures and by agreements with each other and with other countries, the contracting Governments undertake to further in every way possible the attainment of the foregoing objectives.

3. The Council shall from time to time submit to the contracting Governments a review of international trade in wheat and invite them to consider, in the light of the foregoing, what measures may be adopted for the expansion of such trade.

#### ARTICLE II (PRODUCTION CONTROL)\*

1. The Governments of Argentina, Australia, Canada and the United States of America shall adopt suitable measures to ensure that the production of wheat in their territories does not exceed the quantity needed for domestic requirements and the basic export quotas and maximum reserve stocks for which provision is hereinafter made.

\* This Article to be expanded, when further international consideration of the subject is possible, to include provisions for production control in other exporting countries and in importing countries.

2. Should, nevertheless, production in any country be found to have exceeded in any crop-year the quantity above prescribed, the Government of that country shall before the end of that crop-year take such action as will result in the disappearance of the excess production within its territories before the end of the following crop-year, or shall otherwise deal with such excess production as the Council may direct, except that if any part of the excess production is shown to the satisfaction of the Council to be due to a yield above the average of the preceding twenty years the Government of the country concerned may carry that part as provided in paragraph 3 (a) of Article III or deal with it in such other manner as may be agreed with the Council.

3. Pending the coming into force of paragraphs 1 and 2 of this Article, the Governments of Argentina, Australia, Canada and the United States of America shall adopt or maintain positive measures to control production with the object of minimizing the accumulation of excessive stocks.

### ARTICLE III (STOCKS)

1. The Governments of Argentina, Australia, Canada and the United States of America shall, subject to the provisions of paragraphs 2, 3, 4 and 5 of this Article, ensure that stocks of old wheat held at the end of their respective crop-years are not less than 35, 25, 80 and 150 million bushels respectively, and not more than 130, 80, 275 and 400 million bushels respectively. Any stocks not in excess of the specified maximum are hereinafter called "reserve stocks."

2. Stocks of old wheat in any country may be permitted to fall below the specified minimum (a) if the new crop, together with the carry-over from the previous crop-year, is insufficient to meet domestic requirements and leave at the end of that crop-year the minimum reserve stocks specified, in which case those stocks may be reduced by the amount necessary fully to meet domestic requirements, and (b) in so far as the Council decides that exports from the minimum reserve stocks of that country are required fully to meet the world demand for imported wheat.

3. Stocks of old wheat may exceed the maximum by (a) the quantity of permitted excess stocks ascertained under paragraph 4 of this Article and (b) the quantity of permitted surplus stocks ascertained under paragraph 5 of this Article.

4. Such part of excess production in the first crop-year in which it occurs following the crop-year in which Article IV comes into force as may be shown under paragraph 2 of Article II to be due to above average yields shall be permitted excess stocks at the end of that crop-year. The permitted excess stocks at the end of each succeeding crop-year shall be ascertained by the Council by deducting from the permitted excess stocks, if any, at the end of the preceding crop-year any quantity by which production in the crop-year then ending was less than the maximum prescribed in paragraph 1 of Article II or by adding thereto such part of any excess production in that crop-year as may be shown under paragraph 2 of Article II to be due to above average yields.

5. Stocks in excess of the maximum, as ascertained by the Council, at the end of the crop-year in which announcement is made of the date on which the provisions of Articles II, III and IV will come into effect shall be permitted surplus stocks, unless that announcement is made less than 45 days prior to the beginning of the seeding period for the next harvest in which

case stocks in excess of the maximum at the end of the succeeding crop-year shall be permitted surplus stocks. Permitted surplus stocks at the end of each succeeding crop-year shall be ascertained by the Council by deducting from the permitted surplus stocks at the end of the preceding crop-year (a) any secondary or supplementary export quotas allocated in the crop-year then ending, and (b) any quantity by which production in that crop-year, plus the permitted excess stocks at the end of the preceding crop-year, was less than the maximum production prescribed in paragraph 1 of Article II.

6. Should it be shown to the satisfaction of the Council that, owing to insufficient or defective storage facilities, any part of the permitted surplus stocks in any country has been destroyed or has been disposed of by governmental measures in a manner clearly constituting extraordinary use, such part shall nevertheless be counted as permitted surplus stocks for the purposes of paragraphs 3 and 4 of Article IV so long as any other permitted surplus stocks remain in that country.

7. The Council shall

- (a) at its regular August meeting ascertain the permitted surplus stocks in Canada and the United States of America at the end of their preceding crop-years and estimate such stocks in Argentina and Australia at the end of their current crop-years, and
- (b) at its regular January meeting ascertain the permitted surplus stocks in Argentina and Australia at the end of their preceding crop-years estimate such stocks in Canada and the United States of America at the end of their current crop-years.

#### ARTICLE IV (EXPORT CONTROL)

1. The contracting Government of each exporting country shall adopt the measures necessary to ensure that net exports of wheat, including flour expressed in terms of its wheat equivalent, from its territories in each quota-year shall not, subject to the provisions of paragraph 11 of this Article, exceed the basic, secondary and supplementary export quotas for which provision is hereinafter made. It is recognized in principle that, within the framework of this Agreement, wheat from each exporting country should continue to find its way into its normal markets.

2. The basic export quotas for Argentina, Australia, Canada and the United States of America shall, subject to the provisions of paragraph 3 of this Article, be 25, 19, 40 and 16 per cent respectively of the Council's latest published estimate of the total volume of international trade in wheat and flour in each quota-year less (a) such basic export quotas for other exporting countries as may be agreed under Article XIV, and (b) reasonable allowances, having due regard to exports in past years, for net exports from the territories of Governments not parties to the Agreement.

3. Should the residual quantity ascertained under paragraph 2 of this Article exceed 500 million bushels in any quota-year, the excess shall be allocated to Argentina, Australia, Canada and the United States of America as secondary export quotas. Allocations made in the first half of the quota-year shall be in proportion to permitted surplus stocks as determined under paragraph 7 (a) of Article III, and allocations made in the second half of the quota-year shall be in proportion to permitted surplus stocks as determined under paragraph 7 (b) of Article III. Should there be no permitted surplus



stocks in any of those four countries, the excess shall be allocated to those countries as secondary export quotas in proportion to their basic export quotas.

4. If the Council is satisfied that any part of any country's export quota or of the allowance made for its exports for any quota-year will not be exported by that country in that quota-year, it shall, subject to the provisions of paragraph 6 of this Article, re-allocate that part as supplementary export quotas to the other exporting countries in accordance with the procedure prescribed in paragraph 3 of this Article for the allocation of secondary export quotas. Should there be no permitted surplus stocks in any of those countries that part shall, unless the Council otherwise decides, be reallocated as supplementary export quotas to those of the other exporting countries which have percentage export quotas in proportion to those quotas.

5. No decisions taken by the Council pursuant to paragraph 4 of this Article shall prejudice the right of any country to export its full export quota within the quota-year to which it relates.

6. Should it be shown to the satisfaction of the Council that the failure of any country to ship any part of its export quota during the first quota-year is due to shortage of shipping, the amount of the supplementary export quotas allocated to other countries in respect of such part shall be deducted from the basic export quotas of those countries for the second quota-year and added to the aforementioned country's basic export quota for the second quota-year.

7. No export quota or part thereof shall be exported in any quota-year other than that to which it relates, except as otherwise provided in this Article. Should it nevertheless be shown to the satisfaction of the Council that, owing to unavoidable delay in the arrival or departure of ships, part of an export quota had not been shipped at the end of the quota-year that part may be shipped in the following quota-year, but shall be deemed to have been shipped in the quota-year to which it relates.

8. No export quota or part thereof shall be ceded, transferred or loaned by any country except as provided in this Article, or with the unanimous approval of the contracting Governments of exporting countries.

9. When it appears that any country is approaching the limit of its export quota, the Chairman of the Council, on the recommendation of the Executive Committee, shall request the Government of that country to control loadings for export during the remainder of the quota-year and to telegraph each week to the Council the gross exports and gross imports of wheat and of wheat flour from and into its territories during the preceding week.

10. When the Chairman of the Council, after consultation with the Executive Committee, finds that any country has exported its export quota for any quota-year, he shall immediately make a declaration to that effect. The contracting Government of the exporting country concerned shall thereupon announce that the exportation of wheat or flour from its territories will not be permitted after seven days from the date of the Chairman's declaration and the contracting Government of each importing country shall not permit the importation into its territories of wheat or flour shipped from that exporting country during the current quota-year more than seven days after the date of the Chairman's declaration.

11. Should it be found that, owing to practical difficulties of closely controlling shipments, exports from any country have exceeded its export quota, that country shall not be deemed to have infringed the provisions of paragraph 1 of this Article so long as the excess is not more than 5 per cent of the quota, but the amount of that excess up to 3 per cent of the quota and three times the amount of that excess above 3 per cent of the quota shall be deducted from that country's export quota for the following quota-year.

12. The contracting Governments recognize that international trade in wheat should be distributed on a fair and equitable basis among all countries which export wheat and they agree that the effective operation of the Agreement should not be impaired by abnormal exports from countries that have not acceded to it. Accordingly, the contracting Governments shall co-operate in taking, on the advice of the Council, such practicable measures as may be necessary to attain this end.

#### ARTICLE V (PRICE CONTROL)

1. The Council shall fix and publish prior to the coming into force of Article IV, and thereafter at each regular August meeting, a basic minimum price and a basic maximum price of wheat, c.i.f. United Kingdom ports, and schedules of prices, c.i.f. and/or f.o.b., equivalent thereto for the various wheats sold in world markets. These prices shall take effect on such date as may be determined by the Council and shall remain in force until the effective date of the prices fixed by the Council at its next regular August meeting, but shall be subject to such adjustments as the Council may find necessary to meet substantial changes in freight or exchange rates, or as may be made in accordance with the provisions of paragraph 3 of this Article.

2. The prices fixed under paragraph 1 of this Article shall be such as will in the opinion of the Council (a) return reasonably remunerative prices to producers in exporting countries, (b) be fair to consumers in importing countries, (c) be in reasonable relationship to prices of other commodities, and (d) make appropriate allowance for exchange rates and transportation costs.

3. Should the Council so decide, the basic minimum and maximum prices of wheat and the schedules of prices equivalent thereto shall be adjusted at monthly or other intervals to allow for carrying charges.

4. The Governments of Argentina, Australia, Canada and the United States of America shall not, after the coming into force of paragraph 1 of this Article, sell or permit the sale of wheat for export, or to millers for producing flour for export, at prices below the minimum equivalents fixed by the Council under paragraph 1 or 3 of this Article.

5. The Governments of Argentina, Australia, Canada and the United States of America shall ensure that wheat for export is at all times on sale at f.o.b. prices not in excess of the maximum equivalents fixed by the Council under paragraph 1 or 3 of this Article.

#### ARTICLE VI (RELIEF POOL)

1. The Governments of Argentina, Australia, Canada, the United Kingdom and the United States of America shall establish a pool of wheat which will be available for intergovernmental relief in war-stricken countries and other necessitous areas of the world, where circumstances in the view of those Governments make such relief practicable.

2. The Governments of Canada, the United Kingdom and the United States of America shall give to the pool, as and when required by the Council, 25, 25 and 50 million bushels respectively of wheat, or its equivalent in whole or part in flour, f.o.b. seaboard port in the country of origin.

3. The Governments of Argentina, Australia, Canada and the United States of America shall, as and when required by the Council, give to the pool, in addition to the contributions prescribed in paragraph 2 of this Article, a quantity of wheat or its equivalent in whole or part in flour, f.o.b. seaboard port, to be determined by them in consultation with the Council and on such basis as may be agreed among them.

4. The Council shall be responsible for the administration of the relief pool and shall, wherever possible, arrange for the distribution of relief wheat through such intergovernmental relief body as may be set up and given general responsibility for the distribution of relief. Should the Council decide to make relief wheat or flour available to any necessitous area in which the intergovernmental relief body has not the organization necessary for the distribution of such wheat or flour, the Council shall arrange with the appropriate authorities to distribute such wheat or flour in that area. Any arrangements for the distribution of relief wheat shall be such as to minimize, so far as the provision of sufficient relief permits, the reduction of the effective demand for wheat on sale.

5. The United Kingdom Government may, if so agreed by the Council after consultation with the intergovernmental relief body, contribute transportation of relief wheat or flour in lieu of part or all of its contribution under paragraph 2 of this Article.

6. Any contributing Government shall, if the Council after consultation with the intergovernmental relief body so requests, and upon such terms of replacement as may be agreed with the Council, make, pending the arrival of contributions by other Governments, advances of such wheat or flour as that Government may consider practicable to release for immediate relief.

7. Should the Council consider or be advised by the intergovernmental relief body that the quantity of relief wheat contributed under paragraphs 2, 3 and 5 of this Article appears likely to prove insufficient, the Council shall make recommendations to the contracting Governments regarding additional contributions.

8. The Council shall instruct the Executive Committee (a) to facilitate the transfer of relief wheat and flour from the national wheat-handling organizations of the contributing Governments to the intergovernmental relief body, (b) to maintain effective liaison between the national wheat-handling and shipping organizations of the contributing Governments and international shipping and transport controls, and (c) generally to consult with the intergovernmental relief body regarding all transactions relating to the relief pool.

9. Should the Council receive, at any time after the completion of the relief to which the provisions of paragraphs 1 to 8 of this Article relate, an appeal for relief wheat or flour from any Government to relieve famine in any area within the jurisdiction of that Government, the Council shall investigate the possibilities of meeting such an appeal and report to the contracting Governments its findings together with its recommendations.

## ARTICLE VII (THE COUNCIL)\*

1. This Agreement shall be administered by an International Wheat Council consisting of one or more delegates of each contracting Government.

2. The Council shall have the powers specifically assigned to it under the Agreement and such other powers as are necessary for the effective operation of the Agreement and for the carrying out of its provisions.

3. The Council may, by unanimity of the votes cast, delegate the exercise of any of its powers or functions to such persons or bodies as it thinks fit.

4. The Council shall elect, for such periods and upon such conditions as it may determine, a Chairman and a Vice-Chairman, who need not be delegates of contracting Governments.

5. The Council shall appoint a Secretary and such other employees as it considers necessary and determine their powers, duties, compensation and duration of employment.

6. The seat of the Council shall be in London unless the Council should otherwise determine.

7. The Council shall meet in January and August of each year and at such other times as it may determine. The Chairman shall convene a meeting of the Council if so requested (a) by the Executive Committee, or (b) by the delegates of five contracting Governments, or (c) by the delegates of contracting Governments with a total of not less than.....votes.

8. Notices of all meetings shall be dispatched so as to ensure receipt by delegations of contracting Governments at least fourteen days in advance of the date fixed for the meeting.

9. Any contracting Government may designate the delegation of any other contracting Government to represent it and to vote on its behalf at any meeting of the Council or on any particular question. The terms of any such delegation of authority shall be communicated in writing by the delegating Government to the Chairman of the Council.

10. The Council may take decisions, without holding a meeting, by correspondence between the Chairman and the delegations of the contracting Governments, unless any delegation objects. Any decisions so taken shall be communicated forthwith to all the delegations and shall be recorded in the Minutes of the next meeting of the Council.

11. The Council shall make at the earliest practicable date all possible arrangements with international shipping controls to facilitate the exportation of wheat.

12. The Council shall instruct the Executive Committee (a) to co-operate with bodies engaged in the task of improving human nutrition, (b) to investigate the possibilities of increasing wheat consumption, and (c) to examine and report upon any proposals made to the Council by any contracting Government designed to facilitate the attainment of the objectives of the Agreement.

13. The Council shall ascertain and make public the carry-over of wheat in Argentina, Australia, Canada and the United States of America at the end of each of their respective crop-years.

\* This Article to be expanded, when further international consideration of the subject is possible, to include provisions for voting.

14. The Council shall, upon the request of any contracting Government of an exporting country, investigate the possibility of meeting the needs of that country for wheat storage facilities to maintain in a good state of preservation such stocks of wheat as may accumulate prior to the coming into force of Article IV. The Council shall report to the contracting Governments its findings together with its recommendations.

15. The Council shall at its regular August meeting make and publish, with such detail as it considers desirable, an estimate of the total volume of international trade in wheat and flour in the current quota-year and shall from time to time review that estimate and publish such revised estimates as it may make.

16. The Council shall publish an annual report on the operation of the Agreement which shall include a summary of relevant statistics and such other material as the Council may determine. The Council may authorize the publication of such other reports as it considers appropriate. Reports shall be published in English and in any other languages that the Council may determine.

17. Pending the establishment of the Executive Committee under Article VIII, the Council shall itself perform the functions assigned by the Agreement to that Committee.

18. The Council may arrange to take over the assets and liabilities of the Wheat Advisory Committee upon the dissolution of that body on such terms as may be agreed with it.

#### ARTICLE VIII (THE EXECUTIVE COMMITTEE)

1. The Council shall, when it considers it desirable to do so, establish an Executive Committee which shall work under its general direction.

2. The Chairman of the Executive Committee shall be appointed by the Council for such period and upon such conditions as it may determine. He need not be a delegate of a contracting Government to the Council or a member of the Committee.

3. The Secretary of the Council shall be the Secretary of the Executive Committee.

4. In addition to the specific duties for which provision is made in this Agreement, the Executive Committee shall be charged with the general duty of keeping under review the working of the Agreement and of reporting to the Council from time to time on the manner in which the provisions of the Agreement are being carried out.

5. The Executive Committee may be convened at any time by its Chairman.

6. The decisions of the Executive Committee shall be taken by a simple majority of the total votes held by its members.

#### ARTICLE IX (REPORTS TO THE COUNCIL)

1. Each contracting Government shall make to the Council such reports as the Council may from time to time request on the action which that Government has taken to carry out the provisions of this Agreement.

2. Each contracting Government shall upon request telegraph each month to the Council the gross exports and gross imports of wheat and of wheat flour from and into its territories in the preceding month, and shall supply such other information as the Council may from time to time request for the purposes of the Agreement.

#### ARTICLE X (FINANCE)

1. The contracting Governments shall share proportionately to the votes which they hold in the Council any expenses incurred by the Council in administering this Agreement.

2. The Council shall at its first meeting approve its budget for the period prior to the first day of the month of August after its first regular January meeting and assess the contribution to be paid by each contracting Government for that period.

3. The Council shall at each regular January meeting approve its budget for the following August-July period and assess the contribution to be paid by each contracting Government for that period.

4. The initial contribution of any Government acceding to the Agreement after the first meeting of the Council shall be assessed proportionately to the number of its votes in the Council and to the number of full months between its accession and the beginning of the first August-July period for which it is assessed under the provisions of paragraph 3 of this Article, but the assessments already made upon other Governments shall remain unaltered.

5. The Council shall publish an audited statement of all moneys received and paid out during the period referred to in paragraph 2 of this Article and during each August-July period thereafter.

6. Consideration shall be given by each contracting Government to the possibility of according to the funds of the Council and to the salaries paid by the Council to its employees who are nationals of other countries treatment in respect of taxation and of foreign exchange control no less favourable than that accorded by such Government to the funds of any other Government and to salaries paid by any other Government to any of its accredited representatives who are its nationals.

7. The Council shall determine the disposal, on the termination of the Agreement, of any funds which remain after meeting its obligations.

#### ARTICLE XI (DATE UPON WHICH THE AGREEMENT COMES INTO FORCE)\*

#### ARTICLE XII (DURATION OF THE AGREEMENT)

This Agreement shall remain in force for four years after the last day of the month of July following the date upon which it comes into force. The Council shall inquire of the contracting Governments at least six months before the Agreement is due to expire whether they desire to continue it and shall report to the contracting Governments the results of such inquiry together with its recommendations.

\* The text of this Article to be determined when further international consideration of the subject is possible.

## ARTICLE XIII (RELATION TO OTHER AGREEMENTS)

1. So long as this Agreement remains in force it shall prevail over any provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the contracting Governments.

2. Should any contracting Government be party to an agreement with a non-contracting Government containing any provision inconsistent with this Agreement, that contracting Government shall take all reasonable steps to procure the necessary amendment of such agreement at the earliest date which it deems practicable.

## ARTICLE XIV (ACCESSIONS)

This Agreement shall at any time be open to accession by the Government of any country on the terms contained therein so far as they are applicable to that Government and on such other terms not inconsistent therewith as may be agreed with the Council. It shall accede as the Government either of an exporting country or of an importing country as may be agreed with the Council, and if it accedes as the Government of an exporting country it shall have such basic export quota as may be agreed with the Council.

## ARTICLE XV (WITHDRAWALS)

1. The contracting Government of any country which considers its national security endangered as a result of hostilities may apply to the Council for the suspension of any of its obligations under Articles II, III, IV and V of this Agreement. If the application is not granted within 30 days after the date thereof, such Government may, within 15 days after the end of that period, withdraw from the Agreement on written notice to the Council.

2. If it is shown to the satisfaction of the Council that the Government of Argentina, of Australia, of Canada or of the United States of America has failed to carry out its obligations under paragraph 1 of Article IV or paragraph 4 of Article V, the contracting Government of any exporting country may within 90 days withdraw from the Agreement on 30 days' written notice to the Council.

3. If the Government of Argentina, of Australia, of Canada or of the United States of America withdraws from the Agreement, the Agreement shall thereupon terminate, unless the Council, by three-fourths of the total votes held in the Council, decides to maintain the Agreement with whatever modifications it may deem necessary.

## ARTICLE XVI (TERRITORIES)

1. The rights and obligations under this Agreement of the Government of Argentina apply to the Customs territory thereof; those of the Government of Australia to Australia and her territories; those of the Government of Canada to the Customs territory thereof; those of the Government of the United Kingdom of Great Britain and Northern Ireland to Great Britain and Northern Ireland; and those of the Government of the United States of America to the Customs territory thereof.

2. In the event of the Government of any other country acceding to the Agreement under Article XIV, the Council shall agree with the said acceding Government as to the territories to which the rights and obligations of the said acceding Government under the Agreement shall apply.

## ARTICLE XVII (DEFINITIONS)

For the purposes of this Agreement:—

1. "Bushel" means sixty pounds avoirdupois.
2. "Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat.
3. "Carry-over" means the aggregate of the stocks in any country, as ascertained by the Council under paragraph 13 of Article VII, of old wheat at the end of the crop-year held (a) in all elevators, warehouses and mills; (b) in transit or at railroad sidings, and (c) on farms, except that, in the case of Canada, "carry-over" means in addition the stocks of wheat of Canadian origin held in bond in the United States of America.
4. "Council" means the International Wheat Council for which provision is made in Article VII.
5. "Crop-year" means, in respect of Argentina and Australia, the period from December 1 to November 30; in respect of Canada, the period from August 1 to July 31; and, in respect of the United States of America, the period July 1 to June 30.
6. "Domestic requirements" means all use of wheat and flour during any crop-year within the territories of each contracting Government for human and animal consumption, for industrial purposes, and for seed, and waste.
7. "Equivalent", with reference to the measurement of flour in the terms of wheat, means a quantity calculated in the ratio of such number of pounds of flour to 100 pounds of wheat as the Council shall determine.
8. "Executive Committee" means the Executive Committee established by the International Wheat Council under Article VIII.
9. "Exporting country" means Argentina, Australia, Canada, the United States of America or any country that may accede as such to the Agreement under Article XIV.
10. "Export quota" means basic export quota, together with any secondary or supplementary export quota allocated under Article IV.
11. "Extraordinary use" means use which the Council is satisfied would not have taken place but for the governmental measures referred to in paragraph 6 of Article III.
12. "Gross exports" means the total quantity of wheat, including flour expressed in terms of its wheat equivalent, shipped from the territories of any Government, except that in the case of Canada "gross exports" means the overseas clearances of Canadian wheat from seaboard ports in Canada and the United States of America, plus imports of wheat from Canada into the United States of America for consumption and for milling in bond, plus flour expressed in terms of its wheat equivalent shipped from Canadian territories.
13. "Gross imports" means the total quantity of wheat, including flour expressed in terms of its wheat equivalent, imported into the territories of any Government.
14. "Importing country" means the United Kingdom or any country that may accede as such to the Agreement under Article XIV.
15. "Net exports" means gross exports minus gross imports.



16. "Net imports" means gross imports minus gross exports.
17. "New crop" means wheat harvested not more than two months prior to the beginning of the current crop-year.
18. "Old wheat" means wheat harvested more than two months prior to the beginning of the current crop-year.
19. "Quota-year" means the period ending July 31 following the date upon which the Agreement comes into force, and thereafter the period from August 1 to July 31.
20. "Seaboard port" means any sea or river port at which a seagoing ship of 6,000 tons gross can load.
21. "Shipped" means transported in any manner.
22. "Territories" means territory, or group of territories, to which the rights and obligations of the Agreement apply in accordance with the provisions of Article XVI.
23. "The beginning of the seeding period for the next harvest" means in respect of Argentina, May 1; in respect of Australia and Canada, April 1; and, in respect of the United States of America, September 1.
24. "Total volume of international trade in wheat and flour" means the aggregate of the net export from each country of the world.
25. "Wheat Advisory Committee" means the Committee established under the Final Act of the Conference of Wheat Exporting and Importing Countries held in London at the Offices of the High Commissioner for Canada, from August 21 to 25, 1933.
26. "Yield" means quantity of production per unit of sown area.

*Enclosure 2*

MINUTES OF THE FINAL SESSION OF THE WASHINGTON  
WHEAT MEETING

The officials of the five countries participating in the Washington Wheat Meeting record as follows their understanding regarding certain provisions of the Memorandum of Agreement entered into pursuant to that meeting:—

1. The arrangements referred to in paragraph 4 of the Memorandum, relating to the relief pool of wheat and to the control of production, means the following provisions of the Draft Convention attached thereto: paragraph 3 of Article II (Production Control), Article VI (Relief Pool), VII (The Council) except paragraph 6, X (Finance), XVII (Definitions), and, should the Council at any time so decide, Article VIII (The Executive Committee).
2. The arrangements referred to in paragraph 5 of the Memorandum, relating to the control of production, stocks and exports and to the administration thereof, mean the following provisions of the Draft Convention, in addition to Articles VII (Except paragraph 6), VIII, X and XVII referred to above; paragraphs 1 and 2 of Article II (Production Control), Article III (Stocks), Article IV (Export Control) except the provisions of paragraphs 10 and 12 relating to the obligations of importing countries since those provisions are not regarded as essential to the interim measures contemplated in the Memorandum, Article IX (Reports to the Council) and Article XVI (Territories)

3. The words "cessation of hostilities" in the Memorandum mean the earliest date at which none of the five countries is engaged in substantial belligerent operations.

4. The words "arrangements described in the attached Draft Convention" in paragraph 6 of the Memorandum mean the provisions of Article V of the Draft Convention.

5. The words "equivalent f.o.b. prices", which will be calculated for wheats of the other exporting countries under paragraph 6 of the Memorandum, mean the prices of Argentina, Australian and United States wheats which will be ascertained by the unanimous vote of the Council as equivalent to the last price negotiated by the United Kingdom for a bulk purchase of wheat from Canada.

6. The seat of the Council will be in Washington during the period in which the Memorandum of Agreement is in force, unless the Council should otherwise determine.

7. The Minutes of the Washington Wheat Meeting, together with the Reports of its Committees, will be available for the information of the Council during the period in which the Memorandum of Agreement is in force.

8. The English texts of the Memorandum of Agreement and of the present Minutes have been initialled by Anselmo M. Viacava, Edwin McCarthy, Charles F. Wilson, Harold F. Carlill, and Leslie A. Wheeler, officials of Argentina, Australia, Canada, the United Kingdom and the United States respectively, as competent experts in a position to reflect the views of their respective Governments. The Memorandum, the Draft Convention and the present Minutes will be transmitted in English and Spanish by the Government of the United States to the other four Governments for their approval. So soon as the approval of the five Governments has been notified to each of them, the provisions of the Memorandum of Agreement will be deemed to come into effect, and the Memorandum of Agreement, together with the Draft Convention attached thereto and the present Minutes, will be made public.

For Argentina:

A. M. V.

For Australia:

E. McC.

For Canada:

C. F. W.

For the United Kingdom:

H. F. C.

For the United States:

L. A. W.

## II

*The Canadian Minister at Washington to the United States Secretary of State*

## CANADIAN LEGATION

WASHINGTON, May 20, 1942.

No. 331

SIR,—I have the honour to acknowledge the receipt of your Note of April 24, 1942, referring to the conclusion of the wheat discussions at Washington, and to signify my Government's approval of the provisions of the Memorandum of Agreement, to which is attached a Draft Convention, and the interpretation of those provisions according to the Minutes of the Final Session of the Washington Wheat Meeting.

My Government will regard the provisions of the Memorandum of Agreement as coming into effect upon notification that the other four governments have signified their approval.

Accept, Sir, the renewed assurances of my highest consideration.

LEIGHTON McCARTHY.

## III

*The United States Secretary of State to the Canadian Minister at Washington*

## DEPARTMENT OF STATE

WASHINGTON, June 27, 1942.

SIR,—I have the honor to notify your Government that the Memorandum of Agreement, to which is attached the Draft Convention, and the Minutes of the Final Session of the Washington Wheat Meeting, referred to in my note of April 24, 1942, and your acknowledgment of May 20, 1942, have been approved by the Governments of Argentina, Australia, Canada, the United Kingdom, and the United States and that the provisions of the Memorandum of Agreement are deemed to come into effect as of the date of this notification.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL.



## ANALYTICAL INDEX

	PAGE
MEMORANDUM OF AGREEMENT.....	3
Parag. 1.—Washington Wheat Meeting (July 10, 1941–April 22, 1942).....	3
2.—Adoption of a Draft Convention.....	4
3.—Convocation of a wheat conference to consider Draft Convention.....	4
4.—Relief pool of wheat.....	4
5.—Control of production, stocks and exports of wheat.....	4
6.—Control of wheat prices.....	5
7.—Majority for the taking of decisions.....	5
8.—Duration.....	5
DRAFT CONVENTION.....	5
Preamble.....	6
Art. I.—Expansion of Trade.....	6
II.—Production control.....	7
III.—Stocks.....	8
IV.—Export control.....	10
V.—Price control.....	10
VI.—Relief pool.....	12
VII.—International Wheat Council.....	13
VIII.—Executive Committee.....	13
IX.—Reports to the Council.....	14
X.—Finance.....	14
XI.—Date of entry into force of the agreement.....	14
XII.—Duration of the agreement.....	15
XIII.—Relation to other agreements.....	15
XIV.—Accessions.....	15
XV.—Withdrawals.....	15
XVI.—Territories.....	16
XVII.—Definitions.....	16
MINUTES OF THE FINAL SESSION OF THE WASHINGTON WHEAT MEETING.....	17
Parag. 1.—Understanding as regards paragraph 4 of the Memorandum of Agreement.....	17
2.—Understanding as regards paragraph 5 of the Memorandum.....	17
3.—Understanding as regards the words “cessation of hostilities” in the Memorandum.....	18
4.—Understanding as regards paragraph 6 of the Memorandum.....	18
5.—Understanding as regards paragraph 6 of the Memorandum.....	18
6.—Seat of the International Wheat Council.....	18
7.—Documents of the Washington Wheat Council available for the informa- tion of the Wheat Council.....	18
8.—Names of the persons who initialled the Memorandum; approval of the Memorandum by Governments; date of the coming into effect and publication of the Memorandum.....	18