International Wheat Agreement Brings World Economic Co-operation Nearer

NEW ZEALAND is one of more than 40 countries which have signed the International Wheat Agreement, which was negotiated at a conference in Washington earlier this year and to which all members of the United Nations and of the Food and Agriculture Organization were invited to adhere. The original agreement from which this one arose was signed by 36 nations a year ago, but the United States Congress was undecided and failed to ratify the agreement within the time allowed. Largely because of that the agreement was unworkable, the United States being one of the principal suppliers, and it lapsed. Meantime, the world market for wheat has fallen from the high levels of the past two years, and more abundant harvests have had the effect of reducing the maximum price specified in the new agreement by 20 cents a bushel.

Despite the doubts and delay, we should rejoice that so many nations have resolved on this agreement, for it represents a significant international effort to resolve the twin world evils of food surpluses and hunger, though across its future falls the shadow of a question mark raised by the absence of two major wheat-exporting countries, Argentina and Russia. The agreement specifies maximum and minimum prices between the contracting nations for the next four years, but the effect of possible Argentine and Ukrainian surpluses dumped on the market at prices unrelated to the agreement cannot be predicted.

Terms of Contract

The four-year contract calls for three principal exporting countries, Canada, the United States of America, and Australia, with small contributions from France and Uruguay, collectively to supply 456 million bushels of wheat a year to the importing countries—not an impossible task, as that quantity represents by no means the whole of the normal exports of those countries. The maximum price is fixed at 1 dollar 80 cents a bushel. For their part, the importing countries undertake to buy 456 million bushels each crop year from the exporting countries if the latter desire a market for that quantity. The minimum price will be 1½ dollars a bushel for 1949-50, dropping progressively to 1 dollar 20 cents in 1952-53. "Wheat" includes flour expressed in terms of wheat.

The terms of the pact provide that negotiations shall take place freely within the determined price limit. The decision about the manner in which trading is conducted will lie with the individual Governments, as long as their obligations under the pact are carried out. Provided that the free movement of prices within the framework of the agreement is maintained, complete liberty of action in national agricultural price policies is retained by the signatories. The agreement does not, of course, cover all the wheat which will be moving in international trade during the next four years, but it is hoped that the stabilisation of the price for this hard core of 456 million bushels a year will exert a steadying influence on prices for the remainder of the wheat bought and sold in the world's markets.

May be Forerunner of Other Agreements

In effect, then, the exporting countries, in return for selling 456 million bushels of wheat a year for four years at prices not higher than 1 dollar 80 cents a bushel, have secured international minimum-price protection for their producers for the same period, and the importing countries, in return for guaranteeing a market for 456 million bushels at prices not lower than the minima specified, have ensured security of supply—a major development toward world economic co-operation. This may be the forerunner of other international commodity agreements, in which New Zealand, as a competitor on the world's markets for most types of primary produce, must be vitally interested.

Australia is New Zealand's major supplier of wheat, and prices for Australian grain, which vary with freight rates and other factors, will be determined periodically by the executive committee of the International Wheat Council, which is set up under the terms of the agreement. Under present conditions, the equivalent in New Zealand currency of the maximum price for Australian wheat of fair average quality has been estimated at 12s. 10½d. a bushel and the minimum for the first year at 11s. 4d., falling to about 9s. 2½d. in the final year.

New Zealand's Share

New Zealand has been allotted 4,600,000 bushels a year from the export pool, but, though that quantity may appear generous, it does not mean that any slackening in the Dominion's drive for greater cereal production can be permitted—quite the contrary. The country's annual requirement is estimated at 12 million bushels and, apart from needs for human consumption, supplies must be maintained for our poultry industry if we are not to suffer an ever-recurring shortage of eggs. Even with the stimulus of war conditions the largest crop grown in the Dominion for many years was 9,800,000 bushels in 1942-43, and by 1947-48 it had fallen to less than 4½ million bushels. That figure would leave a gap of some 7½ million bushels to fulfil our needs, and even after receiving our quota under the international agreement New Zealand would still have to seek about 3 million bushels on the open market at prices which cannot be predicted.

EDWARD CULLEN, Minister of Agriculture.