



Treaty Series No. 28 (1964)

Exchanges of Letters and Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Governments of Canada, the Commonwealth
of Australia, the Argentine Republic and
the United States of America

regarding the Changes which
the Government of the United Kingdom
propose to introduce in their Production
and Trade Policies Relating to Cereals

London, April 15, 1964

*Presented to Parliament by the Secretary of State for Foreign Affairs
and the Secretary of State for Commonwealth Relations
by Command of Her Majesty
June 1964*

LONDON

HER MAJESTY'S STATIONERY OFFICE

TWO SHILLINGS NET

EXCHANGES OF LETTERS AND NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENTS OF CANADA, THE COMMONWEALTH OF AUSTRALIA, THE ARGENTINE REPUBLIC AND THE UNITED STATES OF AMERICA REGARDING THE CHANGES WHICH THE GOVERNMENT OF THE UNITED KINGDOM PROPOSE TO INTRODUCE IN THEIR PRODUCTION AND TRADE POLICIES RELATING TO CEREALS

No. 1

Her Majesty's Parliamentary Under-Secretary of State for Commonwealth Relations to the High Commissioner for Canada.

Commonwealth Relations Office.

April 15, 1964

My dear High Commissioner,

I should like to refer to previous exchanges and discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and of the Government of Canada regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. In framing their proposals the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers.

2. The Government of the United Kingdom have also taken into account that they, and the Governments of other countries who are major importers and exporters of cereals, are at present taking part in discussions in the Cereals Group of the General Agreement on Tariffs and Trade convened for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963. It was not the desire or intention of the Government of the United Kingdom to put forward proposals which might in any way hamper that work, but rather to introduce arrangements so designed as to further the main objectives which both the Government of the United Kingdom and the Government of Canada desire to achieve.

3. Our two Governments are agreed that these main objectives are that the world market for cereals should be improved through the establishment of a better and more economic balance between world supplies and commercial demand, and that to this end there should be the provision of acceptable conditions of access into world markets for cereals in the furtherance of a significant development and expansion of world

trade in cereals. We are also agreed on the importance of the assurance of supplies of cereals, cereal products and by-products at equitable and stable prices; and of the creation of greater stability in the levels of international prices for them. These objectives should be sought in such ways as would take into account the interests both of producers and consumers and of importing and exporting countries.

4. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. This balance would be broadly based upon the present supplies to the United Kingdom market from domestic production on the one hand and cereals imports on the other, and as regards the future growth of the United Kingdom market would provide the opportunity for both domestic producers and overseas suppliers to share in this in a fair and reasonable way. The intentions of the Government of the United Kingdom with respect to the balance between domestic production and imports and the domestic guarantee arrangements for the year 1964-65 are set forth in paragraph 6 below. The balance for subsequent years will be reconsidered in the light of supply and marketing conditions, including the relative efficiency of suppliers, and changes therein, and to this end the Government of the United Kingdom shall consult with the Government of Canada and the Governments of other principal co-operating countries in accordance with the review procedure in paragraph 10.

5. The measures which the Government of the United Kingdom intend to introduce for securing the objectives in paragraph 4 above are: first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second to operate, in co-operation with their principal overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

6. The Government of the United Kingdom have decided that any necessary restraint of financial assistance should be applied through the effective reduction of guaranteed prices by means of the price mechanisms described in the United Kingdom White Paper on the Annual Review for 1964-65⁽¹⁾. These mechanisms would in the case of wheat start to operate when production exceeded 3·2 million tons and would operate fully when production exceeded 3·3 million tons and in the case of barley would start to operate when production exceeded 6·3 million tons and would operate fully when production exceeded 6·5 million tons. The range of wheat and barley production aimed at would therefore be from 9·5 to 9·8 million tons. Other cereals production, which is declining, is at present about 1·5 million tons. Total consumption of cereals (including wheat equivalent of flour) is expected to rise to 20·5 million tons in 1964-65 and to continue increasing thereafter. In accordance with the objectives in paragraph 4 above, the annual volume of imports of cereals (including wheat

(1) Cmnd. 2315.

equivalent of flour) should, on average taking one year with another, increase above the present level of about 9 million tons as the United Kingdom market expands. On the basis of the above estimate of consumption, the volume of imports of cereals (including wheat equivalent of flour) in 1964-65 would, if domestic production did not exceed the ranges for wheat and barley stated above, be about 9.2 to 9.5 million tons. Changes in the above data shall be considered each year under the review procedure in paragraph 10 with a view to securing a fair and reasonable balance between home production and imports. It is the intention of the Government of the United Kingdom that changes in their domestic guarantee arrangements should be made as necessary so that these arrangements are effective for the purposes described in paragraph 4 above.

7. The Government of the United Kingdom, after consultation with the Government of Canada and other co-operating Governments, have advised the Government of Canada of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached agreed Annex. As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of Canada and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of Canada. Any subsequent changes shall be a matter for joint consultation between the Government of the United Kingdom and the principal co-operating Governments, and as regards any changes which affect the particular interests of the Government of Canada, the Government of the United Kingdom shall seek the agreement of the Government of Canada. In addition, the Government of the United Kingdom shall not make any significant change in the general level of minimum import prices except after agreement with the Government of Canada and other principal co-operating Governments.

8. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of Canada to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from Canada to the United Kingdom except in the following circumstances:

- (i) When the general level of offering prices to the United Kingdom market from Canada for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of Canada, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.

- (ii) When an individual parcel of any product in the Annex originated in and was consigned from Canada to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of Canada with respect to the products listed in the Annex, as specified in Schedule XIX annexed to the General Agreement on Tariffs and Trade⁽²⁾, and under the relevant provisions of the Exchange of Letters of October 30th, 1947⁽³⁾, between our two Governments relating to the Trade Agreement of 1937⁽⁴⁾. It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provisions shall be made to avoid prejudice to normal trade practices of forward contracting.

9. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of Canada and other co-operating Governments.

10. The Government of the United Kingdom shall, not later than the beginning of December in each year, start to review in consultation with the Government of Canada and other principal co-operating Governments the extent to which the objectives set out in paragraphs 3 and 4 of this Letter are, having regard to all relevant factors, being achieved.

11. If it is found as a result of a review of the minimum import price arrangements under paragraph 9 that they have resulted in an appreciable distortion of the pattern of trade in the products which this Letter covers between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the trade interests of the Government of Canada, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of Canada and other co-operating Governments and in accordance with the procedures outlined in paragraph 7 to remedy the situation. In addition, consultation will take place between the Government of the United Kingdom and co-operating Governments and if it is thereby found that the total imports of cereals (including the wheat equivalent of wheat flour) have shown or threaten to show an appreciable decline below the average volume of such imports during the three years preceding 1st July, 1964, and that this decline has taken place or threatens to take place because the changes outlined in paragraph 5 have failed to be effective for the purpose of maintaining that volume of imports, the Government of the United Kingdom shall take effective corrective action at the earliest practicable time to remedy the situation.

⁽²⁾ Cmd. 9413.

⁽³⁾ Cmd. 7258.

⁽⁴⁾ Cmd. 5382.

12. The Government of the United Kingdom believe that the introduction of the measures outlined in this Letter for the purpose of attaining the objectives in paragraph 4 above would further the prospects of attaining the longer term objectives set out in paragraph 3 for the attainment of which the Government of the United Kingdom and the Government of Canada will be working. Accordingly, any arrangements contained in this Exchange of Letters shall be without prejudice to, and indeed are intended to facilitate the negotiation of, international cereals arrangements embodying more comprehensive commitments by all participating countries, whether importing or exporting. Moreover, it is understood that any measures taken as a result of this Exchange of Letters shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of such later international arrangements to which both the Government of the United Kingdom and the Government of Canada are parties.

13. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. Moreover in the case of wheat flour it is the intention of the Government of the United Kingdom not to provide under minimum import price arrangements any additional advantages to millers in co-operating countries or in the United Kingdom. If it is found that either of these intentions is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

14. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of Canada will co-operate so far as practicable in the operation and observance of minimum import prices prescribed for the products covered in the Annex to this Letter subject to the understandings set out herein.

15. If the foregoing is acceptable to the Government of Canada, I have to suggest that this Letter, together with its Annex, and your reply to that effect, shall be regarded as constituting an agreement between the two Governments which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 or by either Government giving not less than four months' notice in writing to the other. Consultations regarding the operation of this agreement may be held at any time at the request of either Government.

Yours sincerely,

JOHN TILNEY.

ANNEX

COMMODITIES TO BE SPECIFIED

Tariff heading	Description
B.N. 10.01	Wheat and meslin.
B.N. 10.03	Barley.
B.N. 10.04	Oats.
Ex B.N. 10.05	Maize other than sweet corn on the cob.
Ex B.N. 10.07	Grain sorghum.
Ex B.N. 11.01	Cereal flours other than rice flour.
Ex B.N. 11.02	Cereal groats, cereal meals, other worked cereals and germs of cereals other than: (a) rice groats, rice meal, germ of rice and other worked rice ; (b) blocked, pot and pearled barley.
Ex B.N. 23.02	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

No. 2

*The High Commissioner for Canada to Her Majesty's Parliamentary
Under-Secretary of State for Commonwealth Relations.*

London.

April 15, 1964

My dear Minister,

I acknowledge the receipt of your Letter of the 15th of April, 1964, which reads as follows:

[As in No. 1]

2. In reply, I have to inform you that the foregoing is acceptable to the Government of Canada, who therefore regard your Letter, together with its Annex, and this Reply as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 of your Letter of the 15th of April, 1964, or by either Government giving not less than four months' notice in writing to the other.

Yours sincerely,

LIONEL CHEVRIER.

Her Majesty's Parliamentary Under-Secretary of State for Commonwealth Relations to the High Commissioner for the Commonwealth of Australia.

Commonwealth Relations Office.

April 15, 1964

My dear High Commissioner,

I should like to refer to previous exchanges and discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and of the Government of the Commonwealth of Australia (hereinafter referred to as "the Government of Australia") regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. In framing their proposals the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers.

2. The Government of the United Kingdom have also taken into account that they, and the Governments of other countries who are major importers and exporters of cereals, are at present taking part in discussions in the Cereals Group of the General Agreement on Tariffs and Trade convened for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963. It was not the desire or intention of the Government of the United Kingdom to put forward proposals which might in any way hamper that work, but rather to introduce arrangements so designed as to further the main objectives which both the Government of the United Kingdom and the Government of Australia desire to achieve.

3. Our two Governments are agreed that these main objectives are that the world market for cereals should be improved through the establishment of a better and more economic balance between world supplies and commercial demand, and that to this end there should be the provision of acceptable conditions of access into world markets for cereals in the furtherance of a significant development and expansion of world trade in cereals. We are also agreed on the importance of the assurance of supplies of cereals, cereal products and by-products at equitable and stable prices; and of the creation of greater stability in the levels of international prices for them. These objectives should be sought in such ways as would take into account the interests both of producers and consumers and of importing and exporting countries.

4. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals

market, and of maintaining a fair and reasonable balance between home production and imports. This balance would be broadly based upon the present supplies to the United Kingdom market from domestic production on the one hand and cereals imports on the other, and as regards the future growth of the United Kingdom market would provide the opportunity for both domestic producers and overseas suppliers to share in this in a fair and reasonable way. The intentions of the Government of the United Kingdom with respect to the balance between domestic production and imports and the domestic guarantee arrangements for the year 1964-65 are set forth in paragraph 6 below. The balance for subsequent years will be reconsidered in the light of supply and marketing conditions, including the relative efficiency of suppliers, and changes therein, and to this end the Government of the United Kingdom shall consult with the Government of Australia and the Governments of other principal co-operating countries in accordance with the review procedure in paragraph 10.

5. The measures which the Government of the United Kingdom intend to introduce for securing the objectives in paragraph 4 above are: first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second to operate, in co-operation with their principal overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

6. The Government of the United Kingdom have decided that any necessary restraint of financial assistance should be applied through the effective reduction of guaranteed prices by means of the price mechanisms described in the United Kingdom White Paper on the Annual Review for 1964-65. These mechanisms would in the case of wheat start to operate when production exceeded 3.2 million tons and would operate fully when production exceeded 3.3 million tons and in the case of barley would start to operate when production exceeded 6.3 million tons and would operate fully when production exceeded 6.5 million tons. The range of wheat and barley production aimed at would therefore be from 9.5 to 9.8 million tons. Other cereals production, which is declining, is at present about 1.5 million tons. Total consumption of cereals (including wheat equivalent of flour) is expected to rise to 20.5 million tons in 1964-65 and to continue increasing thereafter. In accordance with the objectives in paragraph 4 above, the annual volume of imports of cereals (including wheat equivalent of flour) should, on average taking one year with another, increase above the present level of about 9 million tons as the United Kingdom market expands. On the basis of the above estimate of consumption, the volume of imports of cereals (including wheat equivalent of flour) in 1964-65 would, if domestic production did not exceed the ranges for wheat and barley stated above, be about 9.2 to 9.5 million tons. Changes in the above data shall be considered each year under the review procedure in paragraph 10 with a view to securing a fair and reasonable balance between home production and imports. It is the intention of the Government of the United Kingdom that changes in their domestic guarantee arrangements should be made as necessary so that these arrangements are effective for the purposes described in paragraph 4 above.

7. The Government of the United Kingdom, after consultation with the Government of Australia and other co-operating Governments, have advised the Government of Australia of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached agreed Annex. As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of Australia and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of Australia. Any subsequent changes shall be a matter for joint consultation between the Government of the United Kingdom and the principal co-operating Governments, and as regards any changes which affect the particular interests of the Government of Australia, the Government of the United Kingdom shall seek the agreement of the Government of Australia. In addition, the Government of the United Kingdom shall not make any significant change in the general level of minimum import prices except after agreement with the Government of Australia and other principal co-operating Governments.

8. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of Australia to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from Australia to the United Kingdom except in the following circumstances:

- (i) When the general level of offering prices to the United Kingdom market from Australia for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of Australia, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.
- (ii) When an individual parcel of any product in the Annex originated in and was consigned from Australia to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of Australia with respect to the products listed in the Annex, as specified in Schedule XIX annexed to the General Agreement on Tariffs and Trade, and under the Trade Agreement of 1957 between the Government of the United Kingdom and the Government of Australia^(*). It is also the intention of the

(*) Cmnd. 91.

Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

9. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of Australia and other co-operating Governments.

10. The Government of the United Kingdom shall, not later than the beginning of December in each year, start to review in consultation with the Government of Australia and other principal co-operating Governments the extent to which the objectives set out in paragraphs 3 and 4 of this Letter are, having regard to all relevant factors, being achieved.

11. If it is found as a result of a review of the minimum import price arrangements under paragraph 9 that they have resulted in an appreciable distortion of the pattern of trade in the products which this Letter covers between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the trade interests of the Government of Australia, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of Australia and other co-operating Governments and in accordance with the procedures outlined in paragraph 7 to remedy the situation. In addition, consultation will take place between the Government of the United Kingdom and co-operating Governments and if it is thereby found that the total imports of cereals (including the wheat equivalent of wheat flour) have shown or threaten to show an appreciable decline below the average volume of such imports during the three years preceding 1st July, 1964, and that this decline has taken place or threatens to take place because the changes outlined in paragraph 5 have failed to be effective for the purpose of maintaining that volume of imports, the Government of the United Kingdom shall take effective corrective action at the earliest practicable time to remedy the situation.

12. The Government of the United Kingdom believe that the introduction of the measures outlined in this Letter for the purpose of attaining the objectives in paragraph 4 above would further the prospects of attaining the longer term objectives set out in paragraph 3 for the attainment of which the Government of the United Kingdom and the Government of Australia will be working. Accordingly, any arrangements contained in this Exchange of Letters shall be without prejudice to, and indeed are intended to facilitate the negotiation of, international cereals arrangements embodying more comprehensive commitments by all participating countries, whether importing or exporting. Moreover, it is understood that any measures taken as a result of this Exchange of Letters shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of such later international arrangements to which both the Government of the United Kingdom and the Government of Australia are parties.

13. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in

an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. Moreover in the case of wheat flour it is the intention of the Government of the United Kingdom not to provide under minimum import price arrangements any additional advantages to millers in co-operating countries or in the United Kingdom. If it is found that either of these intentions is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

14. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of Australia will co-operate so far as practicable in the operation and observance of minimum import prices prescribed for the products covered in the Annex to this Letter subject to the understandings set out herein.

15. If the foregoing is acceptable to the Government of Australia, I have to suggest that this Letter, together with its Annex, and your reply to that effect, shall be regarded as constituting an agreement between the two Governments which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 or by either Government giving not less than four months' notice in writing to the other. Consultations regarding the operation of this agreement may be held at any time at the request of either Government.

Yours sincerely,

JOHN TILNEY.

ANNEX

COMMODITIES TO BE SPECIFIED

Tariff heading	Description
B.N. 10.01 	Wheat and meslin.
B.N. 10.03 	Barley.
B.N. 10.04 	Oats.
Ex B.N. 10.05 	Maize other than sweet corn on the cob.
Ex B.N. 10.07 	Grain sorghum.
Ex B.N. 11.01 	Cereal flours other than rice flour.
Ex B.N. 11.02 	Cereal groats, cereal meals, other worked cereals and germs of cereals other than: (a) rice groats, rice meal, germ of rice and other worked rice; (b) blocked, pot and pearled barley.
Ex B.N. 23.02 	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

No. 4

*The High Commissioner for the Commonwealth of Australia to Her Majesty's
Parliamentary Under-Secretary of State for Commonwealth Relations*

London.

April 15, 1964

My dear Minister,

I acknowledge the receipt of your Letter of the 15th of April, 1964, which reads as follows:

[As in No. 3]

2. In reply, I have to inform you that the foregoing is acceptable to the Government of the Commonwealth of Australia, who therefore regard your Letter, together with its Annex, and this Reply as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 of your Letter of the 15th of April, 1964, or by either Government giving not less than four months' notice in writing to the other.

Yours sincerely,

E. HARRISON.

No. 5

*Her Majesty's Minister of State for Foreign Affairs to the Chargé d'Affaires
of the Argentine Republic.*

Foreign Office.

April 15, 1964

Sir,

I should like to refer to previous exchanges and discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and of the Government of the Argentine Republic (hereinafter referred to as "the Government of the Argentine Republic") regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. In framing their proposals the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers.

2. The Government of the United Kingdom have also taken into account that they, and the Governments of other countries who are major importers and exporters of cereals, are at present taking part in discussions in the Cereals Group of the General Agreement on Tariffs and Trade convened

for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963. It was not the desire or intention of the Government of the United Kingdom to put forward proposals which might in any way hamper that work, but rather to introduce arrangements so designed as to further the main objectives which both the Government of the United Kingdom and the Government of the Argentine Republic desire to achieve.

3. Our two Governments are agreed that these main objectives are that the world market for cereals should be improved through the establishment of a better and more economic balance between world supplies and commercial demand, and that to this end there should be the provision of acceptable conditions of access into world markets for cereals in the furtherance of a significant development and expansion of world trade in cereals. We are also agreed on the importance of the assurance of supplies of cereals, cereal products and by-products at equitable and stable prices ; and of the creation of greater stability in the levels of international prices for them. These objectives should be sought in such ways as would take into account the interests both of producers and consumers and of importing and exporting countries.

4. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. This balance would be broadly based upon the present supplies to the United Kingdom market from domestic production on the one hand and cereals imports on the other, and as regards the future growth of the United Kingdom market would provide the opportunity for both domestic producers and overseas suppliers to share in this in a fair and reasonable way. The intentions of the Government of the United Kingdom with respect to the balance between domestic production and imports and the domestic guarantee arrangements for the year 1964-65 are set forth in paragraph 6 below. The balance for subsequent years will be reconsidered in the light of supply and marketing conditions, including the relative efficiency of suppliers, and changes therein, and to this end the Government of the United Kingdom shall consult with the Government of the Argentine Republic and the Governments of other principal co-operating countries in accordance with the review procedure in paragraph 10.

5. The measures which the Government of the United Kingdom intend to introduce for securing the objectives in paragraph 4 above are: first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second to operate, in co-operation with their principal overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

6. The Government of the United Kingdom have decided that any necessary restraint of financial assistance should be applied through the

effective reduction of guaranteed prices by means of the price mechanisms described in the United Kingdom White Paper on the Annual Review for 1964-65. These mechanisms would in the case of wheat start to operate when production exceeded 3.2 million tons and would operate fully when production exceeded 3.3 million tons and in the case of barley would start to operate when production exceeded 6.3 million tons and would operate fully when production exceeded 6.5 million tons. The range of wheat and barley production aimed at would therefore be from 9.5 to 9.8 million tons. Other cereals production, which is declining, is at present about 1.5 million tons. Total consumption of cereals (including wheat equivalent of flour) is expected to rise to 20.5 million tons in 1964-65 and to continue increasing thereafter. In accordance with the objectives in paragraph 4 above, the annual volume of imports of cereals (including wheat equivalent of flour) should, on average taking one year with another, increase above the present level of about 9 million tons as the United Kingdom market expands. On the basis of the above estimate of consumption, the volume of imports of cereals (including wheat equivalent of flour) in 1964-65 would, if domestic production did not exceed the ranges for wheat and barley stated above, be about 9.2 to 9.5 million tons. Changes in the above data shall be considered each year under the review procedure in paragraph 10 with a view to securing a fair and reasonable balance between home production and imports. It is the intention of the Government of the United Kingdom that changes in their domestic guarantee arrangements should be made as necessary so that these arrangements are effective for the purposes described in paragraph 4 above.

7. The Government of the United Kingdom, after consultation with the Government of the Argentine Republic and other co-operating Governments, have advised the Government of the Argentine Republic of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached agreed Annex. As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of the Argentine Republic and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of the Argentine Republic. Any subsequent changes shall be a matter for joint consultation between the Government of the United Kingdom and the principal co-operating Governments, and as regards any changes which affect the particular interests of the Government of the Argentine Republic, the Government of the United Kingdom shall seek the agreement of the Government of the Argentine Republic. In addition, the Government of the United Kingdom shall not make any significant change in the general level of minimum import prices except after agreement with the Government of the Argentine Republic and other principal co-operating Governments.

8. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of the Argentine Republic to co-operate in these arrangements, the Government of the United

Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from the Argentine Republic to the United Kingdom except in the following circumstances :

- (i) When the general level of offering prices to the United Kingdom market from the Argentine Republic for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of the Argentine Republic, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.
- (ii) When an individual parcel of any product in the Annex originated in and was consigned from the Argentine Republic to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments with respect to the products listed in the Annex, as specified in Schedule XIX annexed to the General Agreement on Tariffs and Trade, and under the Trade Agreement of 1936 between the Government of the United Kingdom and the Government of the Argentine Republic^(*). It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

9. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of the Argentine Republic and other co-operating Governments.

10. The Government of the United Kingdom shall, not later than the beginning of December in each year, start to review in consultation with the Government of the Argentine Republic and other principal co-operating Governments the extent to which the objectives set out in paragraphs 3 and 4 of this Note are, having regard to all relevant factors, being achieved.

11. If it is found as a result of a review of the minimum import price arrangements under paragraph 9 that they have resulted in an appreciable distortion of the pattern of trade in the products which this Note covers between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the trade interests of the Government of the Argentine Republic, the Government of the United Kingdom shall take effective corrective action in consultation with the

(*) Argentina No. 1 (1936) Cmnd. 5324.

Government of the Argentine Republic and other co-operating Governments and in accordance with the procedures outlined in paragraph 7 to remedy the situation. In addition, consultation will take place between the Government of the United Kingdom and co-operating Governments and if it is thereby found that the total imports of cereals (including the wheat equivalent of wheat flour) have shown or threaten to show an appreciable decline below the average volume of such imports during the three years preceding 1st July, 1964, and that this decline has taken place or threatens to take place because the changes outlined in paragraph 5 have failed to be effective for the purpose of maintaining that volume of imports, the Government of the United Kingdom shall take effective corrective action at the earliest practicable time to remedy the situation.

12. The Government of the United Kingdom believe that the introduction of the measures outlined in this Note for the purpose of attaining the objectives in paragraph 4 above would further the prospects of attaining the longer term objectives set out in paragraph 3 for the attainment of which the Government of the United Kingdom and the Government of the Argentine Republic will be working. Accordingly, any arrangements contained in this Exchange of Notes shall be without prejudice to, and indeed are intended to facilitate the negotiation of, international cereals arrangements embodying more comprehensive commitments by all participating countries, whether importing or exporting. Moreover, it is understood that any measures taken as a result of this Exchange of Notes shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of such later international arrangements to which both the Government of the United Kingdom and the Government of the Argentine Republic are parties.

13. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. Moreover in the case of wheat flour it is the intention of the Government of the United Kingdom not to provide under minimum import price arrangements any additional advantages to millers in co-operating countries or in the United Kingdom. If it is found that either of these intentions is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

14. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of the Argentine Republic will co-operate so far as practicable in the operation and observance of minimum import prices prescribed for the products covered in the Annex to this Note subject to the understandings set out herein.

15. If the foregoing is acceptable to the Government of the Argentine Republic, I have the honour to suggest that this Note, together with its Annex, and your reply to that effect, shall be regarded as constituting an agreement between the two Governments which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in

paragraph 12 or by either Government giving not less than four months' notice in writing to the other. Consultations regarding the operation of this agreement may be held at any time at the request of either Government.

I have etc.,

DUNDEE.

ANNEX

COMMODITIES TO BE SPECIFIED

Tariff heading	Description
B.N. 10.01	Wheat and meslin.
B.N. 10.03	Barley.
B.N. 10.04	Oats.
Ex B.N. 10.05	Maize other than sweet corn on the cob.
Ex B.N. 10.07	Grain sorghum.
Ex B.N. 11.01	Cereal flours other than rice flour.
Ex B.N. 11.02	Cereal groats, cereal meals, other worked cereals and germs of cereals other than:— (a) rice groats, rice meal, germ of rice and other worked rice; (b) blocked, pot and pearled barley.
Ex B.N. 23.02	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

No. 6

The Chargé d'Affaires of the Argentine Republic to the Minister of State for Foreign Affairs

Londres, 15 de Abril de 1964.

Excelencia:

Tengo el honor de acusar recibo de la nota de Vuestra Excelencia de fecha 15 de Abril de 1964 que dice lo siguiente:

“Desearía referirme a intercambios y discusiones previas entre representantes del Gobierno del Reino Unido de la Gran Bretaña e Irlanda del Norte (en adelante llamado ‘el Gobierno del Reino Unido’) y del Gobierno de la República Argentina (en adelante llamado ‘el Gobierno de la República Argentina’) con respecto a los cambios que el Gobierno del Reino Unido se propone introducir en sus políticas de producción y comercio referentes a cereales. Al dar forma a sus

propuestas el Gobierno del Reino Unido tuvo presente su responsabilidad de mantener las condiciones en virtud de las cuales puede desarrollarse prósperamente una industria agrícola estable y eficiente en el Reino Unido y también su responsabilidad como uno de los principales importadores de cereales en el mundo hacia sus abastecedores de cereales de ultramar.

2. El Gobierno del Reino Unido también ha tenido en cuenta que ellos y los Gobiernos de otros países que son importantes importadores y exportadores de cereales, participan actualmente en discusiones en el Grupo de Cereales del Acuerdo General sobre Aranceles y Comercio convocado para la negociación de convenios internacionales adecuados sobre cereales de conformidad con los términos de la resolución de Ministros en la Reunión Ministerial del Acuerdo General sobre Aranceles y Comercio, de 21 de Mayo de 1963. No era el deseo o intención del Gobierno del Reino Unido presentar propuestas que pudieran trabar en cualquier forma ese trabajo. Sino mas bien introducir arreglos destinados a promover los principales objetivos que tanto el Gobierno del Reino Unido como el Gobierno de la República Argentina deseen realizar.

3. Nuestros dos Gobiernos convienen en que esos objetivos son que el mercado mundial de cereales debería mejorarse mediante el establecimiento de un mejor y mayor equilibrio económico entre los suministros mundiales y la demanda comercial, y que para ese fin deberían proveerse condiciones aceptables de acceso a los mercados mundiales para cereales promoviendo un importante desarrollo y expansión del comercio mundial de cereales. Convenimos también en la importancia de asegurar suministros de cereales, productos y subproductos de cereales a precios justos y estables; y en la creación de una mayor estabilidad en los niveles de precios internacionales para los mismos. Deberían procurarse dichos objetivos en forma tal que se tengan en cuenta los intereses tanto de los productores y consumidores como de los países importadores y exportadores.

4. Pendiente de la conclusión de acuerdos internacionales a largo plazo sobre cereales el Gobierno del Reino Unido ha declarado su intención de introducir adaptaciones en su actual política sobre cereales con el propósito de promover mayor estabilidad en el mercado de cereales del Reino Unido y de mantener un equilibrio justo y razonable entre la producción nacional y las importaciones. Dicho equilibrio se basaría ampliamente en los actuales suministros al mercado del Reino Unido de la producción nacional por una parte y las importaciones de cereales, por la otra, y en lo que respecta al futuro crecimiento del mercado del Reino Unido ofrecería la oportunidad tanto a los productores nacionales como a los abastecedores de ultramar de participar en ésto en forma justa y razonable. Las intenciones del Gobierno del Reino Unido con respecto al equilibrio entre la producción nacional y las importaciones y los convenios nacionales de garantía para el año 1964/65 se establecen en el parágrafo 6 a continuación. La balanza para los años subsiguientes se reconsiderará a la luz de las condiciones de suministros y comercialización, inclusive la relativa eficiencia de los abastecedores, y cambios en ésto, y a este fin el Gobierno

del Reino Unido realizará consultas con el Gobierno de la República Argentina y el Gobierno de otros principales países cooperadores de acuerdo con el procedimiento de revisión que figura en el parágrafo 10.

5. Las medidas que el Gobierno del Reino Unido piensa introducir para lograr los objetivos que se mencionan en el parágrafo 4 precedente son: primero, restringir la ayuda financiera para desalentar el incremento de la producción nacional de cereales que está por encima de un nivel compatible con dichos objetivos, y segundo poner en funcionamiento, en cooperación con sus principales abastecedores de ultramar, un sistema de precios mínimos de importación para los principales cereales, productos y subproductos de cereales.

6. El Gobierno del Reino Unido ha decidido que cualquier restricción necesaria de ayuda financiera debería aplicarse a través de la reducción efectiva de precios garantizados por medio de mecanismos de precios descriptos en el United Kingdom White Paper en la Revista Anual correspondiente a 1964/65. Dichas técnicas, en el caso del trigo, empezarían a aplicarse cuando la producción excediera de 3,2 millones de toneladas y funcionaría plenamente cuando la producción excediera de 3,3 millones de toneladas y en el caso de la cebada empezarían a aplicarse cuando la producción excediera de 6,3 millones de toneladas y funcionaría plenamente cuando la producción excediera de 6,5 millones de toneladas. El orden de la producción de trigo y cebada que se encara sería por lo tanto de 9,5 millones a 9,8 millones de toneladas. La producción de otros cereales, que está declinando, es actualmente de aproximadamente 1,5 millones de toneladas. Se espera que el consumo total de cereales (incluyendo el equivalente del trigo en harina) llegue a 20,5 millones de toneladas en 1964/65 y siga aumentando en adelante. De acuerdo con los objetivos del parágrafo 4 precedente el volumen anual de las importaciones de cereales (incluyendo el equivalente del trigo en harina) debería como promedio de un año con otro, aumentar por sobre el nivel actual de aproximadamente 9 millones de toneladas a medida que se expanda el mercado del Reino Unido. Sobre la base de los cálculos precedentes de consumo, el volumen de las importaciones de cereales (incluyendo el equivalente del trigo en harina) en 1964/65 sería, si la producción interna no excediera los límites del trigo y la cebada precitados, de aproximadamente 9,2 a 9,5 millones de toneladas. Todos los años se considerarán los cambios en los datos precedentes de acuerdo con el procedimiento de revisión mencionado en el parágrafo 10, a fin de asegurar un justo y razonable equilibrio entre la producción nacional y las importaciones. Es intención del Gobierno del Reino Unido introducir los cambios necesarios en sus convenios nacionales de garantía, a fin de que dichos convenios sean efectivos para los fines descriptos en el parágrafo 4 precedente.

7. El Gobierno del Reino Unido, previa consulta con el Gobierno de la República Argentina y otros Gobiernos cooperadores, ha informado al Gobierno de la República Argentina acerca de los cereales, los productos y los subproductos de cereales paralos cuales, sujeto a la aprobación del Parlamento, se propone inicialmente especificar los precios mínimos de importación, y los mismos se establecen en el Anexo

aprobado adjunto. Con respecto a los precios mínimos de importación a aplicarse a la clase inicial de productos, el Gobierno del Reino Unido ha consultado con el Gobierno de la República Argentina y otros Gobiernos cooperadores y se entiende que si los precios prescriptos son como se ha convenido, serán aceptables para el Gobierno de la República Argentina. Todo cambio subsiguiente será cuestión de una consulta conjunta entre el Gobierno del Reino Unido y los principales Gobiernos cooperadores, y con respecto a cualesquiera cambios que afecten los intereses particulares del Gobierno de la República Argentina, el Gobierno del Reino Unido buscará el acuerdo del Gobierno de la República Argentina. Además, el Gobierno del Reino Unido no introducirá ningún cambio importante en el nivel general de los precios mínimos de importación, salvo previo acuerdo con el Gobierno de la República Argentina y otros Gobiernos cooperadores principales.

8. El Gobierno del Reino Unido adoptará medidas para mantener los niveles de los precios mínimos de importación prescriptos mediante gravámenes a las importaciones en la medida necesaria para ese fin. Sujeto a su confirmación del deseo del Gobierno de la República Argentina de cooperar en dichos convenios, el Gobierno del Reino Unido eximirá de gravámenes todas las importaciones de productos que figuran en el anexo adjunto que tengan origen en y fueran consignadas desde la República Argentina al Reino Unido salvo en las siguientes circunstancias:

- (i) Cuando el nivel general de precios de oferta al mercado del Reino Unido desde la República Argentina para cualquier producto mencionado en el anexo adjunto esté (previo cálculo de cualesquiera derechos aduaneros impositivos) por debajo del precio mínimo de importación prescripto para dicho producto, el Reino Unido podrá, previa notificación al Gobierno de la República Argentina, aplicar un gravamen—generalmente equivalente a la diferencia entre los dos—a dicho producto durante el tiempo que tales condiciones lo exijan.
- (ii) Cuando una sola partida de cualquier producto mencionado en el Anexo de origen en la República Argentina y que fuera consignado de la República Argentina al Reino Unido y el precio pagado por dicha partida, junto con cualesquiera derechos aduaneros impositivos y cualesquiera gravámenes aplicables de acuerdo con el subpárrafo (i) precedente esté por debajo del mínimo correspondiente, puede aplicarse un gravamen igual a la diferencia entre los dos.

En las circunstancias descritas en los subpárrafos (i) y (ii) precedentes, dichos gravámenes pueden ser aplicados por el Gobierno del Reino Unido no obstante sus compromisos (al Gobierno de la República Argentina) con respecto a los productos enumerados en el Anexo tal como se especifica en la Lista XIX anexa al Acuerdo General sobre Aranceles y Comercio, y en virtud del Convenio Comercial de 1936 entre el Gobierno del Reino Unido y el Gobierno de la República Argentina. Es también intención del Gobierno del Reino Unido que en

la aplicación de dichos convenios se adopten las disposiciones pertinentes para evitar perjuicios a las prácticas comerciales normales de futuros contratantes.

9. El Gobierno del Reino Unido revisará los convenios sobre precios mínimos de importación antes del comienzo de cada año de cosecha que empieza el 1° de Julio, o a solicitud durante un año de cosecha, en consulta con el Gobierno de la República Argentina y otros Gobiernos cooperadores.

10. El Gobierno del Reino Unido comenzará a revisar, a más tardar en los primeros días de Diciembre de cada año, en consulta con el Gobierno de la República Argentina y otros principales Gobiernos cooperadores, la medida hasta donde se lograron los objetivos establecidos en los párrafos 3 y 4 de esta Nota teniendo en cuenta todos los factores pertinentes.

11. Si se encuentra como resultado de una revisión de los convenios sobre precios mínimos de importación, en virtud del párrafo 9, que los mismos han resultado en una apreciable distorsión de la pauta comercial en los productos abarcados por la presente Nota reversal entre los Gobiernos cooperadores que abastecen al Reino Unido y que en consecuencia han perjudicado o amenazado con perjudicar los intereses comerciales del Gobierno de la República Argentina, el Gobierno del Reino Unido adoptará medidas correctivas efectivas en consulta con el Gobierno de la República Argentina y otros Gobiernos cooperadores y de conformidad con los procedimientos señalados en el párrafo 7, para remediar la situación. Además, se realizarán consultas entre el Reino Unido y los Gobiernos cooperadores y si se comprueba que las importaciones totales de cereales (incluyendo el equivalente de trigo en harina de trigo) han demostrado o amenazado con demostrar una apreciable declinación por debajo del volumen medio de tales importaciones durante los tres años anteriores al 1° de Julio de 1964, y que dicha declinación se ha realizado o amenaza realizarse porque los cambios señalados en el párrafo 5 no han sido efectivos para el propósito de mantener dicho volumen de importaciones, el Gobierno del Reino Unido adoptará medidas correctivas efectivas a la brevedad posible para remediar la situación.

12. El Gobierno del Reino Unido cree que la introducción de las medidas señaladas en la presente Nota, para lograr los objetivos mencionados en el párrafo 4 precedente, promovería las finalidades de alcanzar los objetivos a largo plazo señalados en el párrafo 3 para cuyo logro trabajan el Gobierno del Reino Unido y el Gobierno de la República Argentina. Por lo tanto, cualesquiera arreglos contenidos en las presentes Notas reversales se harán sin perjuicio de, y en efecto están destinados a facilitar la negociación de convenios internacionales sobre cereales que involucran más compromisos importantes para todos los países participantes, ya sean importadores o exportadores. Más aún, se sobreentiende que se dará término a cualesquiera medidas adoptadas como resultado de estas Notas reversales cuando se convenga mutuamente que pueden ser incompatibles

con, o reemplazadas por, las disposiciones de los convenios internacionales posteriores en que tanto el Gobierno del Reino Unido y el Gobierno de la República Argentina sean partes.

13. Es intención del Gobierno del Reino Unido aplicar el sistema de precios mínimos de importación en tal forma que no resulte en una disminución de los beneficios de que gozan los abastecedores preferenciales de sus preferencias existentes en el mercado del Reino Unido. Por otra parte, en el caso de la harina de trigo es intención del Gobierno del Reino Unido no proporcionar en virtud de los convenios de precios mínimos de importación ninguna ventaja adicional a molineros en los países cooperadores o en el Reino Unido. Si se comprueba que alguna de dichas intenciones no se logra o amenaza no lograrse, el Gobierno del Reino Unido adoptará medidas correctivas efectivas previa consulta con otros Gobiernos cooperadores.

14. A la luz de todas estas consideraciones el Gobierno del Reino Unido y el Gobierno de la República Argentina convienen en cooperar en la medida factible en la aplicación y observancia de los precios mínimos de importación prescritos para los productos incluidos en el Anexo a la presente Nota con sujeción a los entendimientos establecidos en la presente.

15. Si lo que antecede es aceptable para el Gobierno de la República Argentina tengo el honor de sugerir que la presente Nota, junto con el Anexo y la respuesta de Vuestra Excelencia a ese efecto, se consideren como constituyendo un acuerdo entre ambos Gobiernos que entrará en vigor en el día de la fecha y que podrá ser terminado en las circunstancias contempladas en el parágrafo 12 o por cualquiera de los dos Gobiernos con no menos de cuatro meses de plazo para notificarlo por escrito al otro. Las consultas relativas a la aplicación del presente acuerdo pueden realizarse en cualquier momento a solicitud de cualquiera de los dos Gobiernos.”

En respuesta tengo el honor de informarle que lo que antecede es aceptable para el Gobierno de la República Argentina que por lo tanto considera la nota de Vuestra Excelencia, junto con el Anexo y esta respuesta como constituyendo un acuerdo entre los dos Gobiernos sobre el particular que entrará en vigor el día de la fecha y podrá ser terminado en las circunstancias contempladas en el parágrafo 12 de la nota de Vuestra Excelencia de fecha 15 de Abril de 1964 o por notificación por escrito enviada por cualquiera de los Gobiernos al otro con no menos de cuatro meses de anticipación.

Le ruego aceptar, etc.

ALBERTO PRANDO.

[Translation of No. 6]

London.
April 15, 1964

My Lord,

I have the honour to acknowledge the receipt of Your Lordship's Note of the 15th of April, 1964, which reads as follows :

[As in No. 5]

2. In reply, I have the honour to inform you that the foregoing is acceptable to the Government of the Argentine Republic, who therefore regard Your Lordship's Note, together with its Annex, and this Reply as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 of Your Lordship's Note of the 15th of April, 1964, or by either Government giving not less than four months' notice in writing to the other.

I have etc.,

ALBERTO PRANDO.

No. 7

Her Majesty's Minister of State for Foreign Affairs to the Ambassador of the United States of America.

Foreign Office.
April 15, 1964

Your Excellency,

I should like to refer to previous exchanges and discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and of the Government of the United States of America (hereinafter referred to as "the Government of the United States") regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. In framing their proposals the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers.

2. The Government of the United Kingdom have also taken into account that they, and the Governments of other countries who are major importers and exporters of cereals, are at present taking part in discussions in the

Cereals Group of the General Agreement on Tariffs and Trade convened for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963. It was not the desire or intention of the Government of the United Kingdom to put forward proposals which might in any way hamper that work, but rather to introduce arrangements so designed as to further the main objectives which both the Government of the United Kingdom and the Government of the United States desire to achieve.

3. Our two Governments are agreed that these main objectives are that the world market for cereals should be improved through the establishment of a better and more economic balance between world supplies and commercial demand, and that to this end there should be the provision of acceptable conditions of access into world markets for cereals in the furtherance of a significant development and expansion of world trade in cereals. We are also agreed on the importance of the assurance of supplies of cereals, cereal products and by-products at equitable and stable prices ; and of the creation of greater stability in the levels of international prices for them. These objectives should be sought in such ways as would take into account the interests both of producers and consumers and of importing and exporting countries.

4. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. This balance would be broadly based upon the present supplies to the United Kingdom market from domestic production on the one hand and cereals imports on the other, and as regards the future growth of the United Kingdom market would provide the opportunity for both domestic producers and overseas suppliers to share in this in a fair and reasonable way. The intentions of the Government of the United Kingdom with respect to the balance between domestic production and imports and the domestic guarantee arrangements for the year 1964-65 are set forth in paragraph 6 below. The balance for subsequent years will be reconsidered in the light of supply and marketing conditions, including the relative efficiency of suppliers, and changes therein, and to this end the Government of the United Kingdom shall consult with the Government of the United States and the Governments of other principal co-operating countries in accordance with the review procedure in paragraph 10.

5. The measures which the Government of the United Kingdom intend to introduce for securing the objectives in paragraph 4 above are: first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second to operate, in co-operation with their principal overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

6. The Government of the United Kingdom have decided that any necessary restraint of financial assistance should be applied through the

effective reduction of guaranteed prices by means of the price mechanisms described in the United Kingdom White Paper on the Annual Review for 1964-65. These mechanisms would in the case of wheat start to operate when production exceeded 3.2 million tons and would operate fully when production exceeded 3.3 million tons and in the case of barley would start to operate when production exceeded 6.3 million tons and would operate fully when production exceeded 6.5 million tons. The range of wheat and barley production aimed at would therefore be from 9.5 to 9.8 million tons. Other cereals production, which is declining, is at present about 1.5 million tons. Total consumption of cereals (including wheat equivalent of flour) is expected to rise to 20.5 million tons in 1964-65 and to continue increasing thereafter. In accordance with the objectives in paragraph 4 above, the annual volume of imports of cereals (including wheat equivalent of flour) should, on average taking one year with another, increase above the present level of about 9 million tons as the United Kingdom market expands. On the basis of the above estimate of consumption, the volume of imports of cereals (including wheat equivalent of flour) in 1964-65 would, if domestic production did not exceed the ranges for wheat and barley stated above, be about 9.2 to 9.5 million tons. Changes in the above data shall be considered each year under the review procedure in paragraph 10 with a view to securing a fair and reasonable balance between home production and imports. It is the intention of the Government of the United Kingdom that changes in their domestic guarantee arrangements should be made as necessary so that these arrangements are effective for the purposes described in paragraph 4 above.

7. The Government of the United Kingdom, after consultation with the Government of the United States and other co-operating Governments, have advised the Government of the United States of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached agreed Annex. As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of the United States and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of the United States. Any subsequent changes shall be a matter for joint consultation between the Government of the United Kingdom and the principal co-operating Governments, and as regards any changes which affect the particular interests of the Government of the United States, the Government of the United Kingdom shall seek the agreement of the Government of the United States. In addition, the Government of the United Kingdom shall not make any significant change in the general level of minimum import prices except after agreement with the Government of the United States and other principal co-operating Governments.

8. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of the United States to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated

in and were consigned from the United States of America to the United Kingdom except in the following circumstances:

- (i) When the general level of offering prices to the United Kingdom market from the United States of America for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of the United States, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.
- (ii) When an individual parcel of any product in the Annex originated in and was consigned from the United States of America to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of the United States with respect to the products listed in the Annex, as specified in Schedule XIX annexed to the General Agreement on Tariffs and Trade. It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

9. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of the United States and other co-operating Governments.

10. The Government of the United Kingdom shall, not later than the beginning of December in each year, start to review in consultation with the Government of the United States and other principal co-operating Governments the extent to which the objectives set out in paragraphs 3 and 4 of this Note are, having regard to all relevant factors, being achieved.

11. If it is found as a result of a review of the minimum import price arrangements under paragraph 9 that they have resulted in an appreciable distortion of the pattern of trade in the products which this Note covers between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the trade interests of the Government of the United States, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of the United States and other co-operating Governments and in accordance with the procedures outlined in paragraph 7 to remedy the situation. In addition, consultation will take place between the Government of the United Kingdom and co-operating Governments and if it is thereby found that the total imports of cereals (including the wheat equivalent of wheat flour) have shown or threaten to show an appreciable

decline below the average volume of such imports during the three years preceding 1st July, 1964, and that this decline has taken place or threatens to take place because the changes outlined in paragraph 5 have failed to be effective for the purpose of maintaining that volume of imports, the Government of the United Kingdom shall take effective corrective action at the earliest practicable time to remedy the situation.

12. The Government of the United Kingdom believe that the introduction of the measures outlined in this Note for the purpose of attaining the objectives in paragraph 4 above would further the prospects of attaining the longer term objectives set out in paragraph 3 for the attainment of which the Government of the United Kingdom and the Government of the United States will be working. Accordingly, any arrangements contained in this Exchange of Notes shall be without prejudice to, and indeed are intended to facilitate the negotiation of, international cereals arrangements embodying more comprehensive commitments by all participating countries, whether importing or exporting. Moreover, it is understood that any measures taken as a result of this Exchange of Notes shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of such later international arrangements to which both the Government of the United Kingdom and the Government of the United States are parties.

13. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. Moreover in the case of wheat flour it is the intention of the Government of the United Kingdom not to provide under minimum import price arrangements any additional advantages to millers in co-operating countries or in the United Kingdom. If it is found that either of these intentions is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

14. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of the United States will co-operate so far as practicable in the operation and observance of minimum import prices prescribed for the products covered in the Annex to this Note subject to the understandings set out herein.

15. If the foregoing is acceptable to the Government of the United States, I have the honour to suggest that this Note, together with its Annex, and Your Excellency's reply to that effect, shall be regarded as constituting an agreement between the two Governments which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 or by either Government giving not less than four months' notice in writing to the other. Consultations regarding the operation of this agreement may be held at any time at the request of either Government.

I have etc.,

DUNDEE.

ANNEX

COMMODITIES TO BE SPECIFIED

Tariff heading				Description
B.N.	10.01	...	...	Wheat and meslin.
B.N.	10.03	...	...	Barley.
B.N.	10.04	...	...	Oats.
Ex B.N.	10.05	...	...	Maize other than sweet corn on the cob.
Ex B.N.	10.07	...	...	Grain sorghum.
Ex B.N.	11.01	...	...	Cereal flours other than rice flour.
Ex B.N.	11.02	...	...	Cereal groats, cereal meals, other worked cereals and germs of cereals other than: (a) rice groats, rice meal, germ of rice and other worked rice; (b) blocked, pot and pearled barley.
Ex B.N.	23.02	...	...	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

No. 8

*The Ambassador of the United States of America to Her Majesty's Minister
of State for Foreign Affairs.*

London.

April 15, 1964

My Lord,

I have the honor to acknowledge the receipt of Your Lordship's Note of the 15th of April, 1964, which reads as follows :

[As in No. 7.]

In reply, I have the honor to inform you that the foregoing is acceptable to the Government of the United States of America, who therefore regard Your Lordship's Note, together with its Annex, and this Reply as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date and shall be terminable in the circumstances envisaged in paragraph 12 of Your Lordship's Note of the 15th of April, 1964, or by either Government giving not less than four months' notice in writing to the other.

Accept etc.,

DAVID BRUCE.

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