

quently adopted by the government is through government departments or other agencies concerned with the grains industry.

Production. The Canada Department of Agriculture conducts a research program in plant breeding and production methods to improve varieties, yields and quality of grains for which there is a domestic and export demand. A recent innovation has been the provision, well in advance of spring planting, of information on initial prices to be guaranteed to farmers for the new crop of wheat, oats and barley, and on minimum deliveries to be accepted by the Canadian Wheat Board during the crop year. These are announced by the Minister responsible for the Canadian Wheat Board on or before March 1 of each year.

The Grains Group is also involved in the Two-Price Wheat Program which will remain in effect for seven years. Canadian millers will pay the Canadian Wheat Board \$3.25 a bu for grain grown in Canada, which they buy for domestic human consumption. The federal government will pay to the Wheat Board the difference between the millers' \$3.25 a bu and the going export price, up to \$5.00 a bu. Thus the Canadian producer has a guaranteed floor price on domestic sales of milling wheat of \$3.25 a bu.

Transportation and handling. The Grains Group undertook a number of studies to identify the constraints and alternatives to the system. In August 1972 the results of these studies were released to the Canada Grains Council in Winnipeg. Through the Grain Handling and Transportation Committee of the Council, producers and other segments of the industry are helping to draft formulating recommendations about the scope and development of grain handling and transportation.

In 1972 the government purchased 2,000 specially designed hopper cars to maintain the movement of grain to ports. In March 1974 the purchase of another 4,000 hopper cars and an agreement with the railways on a repair program for 2,400 boxcars which will put these cars into service over the next five years was announced.

Marketing. To broaden the assistance provided for sales and market development of grains, oilseeds and products, the pertinent services of the Department of Industry, Trade and Commerce are consolidated in the Grain Marketing Office. Regular contact is maintained with the Canadian Wheat Board, other agencies and organizations concerned with grain marketing, trade commissioners abroad and the private trade sector. A program of trade promotion that includes participation in missions and trade fairs abroad is also maintained.

The Grains and Oilseeds Marketing Incentives Program, established to improve initiative, particularly in the private sector, provides assistance in the form of cost or risk sharing to a variety of projects designed to increase the sales of grains, oilseeds and their derivatives. Assistance is normally provided to worthwhile projects which would not be realized without incentives. Canadian companies, agencies, industry associations, universities, institutes and similar bodies are qualified applicants. Projects implemented or under consideration cover various fields, including grain handling, storage, processing, market testing of products, developing new products or processes, feeding trials and demonstrations and feasibility studies related to expansion of exports of grains, oilseeds and their products.

With the co-operation of the processing industry, provincial governments and universities, a \$4 million pilot plant was established in Saskatoon. The POS Pilot Plant Corporation is a non-profit corporation (directed by subscribing members) which provides unique pilot-plant facilities to the Canadian grains and oilseeds processing industry.

Credit. Canada has been selling grain on credit since 1952. The original program provided for grain sales on terms of up to three years at commercial rates of interest. In 1968 the government approved a broadened and improved program for the sale of Canadian grain on credit to improve its competitive position in export markets. The new program allowed exporters to respond quickly to export opportunities in developing countries on more favourable credit terms.

Most credit sales of western grains are on terms of three years or less, financed under Section 12 of the Canadian Wheat Board Act with a government guarantee. Credit sales of other than the western wheat, oats and barley which are marketed by the Wheat Board, or any sales on terms of more than three years, are insured under Section 27 of the Export Development Act. In the 1972-73 crop year 200 million bu of wheat and flour, more than one third of total Canadian wheat exports, were sold on credit.