

ceived. I believe the Chinese, and particularly their Prime Minister, Mr. Chou-En-lai, who impressed us very much and with whom we had a wonderful meeting, took the opportunity to talk to the rest of the world through us. I am sure their Prime Minister wanted to assure Canadians that China intended to maintain its friendly relationship with us, that it appreciated the help and support we had given them over the years, and that the Chinese people did not intend to forget the relationship that had developed between our two countries. Their agreement to include in the joint communiqué that when they required further supplies of wheat they would first turn to Canada was, to me, a very significant announcement. This was followed by an announcement by their Minister of Agriculture that they would be buying more Canadian wheat this year. As the Honourable Otto Lang announced earlier this year, the purchase agreement has already been signed.

Naturally, these announcements do not mean that they will purchase all their wheat requirements from us, but they will turn first to us, and that is significant of the mutually satisfactory dealings we have had over the past decade.

Honourable senators, I am happy and optimistic about our relations with China. So far as trade development is concerned we are in on the ground floor.

Notwithstanding this attitude, do not let me leave with you the view that trade with China is the solution to our trade problems. Our relations are excellent, but we must remember that China, if not the most self-sufficient, is one of the most self-sufficient countries in the world. The latest trade figures that I have seen indicate that in 1968 China's total exports were at a level of only about \$2 billion U.S., while her imports amounted to only about \$1½ billion. That is a small international trade compared to the trade of many other important and large countries.

Trade potentials exist, but we in Canada must remember that trade is a two-way street. I do not believe, nor do I think the Chinese believe, that trade between our two countries will ever be balanced. I am sure, however, that they will expect to increase their exports to us; certainly, as long as they can provide goods that we require that are competitive in so far as quality and price are concerned, they will expect their exports to Canada to increase. For our part, if we expect to continue to sell grain and other products to them, we must encourage their trade into Canada.

Honourable senators, I have concluded the remarks I wanted to make about the Pacific rim countries and my visit to China, but if time permits I should like to take a minute or two to outline to you, and to get on record, my views about the current grain marketing situation.

I am sure honourable senators are aware that during the last crop year, although prices were disappointingly low, the volume of our total exports of all grains was at a new record level. So far this year we are still enjoying a large movement out of the country. Mainly as a result of the completion of old contracts, coupled with some new sales to regular commercial markets, this movement is

continuing, and it is a very heavy movement. It looks as though this heavy movement will continue at least to the end of the calendar year or to the close of lake navigation, but it is very difficult to forecast or even to be optimistic about the movement in the second half of the crop year.

World production of wheat, in fact of all cereals, is very large. Europe had an excellent crop and the United States had a very large crop. In fact, so far as the American corn production is concerned, notwithstanding some damage from the corn bug, it should exceed five billion bushels. Australia's crop is coming along well and will be larger than last year's. Again they will have a good quality of wheat to compete with us in the second half of the crop year. In so far as our own country is concerned, we have had and are enjoying a wonderful harvest. This year's prairie wheat production, other than Durum, is estimated at about 428,500,000 bushels. That is about 100 million bushels below the ten-year average, but it is about 197 million bushels above the 1970 production.

Durum wheat, fortunately, in view of the world Durum situation, is reduced from about 81 million bushels last year to about 60 million bushels this year. The production of oats is down slightly, being estimated at 271 million compared to 280 million last year.

There has, however, been a very substantial increase in our barley production. No doubt my colleague, Senator Molson, is very interested in that increase in barley production. The new crop is estimated at 613 million bushels compared to the ten-year average of about 219 million and to last year's crop, which was our largest up until that time, of 391 million bushels.

Rye production is about the same as last year. It is 22 million compared to 20 million last year.

Flaxseed production is down sharply, being estimated at 26,800,000 bushels as compared to 48,700,000 last year.

There has, however, notwithstanding the effects of the Bertha worm, been a very large increase in our rapeseed production. The estimate of the Dominion Bureau of Statistics for this year's rapeseed crop is 104,600,000 bushels as compared to last year's production of 72,200,000 bushels and the ten-year average of only 17.6 million bushels.

It will be evident to honourable senators that Canada has no shortage of overall supplies, and it is very hard to calculate where markets will develop to take care of our carryover and this new production.

The key may be the U.S.S.R. It is too early yet to estimate their production or their export and import possibilities. We know their growing weather has been quite favourable, but their problems usually are related to harvesting conditions and how they get the crop off. But it seems clear that if our exports of cereals are to be maintained at last year's levels, our markets must be expanded and I am afraid this is going to be most difficult in view of the world production and world supplies.

One thing should be noted. Last year our prairie wheat production, mainly or at least to some extent because