

famine conditions may exist. From all the Chinese reports, it would appear that the north-east part of the country is the worst off and it is likely that most of the imports will be shipped to northern ports.

Yours very truly,  
C.J. SMALL

782.

DEA/9030-40

*Note du chef de la 1<sup>ère</sup> Direction économique  
pour le sous-secrétaire d'État adjoint des Affaires extérieures*

*Memorandum from Head, Economic (1) Division,  
to Assistant Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], February 2, 1961

## WHEAT SALES TO CHINA AND CZECHOSLOVAKIA

Further to my memorandum to the Under-Secretary of January 23,† copy attached, I thought you might like to have in this memorandum a brief outline of where we stand.

2. Cabinet approved the credit terms sought by the Czech Minister, and Mr. J. Roberts, Deputy Minister of Trade and Commerce, notified the latter of this. A Czech delegation is expected to arrive in Canada tomorrow and negotiations are to begin at once for the sale of 200,000 tons of wheat.

3. I understand that it was announced in the House today that Canada had sold 750,000 tons (28 million bushels) of wheat and 260,000 tons (12.1 million bushels) of barley to China. The barley was No. 1 feed and the 260,000 figure includes the previously announced sale of 120,000 tons. 100,000 tons of the wheat was No. 3 Northern and the remaining 650,000 tons was No. 2 Northern. This sale was for cash and no concessional or credit terms were involved. An interesting feature of the sale was that the Chinese will pay in sterling. (Cash against documents).

4. We learned in confidence from Trade and Commerce that the Chinese have chartered forty vessels on a time basis for the next four to thirteen months.

5. You may wish to let Mr. Armstrong know about these two sales.

O.G. STONER

783.

DEA/11280-1-40

*Note du chef de la 1<sup>ère</sup> Direction économique  
pour le sous-secrétaire d'État des Affaires extérieures*

*Memorandum from Head, Economic (1) Division,  
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], February 21, 1961

## BUNKERS FOR CHINA

I thought it might be useful to record briefly on paper my understanding of what has been reported to have been discussed between the President and the Prime Minister on this question on Monday.