

An explanatory memorandum was circulated, (Joint memorandum, Ministers of Trade and Commerce and Agriculture, June 15 – Cab. Doc. 253-61).†

12. *During the brief discussion* some said that the extension of this added credit to China would be a calculated risk, but that the proposal should be approved.

13. *The Cabinet* agreed,

(a) that the Minister of Agriculture be authorized to instruct the Canadian Wheat Board to conclude an agreement with the China National Cereals Corporation for the sale of 160,000 tons of wheat for shipment during the summer of 1961 on the basis of 25 per cent down and the remainder payable in a period not exceeding nine months;

(b) that the Minister of Finance be authorized to increase the government guarantee under which bank loans are made to the Canadian Wheat Board in an amount not to exceed \$100 million, to enable the Canadian Wheat Board to make credit sales to China to the maximum amounts provided for in the Long Term Agreement;

(c) that the Minister of Agriculture be authorized, following consultation with the Minister of Finance, to approve further credit sales by the Canadian Wheat Board to the China National Cereals Corporation within the overall credit limitation of \$100 million and on credit terms no less favourable to Canada than those approved by Cabinet for the first sales contract.

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DEA/9030-70

*La délégation à la Conférence sur le Laos à Genève
au secrétaire d'État aux Affaires extérieures*

*Delegation to Conference on Laos, Geneva,
to Secretary of State for External Affairs*

TELEGRAM 869

Geneva, June 16, 1961

SECRET. OPIMMEDIATE.

Repeat for Information: Washington, London, NATO Paris, Paris, New Delhi (OpImmediate), Moscow (OpImmediate) from Ottawa.

TALK WITH CHINESE FOREIGN MINISTER – WHEAT

When Chinese Foreign Minister came to discuss problems related to Conference on Laos on which I have reported in a separate telegram,† he took occasion to express appreciation of Peking authorities with regard to attitude adopted by Canadian Government in supplying wheat and overcoming difficulties with regard to evacuees.

2. Chen Yi noted that Canada apart from USA is main source of surplus wheat in world and that his government intended to continue purchases on an annual basis, not repeat not just to meet famine conditions of current crop year. Intent would be to build up a wheat reserve in China to overcome lean years. He recalled that demand for wheat in Northern parts of their country was a continuing factor in Chinese economy.

3. Chen Yi said that this kind of economic contact, like cultural contacts such as visit of Peking opera, could be useful in establishing good relations without altering formal legal position of non-recognition.

[H.C.] GREEN