

The Minister of Finance (Mr. Fleming),
 The Minister of Trade and Commerce (Mr. Hees),
 The Minister of Transport (Mr. Balcer),
 The Minister of Veterans Affairs (Mr. Churchill),
 The Minister of National Revenue (Mr. Nowlan),
 The Minister of National Defence (Mr. Harkness),
 The Minister of Fisheries (Mr. MacLean),
 The Minister of Labour (Mr. Starr),
 The Postmaster General (Mr. William Hamilton),
 The Solicitor General (Mr. Browne),
 The Minister of Mines and Technical Surveys (Mr. Comtois),
 The Minister of National Health and Welfare (Mr. Monteith),
 The Minister of Agriculture (Mr. Alvin Hamilton),
 The Minister of Defence Production (Mr. O'Hurley),
 The Minister of Public Works (Mr. Walker),
 The Associate Minister of National Defence (Mr. Sévigny),
 The Minister of Forestry (Mr. Flemming),
 The Secretary of State (Mr. Dorion),
 The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
 The Minister without Portfolio (Mr. Halpenny).
 The Secretary to the Cabinet (Mr. Bryce),
 The Assistant Secretary to the Cabinet (Dr. Hodgson).

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PROPOSED SALE OF WHEAT AND BARLEY TO CHINA
 (Previous reference March 9)

9. *The Minister of Agriculture* said that, as directed by the Cabinet, a Canadian mission had been negotiating in Hong Kong with the China Resources Company for the sale of wheat and barley to China, and had reported that an arrangement could not be concluded on a cash basis. If agreement could be reached on a credit period, a firm sale contract could be concluded for about 40 million bushels of grain, and a letter of intent covering a total of 230 million bushels over a period of 2½ years, including this initial 40 million bushels, could be obtained. The mission proposed to continue negotiations on the basis of 25 per cent cash, a maximum credit risk of \$50 million and a maximum credit period of 180 days. If it should appear that the sale could not be arranged on the basis of 6 months' credit, the mission requested authority to agree to a 9-month credit period. The purchase agreement for the initial 40 million bushels would not be completed by the mission without a commitment of some kind covering purchases over the period of 2½ years.

An explanatory memorandum had been circulated, (Minister's memorandum, April 11 – Cab. Doc. 151-61).†

10. *During the discussion* the following points were raised:

(a) A maximum credit limit of \$50 million was far less significant in relation to a sale of 40 million bushels than in relation to a single sale of 230 million bushels as originally proposed.

(b) If a credit period of 9 months should be allowed for the initial transaction, the bargaining position of the government of Canada might be weakened when the larger transaction was negotiated some months hence.

(c) The difference between a 6-month and a 9-month credit period would not be politically significant in Canada.

(d) The China Resources Company was also negotiating with Australia, but no information was available on the status of these negotiations.