

he plans to travel via Europe, stopping en route in Rome, London and possibly Berne, there appeared to be the possibility that if we could not cooperate he would look elsewhere for his purchases. I consider that there are genuine prospects for substantial Canadian export orders resulting from Mr. Liu's trip and, for this reason, I believe that speeding up action on his visa should prove to be fully justified.

4. I have arranged to meet Mr. Liu and Mr. Pu of China Resources Company in a day or two with Mr. Forsyth-Smith after his return and we may be able to obtain further details regarding Chinese requirements at that time. We will, of course, keep you informed.

C.J. SMALL

776.

DEA/9030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], January 12, 1961

POSSIBLE SALE OF WHEAT TO COMMUNIST CHINA

Senior officials of the Departments of Agriculture and Trade and Commerce are currently discussing with the Canadian Wheat Board the possibility of a substantial sale of wheat to Communist China. It appears that if such a sale is to be made, there will have to be some departure from the usual commercial terms, involving a shading of the price, the extension of credit or perhaps the provision of some part of the wheat on a gift basis. The officials concerned are confident that an arrangement can be made which would make the sale possible without danger to normal marketings of Canada or other countries. It appears to them that, apart from any humanitarian argument which there might be in favour of supplying wheat to China in the present famine conditions, the kind of arrangement contemplated would be economical from Canada's point of view in as much as it would permit substantial savings in storage charges.

2. We assume, of course, that if such an arrangement were to go forward, we would be expected to inform the United States in the same way as we keep each other informed about other special wheat sales or disposals.

3. As this matter is expected to be discussed further at an interdepartmental meeting this Friday, it would be helpful to know whether you would have any objection to such a transaction with Communist China in present circumstances, provided that satisfactory terms can be arranged.⁵⁶

N.A. R[OBERTSON]

⁵⁶ Note marginale :/Marginal note:

This would have to go to Cabinet – better work out detailed plan in meantime. H. G[reen]