

wheat and the IWC forecasts purchases in 1984/85 of 10 million tonnes.

Partly because of the continuing dispute over textiles trade, China did not fulfill the annual purchase obligation in 1983 of a minimum of 6 million tonnes stipulated under the agreement with the USA. Similarly, transactions for shipment in 1984, the last year of the agreement, are also well below the minimum.

#### *Trade with Canada*

Canada is the preferred supplier. Cereal grains continue to be the largest component of Canada's trade with the People's Republic of China, with wheat accounting for approximately 65 per cent of Canada's exports to the PRC.

Canada has sold significant quantities of wheat to China since 1961 when the first three year long term agreement was signed in April of that year. The sixth and most recent long term agreement was signed on May 5, 1982 by representatives of the Canadian Wheat Board and the China National Cereals, Oils and Foodstuffs Import and Export Corporation (CEROILS).

The agreement, which is the largest to date, calls for annual shipments of 3.5 million to 4.2 million tonnes in a three-year period starting August 1, 1982. As was the case with previous agreements, separate contracts for the sale of specific quantities of wheat are negotiated periodically, normally every six months, under the new agreement.

Sales of wheat to date under the agreement total 9.6 million tonnes with quantities for the last half of 1984/85 remaining to be contracted.

CEROILS has opted to pay cash for purchases since August, 1981 although the current agreement provides for 12 month credit terms. All amounts due to the Canadian Wheat Board for previous shipments made on credit have matured and been paid.

Canadian marketing efforts in China have included frequent exchanges of visits between Canadian Wheat Board representatives and CEROILS officials. Canadian Grain Commission officials have been extensively involved with their Chinese counterparts on questions of grain inspection and quality control. In addition, the Canadian International Grain Institute (CIGI) has hosted participants from China at a number of its international grains industry and special courses. Our grain trade concerns have also been an important component of incoming and outgoing ministerial visits.

### CANADA-UNITED STATES RELATIONS

#### GOVERNMENT POLICY

**Hon. Duff Roblin (Leader of the Government):** The next question was raised by Senator Grafstein on November 20, 1984 regarding Canada-United States relations and what the government policy is.

*(The answer follows:)*

The Government made clear in the Throne Speech that it has already taken the initiative to restore a spirit of goodwill and true partnership between Canada and the United States. The Prime Minister and President Reagan met on September 25 and they agreed to meet annually to review this refurbished relationship. The Secretary of State for External Affairs and the U.S. Secretary of State met on October 15 and 16 and agreed to continue the practice of quarterly meetings to manage our bilateral relations. Many other ministers have, or will shortly be having, meetings with their U.S. counterparts and will be holding them on a regular basis.

The Throne Speech also indicated that the Government "is exploring with our neighbour new approaches to a better and mutually advantageous trading relationship".

On November 8, the Minister of Finance tabled with his Economic Statement, a document entitled "A New Direction for Canada". This document makes clear (page 33) that the Government will examine, in close consultation with the provinces and the private sector, all avenues to secure and enhance market access. "This will include a careful analysis of options for bilateral trade liberalization with the United States in the light of various private sector proposals, as well as preparations for and opportunities provided by multilateral trade negotiations."

Discussions with the United States on possible trade liberalization on a bilateral sector-by-sector basis have not reached the stage of negotiations. Any further action will reflect the approach announced by the Government in the Throne Speech and the Economic Statement.

There are a number of issues currently being discussed between the United States and Canada, acid rain and other environmental issues (Garrison Diversion, toxic wastes in the Niagara peninsula), fisheries management off both coasts, boundaries issues, protectionist threats to access to the U.S. market, and defence modernization to name but a few. Discussions on all of these issues are continuing. However, none of them are the subject of formal negotiations at this time.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, this is probably the moment I should use to remind the Leader of the Government in the Senate that, though he has made a good start today in providing answers, there are still a large number of questions unanswered, some of which could have been answered earlier than today.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Hear, hear.

**Senator MacEachen:** I want to encourage the Leader of the Government to try to clean up all of the questions asked in the preceding week on the Tuesday of the following week, and if that is not—