

market shares of 35 percent and 40 percent on average for the period 1989 to 1993. Annual exports of Canadian wheat to China exceeded seven million tons on two occasions during the same period, with average sales of 4.3 million tons.

Despite the significant increase in production over the last decade, China is expected to import increasing quantities of grain over the next ten years. Less government subsidies for grain, the ability for farmers to switch from grain to more profitable crops, and increasing usage of grain by livestock to satisfy consumer's demands for meat, livestock and poultry products is expected to result in a grain deficit.

China is becoming a significant market for malting barley, with imports of about one million tons per year in the early '90s. The first sale of malting barley was made in 1982 by the Canadian Wheat Board and reached an average 250,000 tons in recent years. The growth of foreign joint venture malting house and brewing facilities is expected to lead to increased import requirements for quality malting barley. There is a market for Canadian malt in the longer term, especially now that the Chinese industry is becoming familiar with Canadian barley.

Canada's objectives in this important grain market are to maintain its market share and to ensure that the Chinese continue to regard Canada as a priority source for milling wheat and malting barley. Recent Canadian marketing efforts in China have included frequent exchange visits between Canadian Wheat Board representatives and China National Cereals, Oils and Foodstuffs Import and Export Corporation (CEROILFOOD) officials. Canadian Grain Commission officials have been extensively involved with their Chinese counterparts on questions of grain inspection, weighing and quality control. In addition, the Canadian International Grains Institute (CIGI) has hosted participants from China at a number of its international grains industry-related programs. Our grain trade concerns have also been an important component of incoming and outgoing ministerial visits.