

The policy announced by the Government last July was that grain sales to the Soviet Union would be at normal and traditional levels and no fixed ceiling would be established for the present 1980/81 crop year. The Government has now decided to move to resume the export of grain to the U.S.S.R. along normal lines and not agree to volume restraints on grain exports to that market in 1980/81. This decision on grain exports was taken because of the inferior position of Canadian exports to the U.S.S.R. in relation to the sales in the last crop year of other exporters and the concerns expressed in Canada and in other countries about the operation of the U.S.A. partial embargo policy. It is Canada's intention to maintain its grain exports to all of its traditional markets, including the Soviet Union. Exports to the U.S.S.R. in this crop year will increase over last year's level but it is not the intention of the Government to take advantage of the export policies of the U.S.A. or other exporters nor to increase Canadian shipments beyond the levels which would have been exported in the absence of the partial embargo policy.

To put this in context, Members of the Committee should be aware of how the decision on grains relates to Canada's overall policy towards the U.S.S.R.

In recent weeks, the Government has been reviewing Canada's relations with the U.S.S.R. In light of the situation in Afghanistan and the general international situation, the Government intends to continue to keep relations with the U.S.S.R. under close review. We remain very much of the view that the Soviet occupation of Afghanistan must be ended and that there should be a negotiated settlement which adequately protects the interests of all parties. We also believe that the continued Soviet occupation of Afghanistan remains a major impediment to improved bilateral Canadian/Soviet relations. Therefore, we shall be taking no initiatives designed to achieve improvements for their own sake. Any modifications in policy that may be necessary to protect the Canadian interest will be made in a selective and restrained manner, and on a case-by-case basis.