

(g) Canada's balance of trade will be improved to the extent of the commercial segment of the arrangement (\$34 to \$67 million).

(h) The provision of a gift of wheat to the Chinese people would undoubtedly lead to increased pressures from other sources that similar gifts be provided to other friendlier countries facing similar problems. Nevertheless, the urgent need for grain to overcome extreme famine conditions in China justifies special consideration.

11. *I Recommend:*

(a) That an item be provided in the estimates of the Department of External Affairs in the amount of not more than \$6,700,000 to provide for a gift of wheat, wheat flour, and barley to the "people" of China to assist in meeting their urgent food situation. The exact dollar amount cannot be established until negotiations reach a more advanced stage and the quantities and prices involved are negotiated.

(d) The Minister of Agriculture be authorized to instruct the Canadian Wheat Board to administer the delivery quota regulations in such a manner as to prevent year-end elevator congestion and specifically ensure that stocks of wheat in the hands of the Canadian Wheat Board on July 31st, 1961, would be such as to effect a saving to the Treasury of an amount equivalent to the cost of the gift of grain to China.

(c) The Minister of Agriculture be authorized to instruct the Canadian Wheat Board to proceed with negotiations with representatives of the China Resources Company with a clear understanding that any gift from Canada is conditional upon the purchase on a commercial basis of substantial quantities of wheat, and/or wheat flour, and if desired by the Chinese lesser quantities of barley.

[ALVIN HAMILTON]

780.

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Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET

[Ottawa], January 16, 1961

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
 The Secretary of State for External Affairs (Mr. Green),
 The Minister of Finance (Mr. Fleming),
 The Minister of Trade and Commerce (Mr. Hees),
 The Minister of Transport (Mr. Balcer),
 The Minister of Justice (Mr. Fulton),
 The Minister of National Revenue (Mr. Nowlan),
 The Minister of National Defence (Mr. Harkness),
 The Minister of Citizenship and Immigration (Mrs. Fairclough),
 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),