

The Agreement provides for the exchange of most-favoured-nation treatment in respect of imports and exports (Articles 1 and 2), ships in port (Article 4), and the legal position of citizens of each country engaged in business activity in the other country (Article 5). Each country remains free, however, to apply prohibitions or restrictions of any kind directed to the protection of its essential security interests (Article 3). The provisions relating to most-favoured-nation treatment do not apply to exclusive advantages accorded by Canada to other Commonwealth countries and the Republic of Ireland (Article 7). The Agreement is subject to ratification within 90 days but came into force provisionally on February 29, the date of signature. It will remain in force for three years, and may be extended for a further period if both Governments agree. An accompanying exchange of letters records agreement that the U.S.S.R. will buy from Canada during the three-year life of the Agreement from 400,000 to 500,000 tons of wheat each year. Another exchange of letters reserves the right for Canada to fix under the Canadian Customs Act values of goods for duty in the event of serious injury (actual or threatened) to domestic producers.

Canada also has most-favoured-nation trade agreements with two Eastern European Communist countries, Poland and Czechoslovakia, the former dating from 1935, and the latter being the General Agreement on Tariffs and Trade, 1947.

The full text of the Trade Agreement with the U.S.S.R. was tabled in the House of Commons on February 29 by Mr. Howe, who made the following comments:*

My colleague, the Secretary of State for External Affairs (Mr. Pearson), opened the way for this agreement during his visit to the U.S.S.R. last October. At that time it was agreed in exploratory talks that negotiations should take place in Ottawa. A delegation from the U.S.S.R. arrived here four weeks ago, and the negotiations have been in progress since then.

The agreement which has been reached is set forth in five documents.

The first of these documents makes provision for the exchange of most-favoured-nation treatment along lines similar to existing agreements with various other countries. It includes other provisions having to do with the conduct of trade between the two countries. It recognizes that either government may apply prohibitions or restrictions of any kind for the protection of its essential security interests. Our strategic export controls are therefore not affected. This agreement provides in addition on a reciprocal basis for the non-discriminatory treatment of merchant ships while in port. On the Canadian side, the effect of this latter provision is simply to confirm the treatment which in fact has been available all along to ships of U.S.S.R. registry.

This agreement is to continue in force for a period of three years; agreement of both countries is required for any extension. It was signed on February 29 by accredited representatives of both governments and is now in force provisionally. By its terms, it is subject to ratification within 90 days from the date of signature and within this time opportunity will be provided for a debate in parliament. A resolution of approval will be introduced for this purpose.

The second document is a letter from the Canadian government reserving the right to establish values for ordinary and special import duty on any Russian product that might enter Canada in such increased quantities as to cause serious injury to domestic producers. In determining such values, the prices of similar

* The text of the Agreement will also be printed in the Canada Treaty Series.