

*Inquiries of the Ministry*

I have said with regard to the Australian wheat situation. On page 4 you will find this paragraph:

The Australian wheat board, at its October meeting, agreed that, subject to the board receiving an assurance that it would not be required to meet the freight and other associated charges, the deficiencies in New South Wales and Queensland should be made up by imports from other states or overseas—preferably from Canada. A review of comparative landed costs would be made from time to time. Preliminary inquiries by the board regarding freight rates indicated that shipping costs from Vancouver to Sydney would be lower than those from Fremantle.

Then, on page 5 of that publication you will find this report by the Australian department of agricultural economics:

The failure of this year's crop to provide supplies for export in addition to home requirements poses a serious problem for Australia. In the first place the industry has been the second largest source of export earnings. Secondly, many of our export markets are highly competitive. The failure to meet them, even for one season, may enable competitors to make serious inroads, both in our traditional markets and in those in which we have only recently succeeded in gaining a firmer foothold.

I have pointed out to the hon. member on several occasions that Australia has sufficient wheat for her own local needs. Her trouble is with her export market. Australia herself has suggested that if wheat is to be bought to maintain her export markets it will be bought preferably from Canada. I am informed by the Canadian wheat board that they have been in communication with their corresponding numbers in Australia on several occasions during the last month.

**Mr. Coldwell:** What was the date of that report?

BARTER DEALS—REPORTED STATEMENT BY U.S.  
DEPARTMENT OF AGRICULTURE

On the orders of the day:

**Mr. H. R. Argue (Assiniboia):** I should like to direct a question to the Minister of Transport. There is a public statement by the United States department of agriculture to the effect that barter exchange trade would be allowed once again. Has this statement been drawn to the minister's attention? If so, in his opinion, does this stated half-way return to barter contravene any understanding that has been arrived at between the government of Canada and the government of the United States?

**Hon. Gordon Churchill (Minister of Trade and Commerce):** I doubt if there has been any contravention yet of the agreement reached last fall. I have before me the newspaper article which the hon. member very kindly passed over to me. Although there appears to be an extension of United States barter deals permissible now, nevertheless I doubt

[Mr. Churchill.]

very much if this extension will infringe upon the cash customers with whom we do most of our business.

The hon. member might have noticed this paragraph in the press statement. There were two lists of countries with which barter deals might be made. One, I take it, was of countries that are not normal consumers of wheat and the other and shorter list of countries which on occasion take wheat. With regard to these it says:

For these countries, the trader must get a signed statement from a responsible government official in the receiving country saying the barter deal would bring in food and fibre in addition to normal purchases for dollars.

If that is applicable to the countries with which we do a cash business, and the barter deal takes wheat over and above our normal sales to that country, we would not be inclined to consider that at this stage a contravention of the agreement we reached last October. But we have the matter under notice and will watch carefully to see what transpires. At the moment I have no indication of any barter deals interfering with our normal cash customers.

**Mr. M. J. Coldwell (Rosetown-Biggart):** Would not that interfere with any additional sales we might otherwise make to our normal cash customers, if the United States barter deals were in operation?

**Mr. Churchill:** That is hypothetical. They might interfere.

**Mr. Coldwell:** Is it not a reason for protesting to the United States, that such a situation might be anticipated?

**Mr. Churchill:** That might be considered.

## INCOME TAX

STATEMENT AS TO CANADIAN PROTEST AGAINST  
UNITED STATES ACTION

On the orders of the day:

**Hon. G. C. Nowlan (Minister of National Revenue):** Mr. Speaker, may I take this opportunity of answering a question put to me by the hon. member for Peace River on January 9, as reported at page 3059 of *Hansard*. At that particular time I was absent from Ottawa, but the question has been drawn to my attention. It is in these words:

Has the Canadian government sent to the government of the United States a formal protest against the unilateral attempts of the United States tax department to revise the Canadian-United States tax convention by reaching its long arm into Canada to impose income tax upon a purely Canadian company? If such protest has been sent, has any reply been received from the United States government?

Mr. Speaker, in the strict wording of that question, taking its literal language, the