

*Oral Questions*

**Mr. Speaker:** This motion also requires the unanimous consent of the House under Standing Order 43. Is there unanimous consent?

**Some hon. Members:** Agreed.

**Some hon. Members:** No.

**Mr. Speaker:** There is not unanimity.

## ORAL QUESTION PERIOD

[English]

## SUPPLY AND SERVICES

CF-5 AIRCRAFT—MANUFACTURE BY CANADAIR—  
LAWSUIT BY NORTHROP CORPORATION AGAINST  
FEDERAL GOVERNMENT

**Mr. Elmer M. MacKay (Central Nova):** Mr. Speaker, I should like to direct a question to the Minister of National Defence. Did the government, prior to the recent legal action by the Northrop Corporation of Los Angeles, undertake consultations with officials of Canadair Limited of Montreal and with the Northrop Corporation with a view to ascertaining why the licence to build the CF-5 fighter aircraft in Canada has been cancelled and, if so, what was the outcome of those consultations?

**Hon. James Richardson (Minister of National Defence):** Mr. Speaker, this is a matter that is being handled by my colleague, the Minister of Supply and Services.

**Mr. MacKay:** Mr. Speaker, I should like to direct a supplementary question to the Minister of Transport but since he is not here I will address it to the Minister of Supply and Services or the Prime Minister. I should like to know whether the Prime Minister or—

**An hon. Member:** Here he is.

**Mr. MacKay:** Mr. Speaker, my question is for the Minister of Transport. Will the minister assure the House, in view of the current situation involving this controversy with the Canadian aerospace industry through Canadair and through the action of the United States Northrop Corporation and the possible lawsuit involving the Canadian aerospace industry and Canadair, that he will not proceed to have Air Canada involved through Comstock in this particular industry at this time?

**Hon. Jean Marchand (Minister of Transport):** Mr. Speaker, this is something which is now being considered, the relationship between Comstock and Air Canada. No decision has been taken yet but this is something we are actively considering now.

[Mr. McKenzie.]

CF-5 AIRCRAFT—POSSIBILITY OF LAWSUITS ARISING  
FROM SALES TO OTHER COUNTRIES—FINANCIAL PLANS  
TO MEET COST OF AGREEMENT

**Mr. Elmer M. MacKay (Central Nova):** Mr. Speaker, I have a supplementary question for the Minister of Supply and Services. Did the minister make the cabinet aware of the possibility of lawsuits if sales agreements were entered into with other countries in this regard, and were there any financial contingency plans for meeting the eventual cost of this CF-5 agreement?

[Translation]

**Hon. Jean-Pierre Goyer (Minister of Supply and Services):** Mr. Speaker, this is an important matter, although it remains of an administrative nature. A few weeks ago, I made a firm bid to the Northrop Corporation. I even invited them to join the federal government in bringing this conflict before Canadian courts, the difference in interests being so significant. This concerns the sale of aircraft to a foreign country.

As to the conversion of F-5s into CF-5s, Northrop Corporation is instituting proceedings against the federal government. Perhaps I should add that Canadair, a subsidiary of an American corporation, is also involved.

It is unfortunate that we should have to go to court, but this is the option of the Northrop Corporation.

There is a third factor in this conflict, which concerns compensation to the Canadian industry. I feel this is very important, and we shall have to defend our rights, as far as this factor is concerned.

[English]

CF-5 AIRCRAFT—ALLEGED MISHANDLING OF FUNDS BY  
CANADIAN COMMERCIAL CORPORATION IN SALE TO  
VENEZUELA

**Mr. John Reynolds (Burnaby-Richmond-Delta):** Mr. Speaker, I have a supplementary question for the Minister of Supply and Services. Having regard to the 1972 report of the Auditor General that the Canadian Commercial Corporation mishandled public funds from the Venezuelan sale, what steps has the government taken to correct this flagrant misuse of the taxpayers' dollars?

[Translation]

**Hon. Jean-Pierre Goyer (Minister of Supply and Services):** Mr. Speaker, I do not accept the premises of the hon. member, but we are now studying the report of the Auditor General and in due course I can comment on it.

[English]

CF-5 AIRCRAFT—CABINET APPROVAL OF NEGOTIATIONS  
FOR SALE TO FOREIGN COUNTRIES—EFFECT OF  
PRODUCTION LICENCE CANCELLATION

**Mr. John Reynolds (Burnaby-Richmond-Delta):** Mr. Speaker, may I direct a supplementary question to the Minister of Supply and Services. Was cabinet approval obtained for the negotiations with foreign countries for the sale of the CF-5?