

*Government Orders*

There are now 28 contracting states to the convention, some of which like the United States, France, the Federal Republic of Germany, Italy, China, are among our largest trading partners. Thus, the adoption of federal implementing legislation will enable federal entities to avail themselves of the benefits of the regime established under the convention in a large number of transactions.

The convention facilitates trade by providing parties to a contract for the international sale of goods with a uniform system of rights, but it also preserves their freedom to contract by allowing them to derogate from the convention by means of an express clause.

**Legal certainty.** Contracts for the international sale of goods naturally give rise to many problems in private international law, for example, determining which law governs the contracts, or which court has jurisdiction. These issues must often be resolved by the courts and the resulting litigation can involve considerable expense in lawyers fees and other legal costs, not to mention needless delays.

Trade is particularly sensitive to any uncertainty, especially legal uncertainty. The rights of the parties must be clearly defined to foster an equitable transaction. It is difficult to define these rights if there is any uncertainty as to which law will apply. With the increase of international commercial transactions, the convention on contracts for the international sale of goods is an indispensable benefit to international trade because it creates a system of legal rules which clearly set out the rights of the parties involved. The system of rules is compatible with Canadian law and replaces the application of the law of other contracting states whose rules may be unfamiliar or even unfavourable to us.

The equity between trading partners. In an international sales transaction, each party to the contract often prefers to have the transaction governed by the law of its own country, something the weaker trading partner may find difficult to obtain. Usually the party with the stronger negotiating position can ensure that the contract is governed by the law of its country. The convention offers a more acceptable option because it allows the parties to have the contract governed by a uniform and neutral system of legal rules. Thus, the convention provides a means of reducing the inequality between the parties.

The convention on contracts for the international sale of goods was submitted to the provinces and their reaction has been very positive. Eight provinces, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland, Ontario, Manitoba, Alberta and British Columbia, as well as the Northwest Territories have already passed implementing legislation.

The Department of Justice has consulted members of Canada's business community and the Canadian Bar Association with regard to the convention and their reaction as well has been very positive. The businesses and corporations consulted pointed to the greater legal certainty associated with international sales of goods under the convention, the advantages of a uniform neutral system that preserves their freedom of contract and the compatibility of the convention with Canadian law.

The convention's underlying principles of law are similar to and compatible with those of Canadian law. Several Canadian experts have examined the questions and have made a comparative analysis of the convention and Canadian trade law under both civil and common law. They conclude that the convention is compatible with our law.

I am pleased to support this bill and would ask the support of the House.

**Mr. Russell MacLellan (Cape Breton—The Sydneys):** Mr. Speaker, I, too, would like to support this bill on second reading. I think that the aim of this bill is very good, in fact very much needed.

As the member for Niagara Falls has stated, it is an act to implement the United Nations Convention of Contracts for the International Sale of Goods. It is something that has been needed for a long time. I think that the aims of this bill are not only important for Canada but important world-wide. The member for Niagara Falls said that it is going to give greater equity to the smaller nations in trading with larger nations. That is something that we as Canadians have to look to and have to be very cognizant of.

• (1610)

If we are going to be trading on a world-wide market, we are going to have to not only be cognizant of the needs of Canadians, but also the smaller countries as well. There is a great tendency today by the larger countries to ignore the smaller trading partners. That is going to do a tremendous amount of damage to international trade in the not too distant future, because what is