

visits by scientists and the pooling of scientific information. Other exchanges will cover such fields as agriculture, fisheries, wildlife, forestry, water, mining and energy, as well as development of natural resources, particularly in areas where geography and climate create similar conditions and problems. Special attention will be paid to facilitating contracts and exchanges in transport, communications, urban development, development in the North and in other regions where environmental conditions are similar.

The governments agreed on exchanges in such areas as management of the environment and control of pollution, social sciences, public health, medical services and medical science. They agreed to encourage exchange visits of professors, lecturers and students in the sciences and humanities; to promote contacts between publishers, libraries and museums; to arrange exchanges in radio, television and cinematography, in the performing arts and in athletics; and to encourage development of tourist travel.

#### Trade prospects

Although trade prospects have repeatedly been an element in discussions between the two countries, Canadian trade with the U.S.S.R. — apart from wheat sales — have been slow to develop. For example, in 1970 Canadian exports to the Soviet Union were valued at a total of \$101.5 million, with \$86.6 million of it in wheat sales. The balance was made up of items ranging from mining machinery and parts to cattle hides, wood pulp and sheet and strip steel. In the same year, Canadian imports from the Soviet Union were valued at a total of only \$9 million, with cotton cloth and fabrics and raw sugar leading the list.

The Canadian and Soviet economies are in many respects competitive, producing great quantities of raw materials and fuels of the same kind and growing substantial amounts of foodstuffs appropriate to northern climates. For Canada's part, technical experience has been developed in certain industries — the large-scale harvesting of forests, the design and construction of pulp-and-paper mills, the extraction and transportation of crude oil and gas in northern areas. A Calgary firm, for example, last year concluded an agreement with the U.S.S.R. involving the sale of 50 large, off-highway, tracked vehicles for use in pipeline construction.

Canadian authorities foresee the Industrial Exchanges Agreement leading to an expansion of Canadian exports to the U.S.S.R., particularly in more sophisti-

cated manufactured goods and capital equipment. On the Soviet side, a number of Russian-made tractors were imported by Canada in 1970, and the U.S.S.R. indicated an interest in exporting helicopters.

Within the framework of maintaining an open market policy, the Government has expressed itself ready to assist Soviet officials in exploring Canadian markets and helping them to gain an understanding of the distribution process and to make contacts with prospective customers.

The first Canada-U.S.S.R. Trade Agreement, which set the pattern of commercial relations between the two countries, was signed in February 1956. The agreement extended most-favoured-nation tariff treatment to Soviet goods exported to Canada. It was valid for three years and included a Soviet commitment to Canadian wheat.

This trade agreement was renewed in 1960, 1963 and 1966, and on each of these occasions the U.S.S.R. undertook to purchase additional quantities of Canadian wheat and Canada continued to extend most-favoured-nation treatment to Soviet products.

The 1966 protocol, however, did not provide for Soviet wheat purchases in a formal sense. Agreement took the form of a simple exchange of most-favoured-nation treatment, but at the same time a major contract was negotiated between the Canadian Wheat Board and Exporters of the Soviet grain-purchasing agency, about the purchase by the U.S.S.R. of a specific quantity of Canadian wheat (nine million tons) during a three-year period ending July 1969.

The Soviet Union had not taken its full commitment by that date. In subsequent talks, arrangements were made at a meeting that commitment and a protocol worked out by February 1970 provided for extension of the original agreement in mid-April 1972. The U.S.S.R., in discussions on a trade agreement renewal, requested a simple extension without a specific wheat purchase commitment, but the Soviet side indicated, as Mr. Peacock explained in the Commons at the time, that the U.S.S.R. would "turn to Canada as a preferred source of supply of wheat when demand arises . . .". This Soviet intention was followed in early June of 1972 by completion of arrangements for the sale of 3.5 million tons of Canadian wheat (approximately 130 million bushels) to the U.S.S.R. by May 1972.

Talks aimed at a renewal of the trade agreement were scheduled for the

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