

Inquiries of the Ministry

been a number of press dispatches on this subject in somewhat general terms. There have also been reports of discussions in Washington in which officials, acting on the request of a Canadian subsidiary of a United States company, have put information before United States authorities in order to obtain release for the United States parent companies from the effects of the United States government foreign assets control in cases where the subsidiary wishes to export to China under a Canadian permit.

So far only one request for such assistance has arisen; it affects bleached sulphite pulp. I understand the United States authorities have this order under consideration, and I do not anticipate any difficulty in this case; in fact I understand that a licence is being issued to the United States company, but if the necessity should arise there would be a consultation in accordance with the understanding reached on the occasion of the President's recent visit.

We are prepared to continue our consideration of this general problem in accordance with the favourable attitude adopted in this matter by the President and by Mr. Dulles when they were in Ottawa.

Mr. Argue: As a supplementary question, may I ask if the minister has any information which he feels would warrant a statement in a Canadian Press dispatch, as reported in the *Montreal Gazette* today, to the effect that United States officials said they expect to set up within the next few days the administrative machinery for handling requests from those United States-owned subsidiaries in Canada which wish to trade with red China. Does the minister know whether such administrative machinery is likely to be set up within the matter of a few days?

Mr. Churchill: That, of course, is a matter for the United States. I did see that press report, but I have no further information.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask a further supplementary question. In view of the uncertainty which still exists in regard to this matter, can the minister now tell us what was the exact understanding reached with the President when he was in Ottawa, to which the minister referred in his statement?

Mr. Churchill: The Leader of the Opposition refers to uncertainty. There was tremendous uncertainty with regard to this subject at the time my hon. friends opposite were in power, and nothing was done. We had a clear understanding with the President and Mr. Dulles that this matter would be given full and careful consideration. It is only a

[Mr. Churchill.]

matter of a few weeks since those distinguished gentlemen were here, and it is not possible at this stage to dot all the i's and cross all the t's with regard to these negotiations. We have made some progress, and I point to the fact that bleached sulphite pulp is now about to be shipped to China as a result of this arrangement. This is a step in the right direction, and we have every reason to hope that we will have a very clear and complete understanding on this subject in the very near future.

STATEMENT ON REPORTED REDUCTION BY U.K.
IN PROHIBITED EXPORTS TO
COMMUNIST COUNTRIES

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the Leader of the Opposition asked me a question with regard to a report in the press to the effect that by unilateral action the government of Great Britain has reduced the list of goods prohibited for export to China, and the hon. gentleman went on to ask if the Canadian government proposed taking the same kind of action.

I judge that the Leader of the Opposition was referring to current press reports concerning discussions which have been proceeding in Paris on the subject of the future of strategic controls. There has been no unilateral action to my knowledge. The conference has now concluded its discussion and a wide measure of agreement was reached regarding the form of controls on east-west trade in strategic materials which will be maintained by all participating countries. The results will be made evident as soon as possible by an amended version of the export control list, which will be published in the *Canada Gazette* in due course.

WATER RESOURCES

CHICAGO DIVERSION—INQUIRY AS TO EFFECT
OF PROPOSED INCREASE

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I would like to direct a question to the Secretary of State for External Affairs. I am sorry I have not given him notice, and perhaps he will take the question as notice and answer it at a later time. The first part of the question is, what position has Canada taken regarding the proposed extra diversion of 1,000 cubic feet per second through the Chicago drainage scheme? Second, if this diversion is permitted what effect will it have on our hydro potential and the successful operation of the St. Lawrence seaway; and third, if this diversion is permitted will Canada apply the same