

*Trade Agreement With U.S.S.R.*

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** The agreement is between Canada and the U.S.S.R.

**Mr. Stanfield:** Mr. Speaker, it is the Secretary of State for External Affairs who confuses me. Sometimes he says that our relations with the United States and the U.S.S.R. show little difference. It is pleasing for us to hear that the trade agreement with the U.S.S.R. has been renewed. It is also pleasing for us to notice that trade between the two countries has been growing. We all hope this will continue to be the case.

The minister referred specifically to the sale of wheat and the assurance of the government of the U.S.S.R. that Canada will be a preferred seller in the sense that Canada will be the first country to which Russia will turn. I hope, however, that those charged in Canada with responsibility for selling our wheat will not be content to sit back and wait for the authorities of the U.S.S.R. to come to Canada and order wheat. Instead, I hope that we in Canada will be on our toes and will be aggressive in selling wheat in that country and aggressive in ensuring to the best of our ability that the U.S.S.R. market for wheat continues to be very receptive.

I wish to raise one further point today. The minister stated that both countries have undertaken to facilitate trade with each other. This raises the question, perhaps indirectly, of whether Canadian subsidiaries of companies that are controlled from outside Canada will now be free to do business with the U.S.S.R. or whether there is to be an effort in some cases to exercise extraterritorial jurisdiction and control over the directions in which Canadian subsidiaries can trade. The undertaking that trade between Canada and the U.S.S.R. is to be facilitated raises the question of whether efforts to regulate the behaviour of Canadian subsidiaries are to continue.

This is a problem we share with a number of other western countries in which there are active subsidiaries of international corporations. We are reminded again how important it is to overcome this difficulty which will probably be overcome in association with those other western countries that face the same problem.

I am pleased that the agreement is being renewed, that trade is expanding and that we are being given some assurances with regard to wheat. Nevertheless I hope that we will not be complacent with regard to either wheat or trade generally and that we will do all we can to ensure that trade between the two

[Mr. Stanfield.]

countries is facilitated, including the ability and freedom of all companies operating in Canada to engage in trade under this agreement.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, I desire to congratulate the Minister of Industry, Trade and Commerce on having signed the protocol extending the trade agreement between Canada and the government of the U.S.S.R. for another three years. As the minister pointed out, this agreement has been of benefit to Canada, particularly with reference to the sale of wheat in that it has enabled us in the past 14 years to sell some 760 million bushels of wheat to the Soviet Union. I am sure the House is pleased that the Soviet delegation have agreed that Canada should have the first opportunity to meet any of the wheat requirements which the Soviet Union may have during the three-year period covered by this extension.

It seems to me that we need to approach the expansion of trade with the Soviet Union much more aggressively. There is no doubt in my mind that the economics of selling wheat to the Soviet Union, particularly for its needs in Siberia, are very real. I believe that Soviet Union economists recognize it is much cheaper to buy Canadian wheat shipped through the port of Vancouver for their needs in Siberia than to move wheat all the way across the Soviet Union which they could sell in their eastern European markets.

I understand that the main obstacle has been the imbalance of trade between the two countries. Our purchases of goods from the Soviet Union have been relatively smaller than their purchases from Canada. I hope the minister and his department are exploring every possible avenue to determine how we can balance trade in the hope that the Soviet Union, and other countries with whom we are trading, will be able to buy more Canadian products.

There are two fields that need to be explored. One is farm machinery. The recent report of the Barber Commission indicates that some competition is certainly needed in farm machinery. There will have to be some testing to determine whether Soviet farm machinery is adaptable to our needs and whether the necessary servicing can be provided. I hope the department will look into this.

The other is the supplying of power generating equipment, which the Soviet Union has done fairly effectively. We are quite a large