

ment by the United States of certain rights conferred by the Leased Bases Agreement relating to income tax, customs and excise duties, postal privileges and, most important, the jurisdiction of the courts. A formal agreement to this effect was concluded by a subsequent exchange of notes which were tabled on May 2, 1952.

In all these arrangements for the providing of facilities on our territory Canadian sovereignty is fully recognized by the United States.

Canada-Soviet Trade Agreement

On April 18, in the House of Commons, the Minister of Trade and Commerce, Mr. C. D. Howe moved "that it is expedient that the Houses of Parliament approve the ratification by Canada of the agreement on Trade between Canada and the Union of Soviet Socialist Republics, signed at Ottawa on February 29, 1956, and that this House do approve the same". Mr. Howe continued as follows:

On February 29 I took pleasure in announcing the conclusion of a trade agreement between Canada and the Union of Soviet Socialist Republics. I stated at that time that an opportunity would be provided for a debate on this trade agreement in advance of its ratification. Now that the time has come for this debate, it is appropriate for me to make a few remarks.

One of the principal features of this agreement is the exchange of most-favoured-nation treatment between the two Governments. The effect of this is to put Canadian commercial relations with the U.S.S.R. on a basis comparable to our relations with most other countries. Hon. members no doubt understand what is meant by "most-favoured-nation treatment". In the time-honoured terminology of the tariff, this means that imports from a particular country will be treated no less favourably than those from any other country. Most-favoured-nation treatment has reference to tariffs and related matters in the field of commercial policy. Most-favoured-nation treatment does not entitle another country to any unique advantages but merely guarantees that the country will not be discriminated against in trade matters.

Imports into Canada from the U.S.S.R. are now admitted, under the provincial application of this agreement, at the rates of the most-favoured-nation tariff schedule. Most-favoured-nation treatment does not involve, of course, the application of the British preferential rates of duty to imports from the U.S.S.R.

In our country, most trade is conducted under private auspices. Most decisions regarding purchases and sales abroad are made by private people. The Government, of course, plays a most important part. In promoting trade relations with other countries, by tariff policy and by other means the Government establishes a framework of arrangements to expedite trade and sometimes to regulate trade. It is an inherent feature, however, of our business system and of the Government's policy that the Canadian people shall be as free as possible to decide what they will buy

It follows that in negotiating a most-favoured-nation agreement with the U.S.S.R., or any other country, the Government does not attempt to stipulate that certain things shall be imported into Canada and that other things shall not be imported. Aside from the effects of the tariff, such matters are not in general subject to governmental regulation. Canada does not undertake in this agreement, therefore, to purchase any specific goods from the U.S.S.R. The major undertaking given by Canada is that imports from the U.S.S.R. may con-