

products in which Canada has a substantial export interest.

"The letter which I exchanged with Mr. Patolichev provides that, in each year of the renewed Agreement, the Soviet foreign trade organizations will purchase Canadian goods up to a total value of \$25 million Canadian, including not less than 200,000 metric tons of Canadian wheat, provided the total annual value of Canadian purchases from the U.S.S.R. is not less than \$12½ million Canadian. Should the total value of Canadian purchases from the U.S.S.R. be less than \$12½ million Canadian in any one year, the Soviet undertaking to purchase from Canada would be reduced and would be determined on a 2 to 1 basis; that is, the Soviet Union would purchase twice as much from Canada as Canada imported from the Soviet Union. Wheat will constitute not less than half the value of such annual Soviet purchases. It will be noted that no commitment to purchase Soviet goods has been made by the Canadian Government. As in the case of trade with other countries, the level of our purchases will be determined by the commercial decisions of Canadian importers. The House will appreciate that U.S.S.R. agreement to trade with Canada on a 2 to 1 basis represents a very substantial concession on their part, since the Soviet Union normally endeavours to balance trade with each of its trading partners.

ANNUAL MEETINGS

"In addition to establishing the Soviet commitment to purchase Canadian goods, the letter provides that the authorities of the two countries will meet at least once a year alternately in Ottawa and Moscow to consult concerning the implementation of the Agreement and any other matters affecting Soviet-Canadian trade relations. It is the hope of both parties that trade will flow reasonably regularly in each year of the Agreement. The annual consultations will provide the occasion for an exchange of views with respect to the operation of the Agreement. They should also prove of value in building up greater understanding between the two countries with respect to trade matters.

"The letter also sets forth an understanding that, as a measure towards attaining the mutual objective of an expansion of trade, the two governments will facilitate visits for business purposes between the two countries. It is my hope that, within the framework of the renewed Agreement and in pursuance of the undertakings in the letter which has been exchanged, there will be a mutually advantageous growth in trade between the two countries. The actual growth in trade and the nature of the goods to be exchanged will depend mainly on the decisions of the businessmen and business organizations of the two countries. The Canadian market is highly

competitive and it will be necessary for the Soviet export authorities to understand our requirements if they are to sell successfully in Canada. Similarly, it will be important for Canadian exporters to make known to the Soviet import organizations the products and goods which they are in a position to supply on competitive terms. In general, it will be necessary for there to be much closer contact between the traders of the two countries than has been the case in the past. To this end I have suggested, and the Soviet authorities have agreed, that a group of Soviet traders, representing both export and import interests, should visit Canada, and the Soviet authorities have indicated that they would welcome a comparable visit of Canadian businessmen to the Soviet Union. I hope that the necessary arrangements for these visits can be made during the current year. I have also invited the Soviet Minister of Trade, Mr. Patolichev, to come to Canada, and this invitation is being considered by the Soviet Government. I hope that he will find it convenient to come at the same time as the visit of Soviet trade representatives.

"As a further measure to facilitate the growth of trade, Mr. W.J. Van Vliet has been appointed Commercial Counsellor at the Canadian Embassy in Moscow, where his main responsibility will be to assist in the promotion of our exports to the U.S.S.R.

TRADE DIVERSIFICATION

"The House will recall that, under the 1956 arrangement, the Soviet Union took an annual obligation to purchase a specified minimum quantity of wheat (400,000 tons). The new arrangement provides that at least half the value of the annual Soviet purchase commitment will be in the form of wheat. If Soviet purchases were to rise to the value of \$25 million, our sales would include at least 200,000 tons of wheat. Accordingly, while the Soviet Union will continue to purchase significant quantities of Canadian wheat, we may now look towards more diversified sales to the U.S.S.R. Both sides are aiming to diversify as well as to expand trade. The House is aware that the Soviet Union has greatly enlarged its production of wheat and is a regular wheat exporter. In the circumstances, the amount of wheat which the Soviet Union has undertaken to purchase may be regarded as satisfactory. I should add that I raised with the Soviet Government the question of the approximately 200,000 tons of wheat still outstanding under the old Agreement. Provided trade develops in a satisfactory manner, in accordance with the Agreement and the letters exchanged in Moscow, I was assured by Mr. Patolichev that the Soviet Union would endeavour to make up this deficiency so that there would be no question of the Soviet Union not having fulfilled the earlier obligation...."