

Export and Import Permits Act

There are a few of these, but the main significance of export controls now has to do with destination of area control. The list of areas to which export permits are required is also published. The purpose of area controls is self-evident and I do not need to deal with it. Certainly it is fair and proper comment to say that the items that were under control in the early years of this legislation have practically all disappeared from the list except those kept under control for the reasons I have mentioned. For instance, I can tell the hon. member that in 1944 and 1945 there were approximately 1,100 items under export control.

Mr. Macdonnell (Greenwood): Then it would be correct to say, I take it, that the purpose of the act has changed somewhat radically and, instead of its being necessitated by reason of ordinary trade controls, which was the purpose of its passing, it is really the dealing with strategic materials that has now come to be its chief end.

Mr. McIlraith: That is a fair statement.

Mr. Macdonnell (Greenwood): Could one go further and say that if we move into a situation where strategic materials cease to be scarce the act to that extent would be less needed, or would you say that even then you would have to make use of it in order to prevent materials from getting to certain countries? Would that be an element still?

Mr. McIlraith: Yes. The area factor is still very important even though the reason of scarcity of materials disappears.

Mr. Macdonnell (Greenwood): Parliament authorized the naming of certain areas or countries. In other words, it authorized discrimination between one country and another. At the end of the 1951 report there is the following:

This general permit allows described non-essential items to move freely to all destinations with the exception of North Korea, Hong Kong, China, Macao, Manchuria, Mongolia, Sinkiang and Tibet . . .

I am surprised to see Hong Kong included there. This concerns non-essential items and I take it they are not strategic materials. I take it these are essentially what are stated to be non-essential items. I should like to ask two questions about Hong Kong. First of all, is it a country, which I think is the word used in the act? Second, why is it treated in this manner?

Mr. McIlraith: I understand that Hong Kong is not treated in that manner now. It was included at the time because the United States had export controls there at that time. It is not treated as these other countries listed by the

hon. member, but permits although more freely issued are still required because of the danger of transshipment.

Mr. Macdonnell (Greenwood): If it were not for the words "non-essential items" I could understand why these countries are included, but why do we need to restrict in the case of what are called non-essential items? It says that non-essential items move freely to all destinations with the exception of those I have read.

Mr. McIlraith: I think it should be obvious why these non-essential materials are not being sent to North Korea today.

Mr. Macdonnell (Greenwood): Yes, I agree.

Mr. McIlraith: We have excepted Hong Kong. As for the other countries, we would have to discuss each one specifically. It is quite apparent that even non-essential materials should not be sent to North Korea today. You come to the point where you have to discuss each country or area specifically. I have said that Hong Kong is not included now in the list of areas to which this provision applies.

Mr. Macdonnell (Greenwood): Let me change my question slightly. Does this mean we have no trade relations of any kind with these other countries by way of export or import?

Mr. Howe: Perhaps I could say a word about this matter because I have been concerned with the program. We meet with the United States commercial authorities at least once every three months and discuss the strategic implications of the situation. We follow a joint policy with the United States for the reason that we are a North American country, and any regulations in Canada different from those in the United States could easily work to defeat the United States provisions. In other words, goods that could not be shipped from the United States might well be shipped to Canada and be re-exported from here. To stop that sort of thing we have parallel arrangements which change from time to time as the joint committee decides in the light of strategic considerations.

The report that my hon. friend has in his hand was a report prepared at the outbreak of the hostilities in Korea or shortly thereafter, when there was a great deal of transfer between areas. The object at that time was to keep available material from getting into the hands of the North Koreans. We do no business at all with red China. We do no business at all with Russia. We do business with Czechoslovakia in certain non-essentials, and with other satellite countries of Russia.

[Mr. McIlraith.]