

may, however, apply prohibition or restrictions of any kind directed to the protection of its essential security interests. Our strategic export controls are therefore not affected. The Protocol extending the Agreement broadens the basis on which representations can be addressed to either of the two Parties. Previously, the two governments had agreed to give sympathetic consideration to representations concerning the implementation of the Agreement. The scope for such representations has now been enlarged to include any other matters affecting commercial relations between the two countries. Should the necessity arise, this would permit Canada, for example, to take up with the Government of the U.S.S.R. any special problems which may be encountered in respect of the sale in world markets of Soviet 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 \$12.5 million Canadian. Should the total value of Canadian purchases from the U.S.S.R. be less than \$12.5 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.

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