

when there are efforts under way, to which both Canada and the Soviet Union have subscribed, to reduce the level of international tensions by overcoming mistrust and increasing confidence. Activities such as those I have disclosed to the House are contrary to that objective and represent a serious setback in our bilateral relations.

"This incident and the action we have had to take today, will inevitably place strains on our relations with the Soviet Union. Nevertheless, the Canadian government continues to attach importance to Canadian-Soviet relations and hopes the Soviet government does likewise."

How did it all start?

In the shadowy world of espionage, intrigue is a major factor, and trends can be very significant. When one day flows into the next with hardly any fluctuation in activity, both sides can assume the other isn't on to anything big. But the crunch came when, in less than three months, seven persons had been expelled from Canada for engaging in spy activity. This was especially significant when only twenty or so had been expelled in the previous thirty years.

The first jolt the Soviets felt came when Assistant Air Attaché, Vladimir Vassiliev, was expelled in December, 1976, for "... activities incompatible with his diplomatic status." He had been trying to obtain classified material from a contact he had made, unaware that the contact was keeping the RCMP informed of his every move.

The second jolt came on January 6 — 7, 1977, when five Cubans were expelled from Montreal and Ottawa. They had actively recruited, trained and tasked an American mercenary who had entered Canada in September, 1976. It didn't take the Security Service long to "twig" what was happening, and in four months all those involved in the operation were on their way out of the country. No double agent this time, just good counter-intelligence work.

The trend was continued when a Soviet exchange scientist, Lev Grigoryevich Khvostantsev, working at the National Research Council, tried to persuade another exchange scientist who had access to classified material to turn some material over to him. The other exchange scientist of course, told the Security Service and in February, 1977, yet another Soviet spy was expelled from Canada.

There is little doubt that by this time KGB Headquarters in Moscow were upset by what was happening, and their diplomatic pouches probably burned with instructions to "... get on the ball and find out!!" The Soviets here decided their best bet was to penetrate the Security Service and looked around for a possible contact. They chose an RCMP officer who for simplicity, will be referred to as M-13.

Igor Vartanyan, described as the operation's kingpin, was alleged to be the Soviet Embassy's first secretary responsible for sports and cultural affairs, although he had no apparent background in sports administration. He had KGB training, however, plus he had received permission to leave Ottawa's confines at least 41 times. (By law all Soviet Embassy residents wishing to stay out of the National Capital Commission area longer than 48 hours must file for permission at the Department of External Affairs. Canadian Diplomats are similarly restricted by reciprocal diplomatic arrangements. In practice, however, Canadians find it more difficult to tour Soviet areas that they would like to see — except for Leningrad — than their Russian counterparts — free to travel to most regions in Canada. Many Soviet diplomats have taken advantage of this situation to tour the country from Halifax to Vancouver. In fact, some Canadian organizations sometimes send Soviet officials on junkets in the interests of cultural exchange, a measure hardly reciprocated in Moscow.)

Previously, M-13 had met one of the spies during the normal course of his duties and had infrequent subsequent con-