

HOUSE OF COMMONS

Monday, June 20, 1966

The house met at 2.30 p.m.

TRADE

RUSSIA—EXTENSION OF AGREEMENT AND FURTHER WHEAT SALE

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, today in Moscow the Minister of Trade and Commerce has signed on behalf of Canada a protocol extending the Canada-U.S.S.R. trade agreement for a further period of three years. The agreement, which will now expire on April 17, 1969, is subject to renewal by mutual consent.

At the same time the Canadian Wheat Board has entered into a contract with Exportkhleb, the Soviet grain trading agency, for the sale of 9 million long tons or about 336 million bushels of Canadian wheat and flour for shipment during the three crop years commencing August 1, 1966.

Some hon. Members: Hear, hear.

Mr. Sharp: No intergovernmental credit arrangements are involved.

As part of this over-all arrangement the wheat board has concluded a specific contract with Exportkhleb providing for shipment of 3 million long tons, about 112 million bushels, of wheat and flour during the crop year August 1, 1966 to July 31, 1967.

This is the largest three year commercial contract for a fixed quantity of Canadian wheat and flour ever concluded. Since 1963 the U.S.S.R. has purchased 478 million bushels, valued at approximately \$1 billion. The new three year contract worth approximately \$800 million will bring Soviet purchases to about 814 million bushels since 1963.

The trade agreement between Canada and the U.S.S.R. provides for continued exchange of most favoured nation treatment between the two countries. Under the protocol agreed to today the two governments undertake to continue to give sympathetic consideration to any representations which either government may make concerning implementation of the agreement or other matters affecting their commercial relations. The two governments

have also renewed their undertaking to facilitate visits for business purposes between Canada and the U.S.S.R.

The Canadian Minister of Trade and Commerce and the Minister of Foreign Trade of the U.S.S.R. have also exchanged letters concerning their discussions of trade relations and noted the importance attached by the government of the U.S.S.R. to expanding its exports to Canada. During the negotiations the delegations of Canada and the U.S.S.R. carried out a detailed review of trade between the two countries. It has been agreed that the trading framework which has been established should provide increasing opportunities for further development of mutually advantageous trade.

I am sure all members of the house will share the pleasure expressed by the Minister of Trade and Commerce in Moscow that these negotiations have been brought to a successful conclusion. It is most gratifying that the U.S.S.R. has again decided to purchase such substantial quantities of wheat. The impact of this record sale and the assurance it gives for the marketing of Canadian wheat and flour will extend throughout Canada, and will be felt not only by wheat farmers and millers but by grain handlers, longshoremen, elevator companies, railways, shipping companies and the economy generally.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this further evidence of trade in wheat with the U.S.S.R. is a continuation of a policy which during our period of office we brought about on a credit basis with communist China, and which was so widely criticized by hon. gentlemen sitting opposite.

• (2:40 p.m.)

We do not take that stand, however. We are appreciative of the fact that with an increasing world demand for wheat, wheat is indeed king among cereals. We will be interested to learn the price. We know the contract will continue over a period of years, but within the last year and a half Canada's wheat prices were reduced by approximately 17 cents a bushel. While not wishing to do anything that would bring about an acceleration of the inflation that is with us, I wish to