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CANADA'S EXPORTERS FACE NEW CHALLENGES

The following is a partial text of an address by the Minister of Trade and Commerce, Mr. George Hees, to the Canadian Manufacturers' Association in Vancouver on June 5:

"...In the past 15 years, we have seen great changes in the alignment of world economic forces. We are aware of the resurgence of European industry, and of the industrial economies of Asia. Countries new to nationhood are striving for their place in the world industrial scene. Many of the latter are concentrating in the labour intensive industries, and are having significant effects upon the production of traditional Canadian manufacturers in these lines.

"Also very significant to Canada in the longer run are the new trading groups which have been formed, and it is evident that further developments in this regard can be expected. These events are familiar to you, and I do not need to elaborate on the influences which they are having upon our own industrial structure. Every businessman in Canada is well aware that the state of competition in world markets, and in the Canadian domestic market, is becoming increasingly intense.

"Very often, however, when we discuss these changing market conditions, we look at them from the aspect of the adverse effects which they are having, or can have, upon Canadian industry. This is human, because we can look at the past with a certain amount of nostalgia.

"For a number of years after the war, Canadian products, both raw and manufactured, were in world-wide demand because other industrial countries were rebuilding their war-torn economies, and short-

ages were prevalent. But today we face the cold reality of a new day.

"Nevertheless, we are on the threshold of a new era; an exciting era, where scientific discoveries are opening wide new vistas of exploration. I am not only referring to the more dramatic explorations of space, but also to the new avenues of production which science and technology have opened to us in the fields of chemicals, plastics and metals. At the same time, the changing structure of world trade also presents us with possibilities for development and expansion of our economy.

FEAR OF COMPETITION

"It sometimes appears to me that our businessmen are allowing their fears of competition from other countries to narrow their outlook. This can lead them to underestimate their own capacities to take advantage of new opportunities. In actual fact, we have many important advantages in Canada and, through courageous planning and initiative, we should be able to make the most of them. Our labour force is skilled. We are one of the world's leading producers of industrial materials. Canadian technology is highly advanced. Coupled with enterprising management, these are the essential ingredients for developing and expanding our markets at home and abroad.

"In today's trading world, Canadian businessmen must be prepared to compete anywhere, and compete successfully, if we are to maintain our standard of living and the free-enterprise system. It is only by competing successfully that we can provide the ad-

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ditional jobs we need each year to keep our people employed and, mark my words, we must provide those jobs!

"This era offers us a great challenge, but it also offers us great opportunities. If we are to benefit from these challenging conditions, we must be ready to assume our respective responsibilities.

"During the past year, the Government has introduced measures to assist both our domestic and export industries. New export-financing facilities have been developed, and the export-promotion programmes within my department have been intensified to assist Canadian producers to expand their export trade.

NEED FOR PRIVATE INITIATIVE

"Canadian industry, however, must also take the initiative. During the Export Trade Promotion Conference held in Ottawa, it became apparent there were new markets which we could enter and older ones in which our share could be enlarged. I believe that the conference was a success, both in terms of the knowledge and experience imparted to businessmen, and in terms of the new shipments that have gone from Canada.

"But since the conference, I have also become aware that some firms have not taken the initiative to follow up the leads and suggestions which they received at the conference. I have written a personal letter to the head of each of these firms, asking why this has been so, in the hope that they will follow up the leads they were given at the conference, and thereby expand their sales.

"To enter and capture new markets, either at home or abroad, demands a continuing concerted effort. It cannot be done simply by attending conferences. I am not suggesting that the majority of Canadian businessmen are relaxing their efforts, either in the export market or the domestic market. From my experience, this is far from the case. But we must ask ourselves: Is Canadian industry doing everything within its power to make Canadian products as competitive as possible, and is Canadian industry readily willing to enter into new product lines, and accept new methods and techniques?

"I have spoken to you about the opportunities for Canadian exports, and the assistance that my trade commissioners can give the Canadian exporter, if he has a product that is competitive in price, quality and design. Let me give you an indication of the marketing opportunities there are today for our exporters.

EXTERNAL MARKET SURVEY

"Our 62 trade commissioner offices were recently asked to report on the commodities and products in the 102 countries for which they are responsible. They were asked to name those items in each of these markets where sales could definitely be increased or initiated if the Canadian article could meet foreign competition. This analysis is another by-product of the intensive investigation which the trade commissioners have been making in the course of the drive for new export outlets, following the Trade Promotion Conference.

"The results for the reports are so interesting I think I should outline them to you. Subject to further

refinement, this survey will enable us to suggest to exporters, and potential exporters, what items are capable of sales development around the world.

"When our survey is complete, we shall have a guide as to the main commercial prospects in some 102 markets. All but a handful of these have been reported on, and our present compilation already shows definite opportunities in 1,760 instances. This ... should make us sit up and take notice. Here are 1,760 challenges to Canadian producers.

"By main geographical areas, the figures are as follows:

Western and Eastern Europe -- of the 20 markets reported, there are 318 products, the sale of which could be increased; *Asia and Middle East* -- of the 11 markets reported, there are new opportunities for 419 products; *Commonwealth* -- of the 30 markets reported, there are opportunities for 320 products; *Latin America* -- of the 20 markets reported, there are opportunities for 223 products; *United States* -- the six marketing regions report some 480 opportunities.

"This means that we have a total of 1,760 opportunities for increased sales in individual markets, or opportunities to make new sales. Let me remind you that, throughout, I am speaking of manufactures and products which our trade commissioners know we are capable of exporting, and which we should be able to introduce or develop in areas where our efforts so far may have been insufficient.

IMPRESSIVE EVIDENCE OF DEMAND

"I have looked at the data on which these figures are based, and am impressed with the number of countries that are looking for the kind of goods we have to offer. I am also impressed by the wide range of items that are mentioned by our trade commissioners, which range from some of our traditional products to those of such variety as electrical appliances and capital goods for Austria; toys and mining machinery for France; automatic vending machines for Germany; hand tools for Greece; aircraft for Italy; canned foods for Sweden; hardware for Indonesia; copper tubing for the Phillipines; foodstuffs for Hong Kong; drugs for India; power tools for New Zealand; fish meal for Singapore; cotton piece-goods for the U.K.; in all, 1,760 market opportunities waiting for enterprising Canadians to move in and develop them...

"It is often said that knowledge is power. There are elements of truth in this saying, as far as the conduct of business is concerned. If a businessman today is to succeed, he must not only understand all aspects of his production and distribution processes, but he must be completely familiar with the requirements of the markets which he is serving.

"Within my department, services have been established to help businessmen throughout the great variety and range of their production and distribution problems.

"You are aware of the foreign-market information and assistance which can be obtained from the department's Foreign Trade Service. The department can also, through the branches that make up its Domestic Commerce Service, assist industry in such areas as industrial design, product diversification, production techniques, financing and many other aspects of business that are of day-to-day concern to producers and distributors.

EARNSCLIFFE BECOMES HISTORIC SITE

Earnscliffe, beloved home of Sir John A. Macdonald, was dedicated as a national historic site by the Prime Minister on the seventieth anniversary of the death of Canada's first Prime Minister. The Victorian stone residence where Sir John lived from 1883 until his death in 1891 has been declared a national historic site on the recommendation of the Historic Sites and Monuments Board of Canada. Prime Minister John Diefenbaker dedicated the house and unveiled plaques commemorating its historic importance at a ceremony at Earnscliffe on June 6.

Sir Saville Garner, High Commissioner for the United Kingdom, and the present occupant of the property that has been the residence of U.K. High Commissioners to Canada since 1930, was joint host with the Prime Minister to those attending the ceremony. Mr. Walter Dinsdale, Minister of Northern Affairs and National Resources, was chairman. Senators and Members of Parliament were among the guests invited to the ceremony. Music was provided by the RCMP band.

STORY OF THE HOUSE

Earnscliffe was built in 1855-57 for John MacKinnon, an Ottawa merchant. In 1870-71 Sir John Macdonald rented it from his friend, Thomas Reynolds, and about this time is believed to have suggested the name to the Reynolds family. Sir John proposed that "earn", Old English for "eagle", might be appropriately substituted in the name "Eaglescliffe" that the Reynolds had been considering.

Sir John sublet the house in October and November, 1882, from its occupant, Major Holbech, and, at the beginning of 1883, bought it from Thomas Reynolds, a son and heir of Thomas Reynolds Sr. Sir John and Lady Macdonald lived at Earnscliffe until the Prime Minister's death on June 6, 1891.

Following Sir John's death, several successive General Officers Commanding the Canadian Militia occupied Earnscliffe until 1900, when Mrs. Charles Harriss bought it as a home. When she died in 1924, her husband lived there until his death in 1930.

When Earnscliffe was offered for sale, Sir William Clark, the first High Commissioner for the United Kingdom in Canada, became interested and the U.K. Government bought the home in 1930 as the residence for their High Commissioner.

TRADE IN SECURITIES

Canada's net import of capital from all transactions in portfolio securities during the first quarter of 1961 totalled \$65 million. This compared with a capital export of \$85 million in the final quarter of 1960 and a capital import of \$206 million in the first quarter of 1960.

In this year's first quarter there were sharp increases in sales of new and outstanding Canadian issues over the third and fourth quarters of 1960. Among the noteworthy elements were the marked interest of non-residents in outstanding Government of Canada direct and guaranteed issues, and a moder-

ate resurgence of sales of new issues of Canadian securities to non-residents. Well over half the new issues sold to non-residents were corporate, though there was also a considerable volume of corporate retirements.

Residents of the United States were the largest purchasers of outstanding Canadian issues during the first quarter, accounting for \$39 million out of a \$44-million total. There were net sales of over \$7 million to residents of overseas countries other than the United Kingdom, and net repurchases of nearly \$3 million from residents of that country.

There were gross sales to non-residents, during the quarter, of nearly \$160 million in Canadian treasury bills. Net holdings by non-residents rose by about \$30 million to a total of about \$150 million. There was also a significant demand outside Canada for Canadian commercial and finance paper, amounting to over \$50 million.

VISITORS FROM SIERRA LEONE

The Canadian Government was host from June 7 to 9 to three cabinet ministers of the newly-independent state of Sierra Leone-- Mr. M.S. Mustapha, Deputy Prime Minister and Minister of Finance, Mr. Albert M. Margai, Minister of National Resources, and Mr. R.G.O. King, Minister of State for Development. These distinguished visitors were in Canada to discuss with cabinet ministers and senior government officials various phases of economic assistance, including extension courses in agriculture, the establishment of banks and financial questions generally.

During their stay in Ottawa, the ministers called on Prime Minister Diefenbaker, Finance Minister Fleming and Mr. Dinsdale, the Minister of Northern Affairs and National Resources, and visited the Bank of Canada and the External Aid Office. They were guests of honour at a luncheon sponsored by the Commonwealth Parliamentary Association and at a Government dinner at the Rideau Club, at which Mr. Fleming was host.

BUILDING IN WESTERN CANADA

The share of Canada's \$7.1-billion construction programme for 1961 to be undertaken by the Western provinces is estimated at \$2.5 billion. This is an increase of 4.3 per cent over the 1960 volume figures, and exceeds the estimated national increase, which is expected to be 3.5 per cent.

The importance of construction to the Western provinces cannot be over-emphasized. It not only brings to the region houses, highways, institutions, office buildings, power facilities, wharves and countless other types of construction projects but also provides direct employment to over 181,000 Westerners. In addition, indirect employment is given to roughly as many persons engaged in the production, sale and distribution of construction materials and equipment.

Alberta has the highest *per capita* outlay for construction in the Western provinces (\$706), as well as

the largest programme this year (\$927 million). There has been a general increase in housebuilding in the whole country for the first four months of 1961 compared to the same period in 1960. Housing starts in the Western provinces for this period are up to 6,086 as compared to 4,098 in the same period last year.

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STRATFORD EXHIBITS

A typical country house of early nineteenth-century Quebec will be reconstructed this month in the arena at Stratford, Ontario, as the focal point of "The Arts of French Canada," one of the two exhibitions to be held during the 1961 Stratford Shakespearean Festival.

Prefabricated and moved into position in sections, the house will consist of four rooms—kitchen, summer kitchen, bedroom and guest room authentically decorated, with original furnishings, to illustrate how the first settlers of Lower Canada lived. Visitors will see pictures and pottery, pots and pans, butter-churns and bedspreads, lamps and looms of the period. Besides these articles of household use, there will be many farm implements to give a complete picture of the farmer's life -- wooden ploughshares, pitchforks, yokes and harnesses. Many of these implements bear French names that have long gone out of use, just as the tools themselves are obsolete in the machine age.

A long time in the planning, the exhibit has been made possible through the co-operation of several private collectors, including Robert-Lionel Séguin, of Rigaud, Quebec, who is acting as supervisor. Assistance is also being extended by the National Museum in Ottawa.

But the exhibit in the Festival arena will not be devoted entirely to the past. A generous portion of its space has been set aside for the modern age, specifically for a display of paintings by 25 Quebec artists. More than 50 canvases will be hung, some of them valued as high as \$5,000. The following artists will be represented: Edmund Alleyn, Léon Bellefleur, Ghitta Caiserman, A.R.C.A., Stanley Cosgrove, A.R.C.A., Jean Philippe Dallaire, Jacques de Tonnanour, Paul V. Beaulieu, Albert Dumouchel, Marcelle Ferron, John Fox, Pierre Gendron, Henry W. Jones, Jean-Paul Lemieux, Rita Letendre, Arthur Lismer, R.C.A., John Lyman, Marcelle Maltais, John McEwen, Guido Molinari, Guy Mongeau, Alfred Pellan, Jean-Paul Riopelle, Goodridge Roberts, R.C.A., Marion Scott and Philip Surrey.

Across the road from the Festival arena, the Festival exhibition hall will once again be devoted to a display of books and theatrical mementoes. Robert Ihrig, Stratford artist and designer, who supervises the exhibits, intends that the 1960 season shall provide the main features for a large display of costumes and properties from "Romeo and Juliet," "King John" and "A Midsummer Night's Dream," last year's Festival plays. Mr. Ihrig plans to mount tableaux of costumes from the three plays, which were designed by Tanya Moiseiwitsch and Brian Jackson. Costume sketches from the current season will also be shown.

In the same building, Canadian handicrafts will again be presented, and a large part of the floor area of the exhibition hall will be occupied by an exhibit of books by Canadian publishers, Shakespearean books from the collection of Sidney T. Fisher of Montreal, and "The Festival Exhibition of Music," presented by the Canadian Music Publishers Association.

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EXPORTS AND IMPORTS

Canada's total exports to all countries during the first quarter of 1961 were valued at \$1,265,600,000, a decline of 2.0 per cent from last year's corresponding total of \$1,291,500,000. Imports for the period January-March of this year were estimated at \$1,288,100,000, 2.9 per cent less than imports for the first quarter of 1960, when the total value was \$1,326,200,000. Thus the import balance in the first three months of 1961 declined to \$22,500,000 from \$34,700,000 for the same quarter of the preceding year.

Exports to all countries in March 1961 were valued at \$438,400,000, only slightly less than \$439,500,000 recorded in March 1960. Exports rose 8.3 per cent in January but declined 13.5 per cent in February. Imports in March 1961 were valued at \$461,800,000, a decrease of 2.6 per cent from the March 1960 total of \$473,900,000. January imports this year were 7.9 per cent above those for 1960, but February 1961 imports dropped 12.5 per cent below those in the same month of the previous year.

Exports to the United States declined by 12.5 per cent in the first quarter of 1961 to \$671,900,000, compared with \$768,300,000 for the first three months of last year. Imports from the United States for the first quarter of this year dropped 4.3 per cent, being valued at \$899,800,000 as contrasted with \$940,400,000 in January-March 1960. Canada's import balance with the United States thus stood at \$227,900,000 for the first quarter of 1961, compared to \$172,100,000 for the corresponding period last year. Comparing the first quarters of 1961 and 1960, the United States share of Canada's exports declined to 53.1 per cent from 59.5 per cent and the proportion of Canada's imports accounted for by that country fell to 69.9 per cent from 70.9 per cent.

TRADE WITH U.K.

Exports to the United Kingdom in the first three months of the current year increased by 18.8 per cent, being valued at \$248,600,000 as compared with \$209,300,000 in the corresponding period of 1960. Imports from the United Kingdom, at \$141,700,000, declined 0.4 per cent from the January-March 1960 total of \$142,200,000. Canada's export balance with the United Kingdom in the first three months of the current year advanced to \$106,900,000 from \$67,100,000 in the same quarter of 1960. Over the two periods, the proportion of Canada's exports going to the United Kingdom increased to 19.7 per cent from 16.2 per cent and the share of Canada's imports from that country rose to 11.0 per cent from 10.7 per cent.

Exports to the Commonwealth (excluding the United Kingdom) rose by 31.7 per cent, totalling

\$91,500,000 for the first quarter of 1961, against \$69,500,000 for the same period of last year. Imports advanced 5.2 per cent, increasing to \$50,500,000 from \$48 million for the periods under review. Thus Canada's export balance with the rest of the Commonwealth rose to \$41 million as compared with \$21,500,000 for the same quarter of 1960. The share of Canadian exports taken by Commonwealth countries other than the United Kingdom was 7.2 per cent in January-March 1961, as against 5.4 per cent for the same period of the previous year and 15.2 per cent of Canada's imports were derived from these countries in the first three months of this year as compared with 14.8 per cent in the similar quarter of 1960.

Exports to all the remaining countries increased 3.8 per cent to \$253,600,000 in the first quarter of this year, compared with \$244,300,000 for the same quarter of last year. Imports rose fractionally, 0.2 per cent, to \$196 million from \$195,700,000. As a result, Canada's export balance with these countries advanced to \$57,600,000 as compared with \$48,600,000 in the first three months of 1960. Over the two periods the proportion of Canada's exports going to this remaining group of countries rose to 20.0 per cent from 18.9 per cent and their share in Canada's total imports advanced to 15.2 per cent from 14.8 per cent.

TORONTO FLOOD CONTROL PLAN

An agreement providing for 75 per cent of the costs of the \$24-million Metropolitan Toronto and Region Flood Control Plan to be shared by the Federal and Ontario Governments was signed at Toronto on June 14, by Resources Minister Walter Dinsdale for the Federal Government and by Mr. W.M. Nickle, Minister of Commerce and Development, for the Ontario Government.

The agreement was negotiated under the Canada Water Conservation Assistance Act and provides that each of the governments contribute 37½ per cent of the estimated cost of constructing dams, reservoirs and channel improvements along the Don and Humber Rivers and Black Creek. The remaining 25 per cent of the costs will be borne by the municipalities represented in the Metropolitan Toronto and Region Conservation Authority.

This is the third agreement under the Canada Water Conservation Assistance Act to be signed this year by the Federal and Ontario Governments. Previous agreements provided federal and provincial financial contributions to flood control and water conservation works on the Upper Thames River and the Parkhill Dam and on the Ausable River.

FILMS AT STRATFORD

Seven more feature films have been added to the programme of the International Film Festival at Stratford this summer, which opens on August 21 and runs until September 2.

Julie Harris, star of last season's "Romeo and Juliet" at the Stratford Festival, will make a screen

appearance in a light comedy called "The Poacher's Daughter". Filmed in Ireland, this picture has a cast supporting Miss Harris composed of members of Dublin's famous Abbey Theatre.

Three full-length films have come from Japan. Last season much attention was drawn to the Japanese entry "Ikiru", when it won the commendation of the critics as the best entry of 1961. This year the country enters the highly-praised "Ningen No Joken" (No Greater Love). Set in Manchuria, the movie deals with the Japanese mistreatment of Chinese prisoners and of one man's conflict of conscience, which impels him to oppose his own people. "Robo No Ishi" (The Wayside Pebble) won the Catholic Prize at the International Festival in San Sebastien last year. It is the story of a young boy's struggle to assert himself in a small Japanese town. The third entry, in Eastman Color, is "Waga Ai" (When a Woman Loves), a tale of a girl's devotion.

OTHER FEATURES

"The Sand Castle", from the United States, is a fantasy. Produced, directed and designed by Jerome Hill and shot largely on Laguna Beach, it is the story of an afternoon in a boy's life. What occurs when he is awake is black and white; when he dreams the film is in colour.

The United Kingdom's entry is J. Arthur Rank's "The Singer Not the Song". Intrigue and violence in an isolated Mexican town provide the background to this picture, in which John Mills plays a priest and Dirk Bogarde the man he opposes.

Germany will be represented by "A Man Goes Through the Wall". The kernel of the film is in the title - the central character, a modest little revenue agent, suddenly discovers he has the ability to walk through walls.

Besides these seven new features, the Festival has already announced the Czech award-winner "Romeo, Juliet and Darkness", a Greek film "A Matter of Dignity"; Israel's "I Like Mike"; "The Missing Pencil" from Yugoslavia, and "Be Good Till Death" from Hungary. Unfortunately, the French entry "Games of Love" has had to be withdrawn, but the Festival expects France to be represented by another picture.

A large number of short subjects has been entered. The National Film Board of Canada has sent "Circle of the Sun," about the Sun Dance, an annual ritual of the Blood Indians of Western Canada, and "Morning on the Lièvre", filmed along the banks of a river in Southwestern Quebec. "Pow-Wow", from the United States, is a comic record of a university band rehearsing in the rain. Czechoslovakia has entered a whimsical cartoon "The Puppy and the Sun". Japan's cartoon entry is "Polon Guitar". Life on a sheep station is the subject of the Australian "The Jackeroo", while the German award-winning film is concerned with "Rhythms of the Port". Short subjects have also been received from India, Ceylon, Pakistan, Poland, Yugoslavia, Denmark, New Zealand and South Africa.

CANADA'S EXPORTERS FACE NEW CHALLENGES

(Continued from P. 2)

"All these services are intended to help Canadian industry become as efficient as possible, and thus able to increase sales, increase profits, and increase jobs. In the final analysis, however, the initiative rests with the individual businessman or company. If you will tell us your problems, we will work with you to overcome them. Working as a team, I am confident we can overcome them, and increase your sales, both at home and abroad. Let's start working together right away...."

COUCHICHIING CONFERENCE, 1961

The Canadian Institute on Public Affairs has announced plans for its 1961 Couchiching Conference.

The Couchiching Conference has been held at Geneva Park, north of Toronto, for the past 30 years. These summer conferences, together with the CIPA's winter conferences, are presented in co-operation with the Canadian Broadcasting Corporation. The CBC gives network coverage to the important, and often controversial, debates and discussions. Distinguished speakers from all parts of the world have been brought to these conferences, which attract international attention.

This summer's Couchiching Conference, from August 5 to 12, will concentrate on some of the most vital and pressing issues of the day, with sessions on the "realities of war", the politics of independence, sovereignty and international control, and technology and the developing states..

PANEL OF SPEAKERS

Henry A. Kissinger will address the Conference on the first subject. Mr. Kissinger, on the staff of the Center for International Affairs at Harvard University, is the author of the much-discussed book *Nuclear Weapons and Foreign Policy*, and recently published *The Necessity for Choice: Prospects of American Foreign Policy*.

Other speakers include André Philip, Professor of Comparative Social Politics, University of Paris; John W. Holmes, President, Canadian Institute of International Affairs; Duff Roblin, Premier of Manitoba; James Eayrs, Professor of Political Science, University of Toronto; and John C. Polanyi, Associate Professor of Chemistry, University of Toronto.

On the final evening, Canadian foreign policy will be examined in the light of previous discussion.

Small discussion groups will meet in the mornings. The topics from which a choice may be made include: Diplomacy in the Nuclear Age; What Is a Diplomat?; The Scientist and International Politics; Motives for Giving and Taking; and Diplomacy in a Glass Cage.

The Conference is open to the public and accommodation is available for the full period at Geneva Park. Persons already registered for this year's Conference include working press and radio journalists, labour leaders and businessmen, teachers and many private citizens.

COASTAL TRAWLING REGULATIONS

Until the zones off the coast of Canada's Maritime Provinces where large Canadian fishing trawlers can operate to within the three-mile limit have been designated, they are still required to stay beyond 12 miles, Fisheries Minister J. Angus MacLean announced recently. The amendments to the Fisheries Act - Bill C86 - have been passed by the House of Commons and have received third reading in the Senate and royal assent.

In clarifying the first major amendment to the Fisheries Act since 1932, the Minister pointed out that until the zones have been defined and published in the Canada Gazette, the large Canadian fishing vessels are still prohibited from fishing closer to shore than 12 miles.

Mr. MacLean made it clear that the interests of local fishermen would be considered when certain zones were established allowing large trawlers to operate in areas between three and twelve miles from the coast.

The Minister said that one of the difficult problems arising out of the Act before its revision related to the arbitrary exclusion of Canadian trawlers from the 12-mile coastal zone in the Atlantic provinces. This exclusion of fishing vessels using an otter trawl has been part of the law of Canada for more than half a century. The 12-mile restriction applied only in the Maritimes, and not to Newfoundland waters, where, by virtue of arrangements made at the time of the union of Newfoundland with Canada, the Fisheries Act was amended so as to permit Canadian trawlers to fish up to the three-mile limit. This restriction does not apply on the West Coast of Canada.

SMALL CRAFT FAVOURED

Before the amendment of the Fisheries Act, the Minister did not have the authority to exempt larger druggers, also commonly known as trawlers, from the 12-mile prohibition. Such an exemption has been accorded for a number of years to small druggers, of 65-foot length and under, allowing them to fish up to the shore-line in all areas, with the exception of those where, by regulation, zones have been established within which their operation is banned. Operations of the small druggers is subject to the condition that they do not interfere with other methods of fishing.

The increased numbers of foreign fishing vessels operating up to the three-mile territorial limit along the East Coast, particularly off Nova Scotia, since the Second World War created an anomalous situation in which these vessels could fish closer to the coastline than Canada's own larger trawlers.

The Minister of Fisheries now has the power to designate zones within the 12-mile limit at present imposed where Canadian trawlers may operate. Until the zones have been designated, large trawlers are still required to stay beyond the 12-mile limit. About 57 large trawlers operating in the Atlantic account for about 40 per cent of the total production of groundfish, such as cod, landed on Canada's East Coast.