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Canada and the European Communities sign unprecedented agreement

"It is my personal conviction that the signature of this agreement will prove to be a landmark in the development of Canada's relations with the European Communities and its member states," declared the Secretary of State for External Affairs, Allan J. MacEachen, after signing the Framework Agreement for Commercial and Economic Co-operation between Canada and the European Communities in Ottawa, July 6. "For Canadians and for Europeans as well," he said, "it represents hard evidence of our common desire and determination to bring about our objective of closer and more mutually rewarding economic relations."

Signing for the European Communities were Max Van der Stoel, President of the Council of Ministers of the European Communities, who is Foreign Minister of the Netherlands, and Sir Christopher Soames, Vice-President of the Commission of the European Communities. Present were foreign dignitaries, Industry, Trade and Commerce Minister Alastair Gillespie, officials and members of the news media.

The agreement, which provides a framework for Canada/EC economic co-operation, should lead to increased trade and investment opportunities between the two signatories. In particular, it should facilitate the expansion of industrial co-operation between Canada and Europe.

"Today, trade is only one element in a complex network of economic interaction that embraces investment, technology, licensing, joint ventures, and co-operation in third markets," said Mr. MacEachen. "What we shall be doing...is identifying individual sectors that look to be most promising in terms of industrial co-operation...a continuing process which will have among its objectives the further development of Canadian and European industry, the encouragement of technological and scientific progress and the opening up of new sources of supply and new markets...."

At a press conference following the signing ceremony, Mr. MacEachen stated that Canada had achieved one of the main goals of its foreign policy — diversified economic relations.

Mr. Van der Stoel called the pact a "novel instrument" of special importance for both sides, "a new step to establish the traditional links between Canada and Europe".

Describing the agreement as "the first of its kind anywhere", Sir Christopher Soames stated that it set the scene for Canadian and European businessmen to "go to it with a will". The agreement, he said, was "historic — a real milestone in our common development".

Main objectives

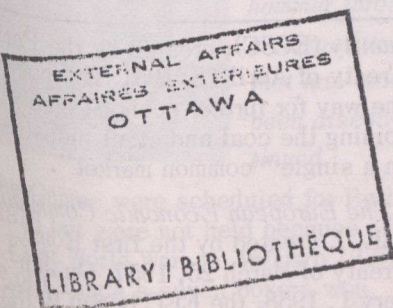
The principal aims of economic co-operation stated in the new agreement are defined as follows in a joint *communiqué* issued July 6:

"The development of Canadian and European industries; the encouragement of technological and scientific progress; the opening up of new

The European Community covers an area almost one-sixth the size of Canada. Within it live 230 million more people than live in Canada. The combined gross domestic product (GDP) of community members is about nine times that of Canada. The Community is the world's largest producer of cars and a leading producer of farm goods. It is the world's largest trader and the major buyer of imports from developing countries. It is one of the world's most generous donors of foreign aid.

More than 100 countries have accredited diplomatic representatives to the Community. It has negotiated trade or association agreements with more than 70 countries in Europe and elsewhere.

While the Community is not a "super-power", its economic strength gives it a voice in world affairs.



sources of supply and markets; the creation of new employment opportunities; the reduction of regional disparities and the protection and improvement of the environment....

"The agreement reaffirms the two parties' respect for the principles of the GATT (General Agreement on Tariffs and Trade) and confirms their wish to accord each other most-favoured-nation treatment on a reciprocal basis.

"The contracting parties undertake to promote the development and diversification of their reciprocal trade to the highest possible level by means of commercial co-operation. To this end they shall, in accordance with their respective policies and objectives:

(a) co-operate at international level and bilaterally in solving commercial problems of common interest;

(b) use their best endeavours to grant each other the widest facilities for commercial transactions in which one or the other has an interest;

(c) take fully into account their respective interests and needs regarding access to and further processing of resources.

"The economic co-operation provisions of the agreement, in addition to setting out the objectives of such co-operation, set out some of the means by which these objectives are to be pursued. These include the encouragement and facilitation of broader inter-organizational links between their respective industries, especially in the form of joint ventures, increased two-way investment, technological and scientific exchanges, joint co-operation by their private sectors in third countries, and regular exchanges of information on industrial and agricultural matters.

"The agreement and any action taken thereunder shall in no way affect the powers of the member states of the Communities to undertake economic co-operation bilaterally and to conclude, where appropriate, new co-operation agreements with Canada.

Joint committee

"The agreement sets up a joint co-operation committee which will have an important role in the activities to be undertaken. The committee will be responsible for promoting and keeping under review the various aspects of



A toast to the success of the Canada/EC agreement, the "contractual link", signed July 6 by Allan MacEachen, Secretary of State for External Affairs (left), Sir Christopher Soames, Vice-President of the Commission of the European Communities (centre) and Max Van der Stoep, Foreign Minister of the Netherlands and President of

the Council of Ministers of the European Communities.

"...Today's ceremony, far from being the end of a process, marks the beginning of a new venture. We now have a design and framework; it is up to both sides to translate promise into performance," said Mr. MacEachen.

commercial and economic co-operation. It will play an instrumental role in developing contacts and promoting activities between Community and Canadian enterprises and organizations.

"The agreement is concluded for an indefinite period but may be terminated by either contracting party after five years, subject to one year's notice.

"Finally, a protocol will be signed in Brussels at a later date concerning commercial and economic co-operation between Canada and the European Coal and Steel Community (ECSC). This protocol will stipulate that the provisions of the Framework Agreement signed this day will also apply to the ECSC."

The European Community is uniting the economies of nine nations: Belgium, Britain, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands.

The Community's six founding members – Belgium, France, Germany, Italy, Luxembourg and the Netherlands – have established a customs union that the new members are now completing. The "Nine" are laying foundations of full economic and monetary union. They hope ultimately to form a European union.

Legally, there are three European communities, but they share the same institutions.

The European Coal and Steel Com-

munity (ECSC), created by the Paris Treaty of April 18, 1951. It prepared the way for further economic unity by joining the coal and steel industries in a single "common market".

The European Economic Community (EEC), created by the first Rome Treaty of March 25, 1957. On January 1, 1958, the EEC began to remove trade and economic barriers between its member countries and to unify their economic policies.

The European Atomic Energy Community (Euratom), created by the second Rome Treaty of March 25, 1957. Euratom promotes the peaceful uses of nuclear energy.

now increase sufficiently to locate and identify every fishing vessel in Canada's offshore zone at least once a week, and will keep an even closer watch over key areas where fishing boundary lines cross rich fishing banks.

Canadian vessels also will maintain a special presence in these parts of the fishing grounds. Fisheries and Marine Service vessels will carry out about 56 per cent of sea patrols, DND vessels about 31 per cent, and MOT vessels about 13 per cent. Increased costs of air and sea fisheries patrols for all departments will be covered by a special budget of \$4 million in 1976-77.

"We anticipate smooth and effective extension of jurisdiction," Mr. LeBlanc said. "We have already signed agreements with major fishing nations off our coast, confirming that in the new zone they'll accept our authority immediately. We will be able to say who fishes what, where, when and how much. We will have the power to license foreign vessels, to restrict foreign vessels to certain areas, to impose reporting requirements, to lift their licences if need be, to seize ships for violations of regulations, and to impose fines and sentences in our own courts.

"Our agreements with foreign countries, and our strengthened patrols, indicate that when we extend jurisdiction we'll do it effectively," Mr. LeBlanc said. "In the meantime, our patrols will continue to operate under the ICNAF (International Commission for the Northwest Atlantic Fisheries) Joint Enforcement Scheme. I would remind Canadian fishermen that they are still expected to co-operate with fisheries inspectors, whether Canadian or foreign, who may board their vessels under this scheme."

Last year, 423 inspections of foreign vessels resulted in 48 violations.

A famous seedling

The McIntosh apple was more than once rated "best in the British Empire" earlier this century. During two world wars, it was the most popular fruit sent from Canada, and today, the famed McIntosh is Canada's national apple.

The original McIntosh came from



The parent tree of the McIntosh apple variety in the location where it was transplanted by John McIntosh in 1811 on his Dundela, Ontario farm. (Date of photo unknown.)

Dundela, Ontario, a small community near Prescott on the St. Lawrence River. It all began by chance in 1811, when John McIntosh, the son of a United Empire Loyalist from New York State, was clearing brush on his new farm at Dundela.

Noticing a few apple seedlings, he carefully transplanted them in a fenced plot close to his house. Only a few of the trees survived. But one of these was exceptional — it was to become the parent of the McIntosh Red variety that now is one of the world's renowned apples.

Shortly after the birth of his son on the Dundas County farm in 1815, John McIntosh set to work to develop his orchard and, five years later, he had a thriving nursery business.

None of the trees in John's orchard, however, could equal the one he had found in the brush. It had already become an attraction for farmers in the area, acclaimed for its excellent apples, big yields and hardiness.

Grafting problem

John's biggest problem was propagation. He wanted to expand the variety and make it available to other farmers. But neither he, nor anyone in the district, knew how to graft.

The problem was solved in 1835 when the McIntoshes hired an itinerant worker from the United States to work on the farm who knew how to graft apple trees.

By the time he quit the McIntosh farm later that year he had taught Allan,

McIntosh's son, how to perform the operation. Allan travelled throughout the district, selling seedlings and teaching farmers the art of grafting.

The renown of the McIntosh apple began to spread and by 1900 it had become well established in Eastern Canada. It went on to become one of the leading varieties in North America.

The original tree outlived both father and son. But in 1893 it was badly damaged by a fire that levelled the house only 15 feet away. However, the most distant branches continued to bear fruit until 1908, when the old tree finally expired.

Neither the McIntoshes nor the parent tree have been forgotten. In 1912 a monument was erected on the McIntosh property in memory of the father and the tree.

Today there are millions of McIntosh trees in North America and the produce is still high on the list of world demand for Canadian apples.

Grant for religious studies

McMaster University, Hamilton, Ontario, has been awarded \$639,418 by the Canada Council to study Judaism and Christianity in the Greco-Roman era. The grant, which is payable over five years, was one of six awarded by the Council in its 1976-77 program grants and major editorial grants competitions. Applications were submitted by 27 research teams from universities across Canada.

The purpose of the Religion Department's research project will be to determine how and why Judaism and Christianity achieved distinct and lasting identities. The researchers hope, by discovering how these related religions came to define themselves, to gain a better understanding of the influence that the two religions have had on Western civilization.

Traditionally, Judaism has been treated by scholars as a "backdrop or foil" for the development of Christianity, said Dr. E.P. Sanders, Professor of Religion and co-ordinator of the project. The researchers in the McMaster study, he continued, will be taking a novel approach by treating the two religions on an equal basis and applying the same question — that of self-definition — to each. Essays will be published in 1978 and 1979.

Canada/U.S. development of space shuttle system

The Department of External Affairs has announced that an exchange of diplomatic notes took place June 23 between Canada and the United States confirming the agreement between the National Research Council of Canada (NRCC) and the National Aeronautics and Space Administration (NASA) for participation by the National Research Council in the development of the Advanced Space Transportation System.

Under this agreement, the NRCC, through contractual arrangements with Canadian industry, will design, develop and construct the first flight unit of the Space Shuttle Remote Manipulator System (SRMS). The SRMS is an arm-like device, 50 feet long, attached to the cargo bay of the *Orbiter* spacecraft, the orbiting element of the Space Shuttle. The SRMS will be used to move scientific satellites and other space vehicles from the cargo bay and place them in orbit. It will also be used to retrieve recoverable payloads for return to earth.

SPAR Aerospace Products Limited is the prime contractor for the SRMS and with RCA Limited, CAE Electronics Limited and Dilworth, Secord, Meagher and Associates Limited, its principal subcontractors, has been working on the preliminary design since November 1975. SPAR and the subcontractors are also designing and building a simulation facility to simu-

late on earth the conditions under which the SRMS will be required to operate in space.

The agreement is similar to the NASA agreement with the European Space Agency (ESA) whereby ESA is to design, develop and build the SPACELAB, a manned space laboratory that fits in and remains with the *Orbiter* spacecraft during a SPACELAB mission.

Both Canada and Europe are funding the cost of the research and development for their respective parts of the Space Transportation System program.

Benefits to Canada

The NASA/NRCC agreement assures Canada access to both the Space Shuttle for spacecraft launches and service missions and to the SPACELAB for experiments and applications, and in the interim, to conventional launch facilities. Access to space is needed by Canada not only to maintain research programs in the space sciences but also to exploit the expanding potential of satellite communications and sensing systems. The RMS program will also improve Canada's industrial capacity for the design and construction of advanced space systems and provide a technological base from which Canada could participate in the future global market for remote handling systems capable of operating in a variety of environments.

Ontario energy to New York and Michigan

A request by Ontario Hydro to export interruptible energy to the States of Michigan and New York has been approved by the National Energy Board. The Board has granted a licence for the export of up to 15,000 gigawatt-hours of surplus interruptible energy a year for five years from July 1 this year to June 30, 1981.

In an application dated June 18, Ontario Hydro had requested a ten-year licence for the export of up to 10,000 gigawatt-hours in 1976 gradually increasing to 30,000 gigawatt-hours in 1985. The Board limited the licence to a five-year term because of uncertainties involved in the calculation of surplus reserves after 1981.

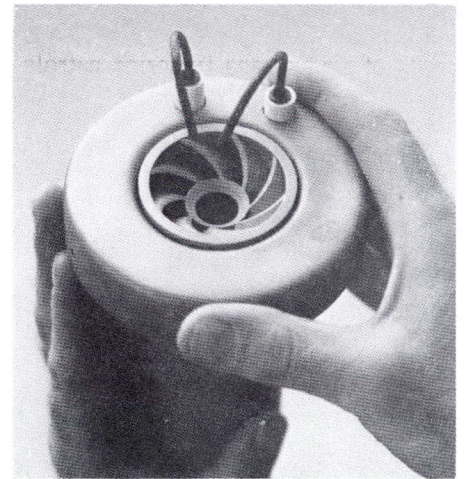
The export is subject to curtailment at any time if the energy is required in Canada. The floor price for the export of electricity by Ontario Hydro is currently 21.5 mills per kilowatt-hour. Ontario Hydro must submit pricing schedules to the Board for approval on an annual basis.

The Board has also granted a licence allowing unscheduled circulating exchange of inadvertent power and energy, up to 8,000 gigawatt-hours a year, for nine and a half years from July 1 to December 31, 1985. These transfers do not involve a net export of energy from Canada.

Ontario Hydro sells surplus energy to four major power utilities in the U.S.

Swirling air generator will save furnace fuel

A 10 percent saving in the cost of furnace oil is expected with a new type of nozzle design for oil burners developed in the Canadian Combustion Research Laboratory of the Department of Energy, Mines and Resources. Some 60 per cent of homes in Canada are heated with oil.



The new oil burner assembly is being patented by Canadian Patents and Development Limited (CPDL), a subsidiary of the National Research Council. CPDL's main object is to assist in making the licensable products of publicly-financed research or development available to the public, through industry.

Conventional designs of oil burner assemblies for home heating fuel oils employ a traditional fuel-air mixing process in which the evaporation and combustion of the fuel oil take place simultaneously.

The new burner design produces a clean, soot-free flame, compared with the conventional one. It also provides approximately 10 percent improvement in efficiency, an important consideration in energy conservation. This is achieved by the new nozzle design which imparts a swirling motion to the fuel-air mixture, improving the diffusion of the oil particles through the air, so that they more or less completely evaporate prior to combustion. A modification can be made to existing home furnaces and, in addition, furnaces using this assembly will require less cleaning.

A number of prospective licensees are currently evaluating the device.

Sarnia-Montreal pipeline open

The National Energy Board has granted leave to operate the new 520-mile extension of the interprovincial oil pipeline system from Sarnia, Ontario to Montreal, Quebec. First deliveries of western Canadian oil to Montreal refineries took place in the last weeks of June.

Montreal refineries were dependent on imported crude oil prior to the extension of the pipeline system, which transports oil from Alberta to central Canada and the United States. The flow of western oil into Montreal will increase gradually from an estimated 120,000 barrels a day in July to 250,000 barrels a day by the end of the year.

Oil exports from Canada to the United States are limited to 450,000 barrels a day in July as a result of the increase in Canadian requirements for western oil, now that the Montreal market is linked to the interprovincial pipeline system.

In comparison, exports of oil since January of this year have averaged about 505,000 barrels a day, just below the ceiling of 510,000 barrels established by the Board for the first six months of 1976.

Decline in exports

A report published by the National Energy Board in September 1975 outlined the principle whereby the level of exports of crude oil and equivalent would decline each month in 1976 in proportion to the deliveries of Canadian oil to Montreal refineries. The Board continues to collaborate with United States officials in efforts to minimize the impact on U.S. consumers of the scheduled reduction of crude oil exports from Canada.

Exports of crude oil are expected to average about 420,000 barrels a day

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during the last six months of 1976. During the same period, imports of crude oil to supply refineries in eastern Canada will average about 675,000 barrels a day.

The minimum prices for exports of crude oil and equivalent hydrocarbons in July will remain unchanged from the existing levels. The prevailing tariff of export charges on these oils will also remain unchanged for July but the Board will support applications for the reduction of charges in respect of oil exported in the month that enters exporting pipeline systems on or after July 1, when domestic crude oil prices were due to increase.

News briefs

- At press time, a full International Olympic Committee was considering its executive committee's recommendation to reluctantly agree with the Canadian Government's stipulation that Taiwan athletes could compete in the Games but not as representatives of the People's Republic of China (see News Briefs in last issue). The executive committee said it had no alternative, short of cancelling the Games. Canada, which has not had diplomatic relations with Taiwan since 1971, still contends the IOC was aware of its position a year ago.
- A motion that would have retained the death penalty for murderers of police and prison employees was defeated by 132 to 117 in the House of Commons, June 8. The vote was one of five taken on amendments to Bill C-84, which narrowly passed second reading on June 22 (see *Canada Weekly* dated July 7, 1976). The final vote was expected to take place on July 14 or 15.
- A gallon of gasoline and home-heating oil will increase half a cent more than was expected owing to a change on July 1, in the wellhead price for crude oil. The Department of Energy, Mines and Resources had announced in May an increase for the price of crude oil to \$1.05 a barrel — an increase of 3.8 cents to consumers — but oil companies received notice on July 8 that they could increase prices up to 4.3 cents when a freeze on consumer prices ends on August 30.
- A six-man delegation represented

Banking by television

Television banking will be introduced at the new Ontario regional headquarters of the Royal Bank of Canada in Toronto on September 29. Each station will have a teller-call button, a closed-circuit TV monitor on which the teller can be seen, a microphone for the customer to speak to the teller and a closed-circuit camera that will transmit the customer's image to the teller. A capsule travelling through a pneumatic tube will take the customer's withdrawal slip or other transaction to the teller, who will return the cash.

Canada at the seventh session of the Conference of Ministers of Youth and Sports from French-speaking States in Paris, July 8-13. The chairman was Paul Phaneuf, Quebec Minister responsible for the Office of the High Commissioner for Youth, Recreation and Sports.

- Federal and provincial finance ministers ended a planned two-day conference after the first day on July 6 after disagreement over Ontario's proposal to take over complete responsibility for health and education programs in return for more tax-raising power. The proposal was rejected by the Federal Government, Saskatchewan and New Brunswick. Federal Finance Minister Donald Macdonald said they would meet again in the autumn and discussions should finish in November.

- Capital spending by all sectors of the Canadian economy is expected to reach \$41,954 million this year, an increase of 10.4 per cent over the level of \$37,997 million in 1975. Intended capital expenditures on new construction in 1976 are estimated at \$26,810 million, an increase of 12.2 per cent, while acquisition of new machinery and equipment is expected to amount to \$15,144 million, an increase of 7.4 per cent.

- Bell Canada now has more than eight million telephones in service. It took 65 years to reach the first million in 1945, company chairman A.J. Grandpré said, but now a million telephones are added every three years or less, with indications that demand will continue to increase.

Past Olympic standings

Although this issue is dated July 21, publishing time takes about two weeks and the Games of the XXI Olympiad at Montreal, starting July 17, will have begun. Coverage, therefore, will appear in subsequent issues.

Canadians did not compete in the first modern Olympic Games in Athens in 1896 but following are the results of Canada's participation after that date, beginning with:

Paris 1900 — only one Canadian, George Orton, competed, winning a gold medal in the 2,500-metre steeplechase and a bronze in the 400-metre hurdles.

St. Louis 1904 — four gold and one silver; *London 1908* — three gold, three silver and seven bronze; *Stockholm 1912* — three gold, two silver and three bronze.



At the III Olympiad held in St. Louis in 1904, Canadians won four gold and one silver medals.

Etienne Desmarteau (left) was one of the gold medalists that year, winning the 56-pound hammer throw, a competition that has since been discontinued.

The Games were scheduled for Berlin in 1916 but were not held because of the First World War; in *Antwerp 1920*, five of Canada's seven boxers won medals — in all, Canadians won two gold, three silver and three bronze medals.

Paris 1924 — three gold and one bronze; *Amsterdam 1928* — four gold, five silver and six bronze. (Ethel Catherwood or "Saskatoon Lily" as she was known, won the gold for high jump with a world record of 1.59 metres.)

Los Angeles 1932 — two gold, five silver and nine bronze; *Berlin 1936* — one gold, three silver and five bronze.

London 1948 were the next Games held (because of the Second World War), at which Canadian athletes won two silver and two bronze medals.

Helsinki 1952 — one gold and two silver; *Melbourne-Stockholm 1956* — two gold, one silver and three bronze. (G rard Ouellette won the small-bore rifle prone position and set a world record — he scored 600 out of a possible 600.)

Rome 1960 — one silver; *Tokyo 1964* — one gold, two silver and one bronze; *Mexico City 1968* — one gold, three silver and one bronze. (The gold came on the last day of competition as the equestrian team won the Prix des Nations jumping event.)

Munich 1972 — two silver and three bronze.

Montreal 1976 — Canadians hope to do a lot better than in the past but this chapter of Olympic history cannot be written yet.

Canada's largest fisheries-patrol ship launched

The biggest fisheries-patrol vessel ever built in Canada — the 205-foot *Cape Roger* — was launched from Ferguson Industries Ltd shipyard at Pictou, Nova Scotia, on June 12 by Lyn LeBlanc, wife of Fisheries Minister Rom o LeBlanc.

The ship, which will cost an estimated \$12 million, will be based at St. John's, Newfoundland, and is scheduled to join the Fisheries and Marine Service's patrol fleet on active service in mid-1977.

"With the loss of the patrol vessel *Cape Freels* earlier this year and the certainty of extended coastal jurisdiction over our fisheries resources by January 1, 1977, the addition of this new vessel for East Coast fisheries management and surveillance will be extremely welcome," Mr. LeBlanc said.

Although the *Cape Roger* will be used mainly to ensure that domestic and foreign boats fishing off Canada's East Coast comply with regulations relating to catch quotas, restricted areas, net sizes, etc., the vessel will also be equipped to conduct fisheries, oceanographic and hydrographic research. Its size and advanced capabilities make

the new vessel ideally suited for spotting oil spills and for controlling ocean dumping in certain areas.

Built for navigation in ice-covered waters, the *Cape Roger* will have special de-icing equipment installed on the superstructure for operation in the severe weather conditions frequently encountered in the northwest Atlantic. A maximum speed in excess of 16.5 knots, together with helicopter-launching facilities will permit continuous surveillance of large areas of the fishing grounds.

The *Cape Roger* will have crew accommodation for 42, including up to six scientific personnel and two helicopter pilots.

Preparations for 200-mile fishing zone

Fisheries patrols are being doubled this year to control fishing activity throughout Canada's new 200-mile fishing zone, which will be extended by January 1, 1977.

Fisheries Minister Rom o LeBlanc said recently that the Fisheries and Marine Service of Environment Canada, now carrying out 90 per cent of Canada's fisheries patrol work in offshore waters, would call more extensively on ships and aircraft from the Department of National Defence, which already provides substantial support. In addition, vessels from the Ministry of Transport fleet would become available regularly for this purpose.

During 1976 the number of patrol days by vessels on both coasts will roughly double to about 2,000. Offshore patrols will be at sea about 500 days on the Pacific coast, and will double to about 1,500 days on the Atlantic coast. The number of boardings of fishing vessels at sea by Canadian inspectors will increase to between 1,200 and 1,400 a year permitting at-sea inspection of at least one-third of the foreign fleet and one-sixth of the Canadian fleet every month.

Aircraft surveillance

The number of hours spent by aircraft locating and identifying fishing vessels will more than double to over 4,000 a year. Except for some previous charters of private aircraft by the Fisheries and Marine Service, DND *Tracker* and *Argus* aircraft have provided all air surveillance. Air patrols by DND will