



PREPARE NEW FLAG FOR MAIL

Victor Cherryholme, a federal works department employee, neatly slips a red maple leaf flag into a box for mailing to the Northwest Territories Wednesday. The works department is supplying 8,000 flags to government departments and agencies in Canada, starting with distant points first. The defence department will handle another 4,000 for its establishments. A flag-raising ceremony is scheduled at the Peace Tower in Ottawa at noon on Feb. 15. (ICP Wirephoto)

Fight Over Seaway Tolls Begins To Warm Up Again

By KEN SMITH
Canadian Press Business Editor
TORONTO (CP) — The fight over increasing tolls on the St. Lawrence Seaway to try to put it on a self-supporting basis is starting to warm up again. The Canadian and United States governments agreed in June to freeze tolls. The first shots in the renewal of the struggle have already been fired in the U.S. J. Handley Wright, vice-president of the Association of American Railroads, said in a statement: "Prudent judgment would indicate there is no alternative except to raise tolls to a more realistic level." If such a step is not taken, he added, "we can predict the seaway will continue to operate in the red" and require government assistance to meet expenses. The Great Lakes Waterways Development Association, a Canadian organization devoted to having the tolls removed, argues in return that with both Canada and the U.S. trying to step up exports it would be foolish to consider any step that might hamper shipments by raising costs. **TRADITION CITED** It also notes waterways in both countries have historically been toll-free and, before the opening of the seaway, no attempt was made to recover the capital costs of such projects through tolls. Tolls now are computed on a complicated formula based on net and gross tonnage. One giant laker, for example, that carried 25,000 net tons of wheat last summer from the lakehead to Quebec City paid \$12,300 in tolls. Various higher levels have been proposed, but an increase of about 15 per cent seems to be the aim of many pro-toll people. The arguments for an increase are based on the fact the Seaway has never yet carried the cargo tonnage forecast for it, and so toll collections have not met expenses. Last year the seaway had its best year, carrying an estimated 40,000,000 tons of cargo, compared with 30,900,000 tons in 1963. **OPENED IN 1959** When the seaway was opened in 1959, it was estimated tonnage in 1964 would be 44,000,000 tons. One Canadian shipping official says, however, those early estimates were deliberately set high to ensure strong public support for the project and were not realistic. He says the Seaway's 1964 tonnage, compared with 20,900,000 tons in 1959, shows the waterway now is being accepted and used by shippers. "At first they didn't stop to look at the advantages of the seaway, but now, especially with inland ports adding to their facilities for handling cargoes, they are making use of it." Meanwhile, the Great Lakes Association says it is disturbed about what it calls the complacency in Canada about the tolls. A spokesman says the present freeze is to be reviewed again next year. "The success of the seaway is coming at the expense of the East-Coast U.S. ports and you have the paradox that the more successful the Seaway becomes the more opposition it will face. "So anyone who says there's no need to worry about tolls being increased just because they are now frozen is simply kidding himself."

Air Strike By Indonesians Seen Possible In Malaysia

By JOHN CANTWELL
SERIAN, Sarawak (AP)—RAF jets scramble several times a week "when our radar picks up Indonesian air activity along the borders," a Malaysian military source here said. Some military men said privately that the Indonesians might try to launch an air attack against the main area defence base at Kuching, 37 miles north of here. Kuching is capital of Sarawak, one of two Malaysian states which share the island of Borneo with Indonesia. The other is Sabah. So far the Indonesian planes have turned back just short of the border. On the ground, Kuching intelligence sources said, the Indonesians have at least 5,000 men along the western Sarawak border. Three thousand have moved in within recent weeks and another 3,000 are reported on the way, these sources said. The monsoon has hindered the reinforcement of Malaysian forward posts and border positions. **HELICOPTERS GROUNDED** Helicopter flights carrying men and supplies have been grounded for hours each day because of rain and low visibility. However, British intelligence reports say the downpour, which usually deposits two inches of rain a day, actually is helping the Indonesians by swelling rivers and making them more navigable for vessels carrying troops and supplies. Britain so far has boosted to 10,000 the number of men sent to Malaysian Borneo to meet the Indonesian threat. A plane-load of Gurkha troops arrived from Hong Kong Tuesday to complete the airlift of these reinforcements. British officers in Serian said an Indonesian attack could come within a week but they think late February or early March more likely. That is when the monsoon rains fall off.

Queens MP Sees Liberals With Problem

HALIFAX (CP)—Heath Macquarrie, Progressive Conservative Commons Member for Queens, said here his party was not the only one with problems. Speaking to students of the Dalhousie Law School here, he said "thousands and thousands of Liberals are concerned about their whole leadership." Mr. Macquarrie said there should be a Progressive Conservative leadership convention but he did not think one would be held soon. He said the fissures which have appeared in the party come from the failure to bring about harmonious relations between French and English-speaking members. "The current difference of opinion within the Conservative Party indicates a crumbling and raises the question that leadership should be settled as quickly as possible." He said there could be no line-up of contenders to take Opposition Leader Diefenbaker's place until the leadership position is vacant.

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Japanese Seek Fish In Canada

By LESLIE MILLIN
VANCOUVER (CP) — A change appears in the offing in Japan's fishing relationship with Canada.

British Columbia fishermen say they are receiving inquiries from Japan—the second largest fishing nation of the world—about buying more Canadian fish.

Industry sources said this was surprising as Canada and Japan have long been fishing competitors in certain areas.

There have also been other moves by Japan to secure more fish. The only functioning Canadian whaling operation, off the West Coast, now is partly owned by the Japanese.

Some sources also say "two or three" small B.C. canneries now are controlled by Japanese interests.

About 90 per cent of all the protein consumed by Japanese comes from fish and about 85 per cent of her annual fish harvest is for domestic consumption.

Ken Lucas, assistant federal area director of fisheries says at that rate, Japan won't be able to supply her own demands within five years.

In Japan there's a market "for almost anything that swims," he says.

Western Canadian Whaling Ltd., a joint Japan-Canada venture off the Pacific Coast, sells oil and fertilizer byproducts in North America. The whole meat is sold in Japan as food.

"Dr. Fukuza Nagasaki, Japanese member of the International North Pacific Fisheries Commission, says cheap labor in Japan makes it profitable for Japan to import raw fish and export the processed product at competitive prices.

Japan may want to buy Canadian fish to stabilize the supply, he added.

Mr. Lucas says Japan's urgent need for factory labor may force fishermen into industry, forcing that country to import fish providing Canada with one of its biggest markets.

J. E. Antonelli, Canadian sales manager for the Fishermen's Co-Operative Federation, says he was surprised to get Japanese requests for a price on halibut because Canadian fishermen consider Japan a competitor in halibut fishing.

Japanese companies began buying Canadian salmon, particularly sockeye, some years ago, he said.

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He said there could be no line-up of contenders to take Opposition Leader Diefenbaker's place until the leadership position is vacant.

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