

that a concrete step in this direction be taken at once by the leading trading nations. The preparatory committee welcomed this proposal and agreed to sponsor negotiations at its Geneva meeting for mutual tariff reductions and the narrowing of preferences, to be conducted concurrently with its drafting of the charter of the I.T.O. The outcome of these difficult negotiations is the general agreement on tariffs and trade, signed by twenty-three nations, and applied provisionally by eight nations as of January 1, 1948.

Not only have all nations agreed to make substantial tariff reductions, as set out in the twenty schedules annexed to the agreement—that is twenty individual schedules setting forth what each country agrees to do—but they have also bound themselves to apply the commercial provisions of the draft charter set out in part II of the general agreement when the agreement comes fully into force. In the meantime, until nations representing 85 per cent of the total trade of the signatories have ratified the agreement, the eight nations who have signed the protocol of provisional application are bound to implement, so far as they can within existing laws, part II of the agreement, which has to do with general commercial practices.

I was recently asked by an honourable senator what effect the discussions in which we have taken part will have on the question of the production and sale of margarine and our prohibition of the importation of this commodity. Under article XI of the general agreement we are bound to remove our ban on the import of oleomargarine. The product is not specifically mentioned, but we have bound ourselves to abstain from prohibitions of that nature. At present, however, the general agreement is in force only among those nations which signed the protocol of provisional application; and even then, part II of the agreement, in which this provision appears, need be implemented only to an extent not inconsistent with existing legislation. Consequently we need not change our law concerning the importation of margarine until either one of two things happens: (a) that the general agreement comes into force as provided in article XXVI, by the deposit of the instruments of acceptance by nations representing 85 per cent in volume of trade of the signatories, or (b) the draft charter of the I.T.O., which also contains this provision, is accepted by the Havana conference and comes into force, superseding the general agreement.

Trade-restricting devices—other than tariffs—must be eliminated sooner or later. These include discriminatory internal taxes, special transit requirements, improper use of dump-

ing duties, arbitrary valuation for customs purposes, misuse of customs regulations and administrative discretion, arbitrary import restrictions, misuse of state trading, undue protection of local industries, and discriminatory exchange restrictions.

The agreement which we are now asked to approve is designed to stand by itself in case the draft charter now under consideration at Havana is never ratified, and a procedure is set out to cover such a situation. There is every reason to believe, however, that the majority of the nations at the Havana conference will ratify the draft charter, especially if it is decided to confine the benefit of the tariff concessions to the "members of the club." That, I believe, is the term which best expresses the situation. This agreement, which is not directed against any country, is worked from stage to stage. It represents the thought of people who have interests in common and who want to unite as far as possible to deal positively with this very important question—a question upon which action is almost universally agreed to be desirable but in practice has been hard to bring about. It means that a certain number will agree; and it is hoped that others, as their views change, will also join. Those who are in it will have extended to each other, of course, and only to each other, the most-favoured-nation treatment. In that case, if the charter is agreed to, the provisions of the general agreement would be superseded by the relevant parts of the I.T.O. charter when the latter came into force. The general agreement does not prevent Canada from directly negotiating further tariff reductions with a country such as the United States, so long as the concessions made are granted generally to other countries. This is the most-favoured-nation principle, already standard in the usual trade agreement.

Honourable senators, I realize that my presentation of this very important subject has been imperfect, and I should like you to think that I have only attempted to lift the veil on the importance and far-reaching significance of it. As mover of this resolution, I should like it to be understood, I do not anticipate that this matter is going to be resolved during the next two weeks or two months, but only when parliament has had whatever time it deems necessary to consider it.

There is a wealth of information which can be secured from the Canadian negotiators of these agreements. It would be absolutely out of the question for me to endeavour to impart such information. The only practical method the Senate has of securing information on such matters as this is by referring them to our standing committees; and I am sure