

61. The Minister of Finance felt, in view of the precedent established in the Imperial Oil case, that it would be very difficult to refuse comparable treatment on the present application. The government might, however, find itself in serious difficulties in according exemptions of this character without resting them on any general principles. It would be preferable if there could be a classification of certain types of equipment, perhaps based on tariff items, on which uniform treatment would be given to importers.

62. The Minister of Trade and Commerce said that the project of the applicants was going ahead under abnormal conditions. A large proportion of items could not be secured in Canada due to the special demands of the moment. In the case of a development of this sort it did not appear that the government should profit from such unusual circumstances.

63. The Minister of Justice remarked that, while assistance had been given to projects such as railway construction, it had normally been by way of subsidy. The average person could appreciate the reasons for a subsidy but was not so likely to approve of exemptions accorded to large companies which were not available to smaller concerns.

64. The Minister of National Defence pointed out that special concessions were allowed for mining equipment. In the case of the Labrador development, all the items were for development of the mine and exemptions could be regarded as an equivalent of the arrangements for mining equipment.

65. The Cabinet, after discussion, agreed that, in connection with development of iron ore deposits on the Quebec-Labrador boundary, exemption be accorded to the extent of 100 percent of customs duties on production materials entering into the project other than materials required for the townsite but that no exemption from sales taxes be granted; details of a proposal to this effect to be prepared by the Minister of National Revenue and submitted for consideration at a subsequent meeting.

War graves; agreement with Norway

66. The Minister of National Defence submitted a draft agreement between Commonwealth countries and Norway concerning war graves in Norwegian

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