

Mr. MCKINNON: No, we have never even calculated it, Mr. Euler. The reason we did not calculate it was this. On both sides of the table at Geneva, with different countries, there was very frequently the temptation to talk in terms of the dollar value or the volume of trade say in 1946. We took the ground that that was in a sense fictitious, because the trade was artificial—so much of it was replenishment of war-created deficiencies—and we restricted our discussions to the basis of the year 1939.

The CHAIRMAN: It would not be representative of normal conditions?

Mr. MCKINNON: That is the point. We insisted that we keep all our discussions on the basis of 1939, so we did not make any effort, Mr. Chairman, to determine what these reductions might mean in terms of greater volume or value of trade, because we felt that we were getting too far from a stable basis if we attempted to do that.

Hon. Mr. ROBERTSON: I have been asked to ask Mr. McKinnon if he could throw any light on the United States attitude re the duty differential applying to dried cod over and under a 43 per cent moisture content.

Mr. MCKINNON: I can throw a certain amount of light on that, Senator Robertson. We negotiated reductions on both. I think what is in the mind of the member of the committee asking the question is that there is still a differential between the two types, the dry and the wet cod; and Mr. Kemp, who secured the concession on both, and is technically competent, more so than I am, will be glad to explain the situation.

Mr. KEMP: I will be glad to tell you what I can, sir. The items in question are under United States tariff item 719 (2) and under the old arrangement—I will read the item to you:

(2) cod, haddock, hake, pollock, and cusk, skimmed or boned, whether or not dried, 2 cents per pound (except that the vertebral column may be removed)

Now this is divided into two parts: when containing not more than 43 per cent of moisture by weight, and when containing more than 43 per cent of moisture by weight. Under the first item, when containing not more than 43 per cent of moisture by weight, the old rate of duty was five-eighths of a cent a pound, and it has been reduced to half a cent a pound. That is, it is reduced from five-eighths to four-eighths of a cent. On the other part of the item, when containing more than 43 per cent of moisture by weight, the old rate was three-eighths of a cent a pound; it has been reduced to one-fourth of a cent: in other words, it has been reduced from three-eighths to two-eighths. So that the differential between the two rates, which was formerly a quarter of a cent a pound, is still a quarter of a cent a pound, but both of the rates are lower than they were before.

The CHAIRMAN: One-eighth of a cent in each case.

Mr. KEMP: That is right, sir. Now, the trade statistics for 1939 show that in 1939 we exported to the United States \$81,000 worth under 43 per cent, and \$925,000 worth over 43 per cent moisture. So that, at least at that time, the exports over 43 per cent moisture were eleven times—between eleven and twelve times—as great as the exports under 43 per cent moisture. It is evident therefore that we had at that time an export interest in fish belonging to both of these two classes, but that our export interest in the fish with the higher moisture content was very much greater than it was in the fish of lower moisture content. At Geneva we had an interest, and Newfoundland also had an interest. The Newfoundland fish are more largely of the high moisture content type; and a request was made for a concession on this kind of fish, not only by ourselves, on the basis of our 1939 experience, but also by the United Kingdom acting on