

beverage malt and bakers' malt, by quoting from a letter I have received from them, as follows:

Under the new British preference rates malt extract for home brew use can be imported and pay a lower rate of duty and excise than the excise duty paid on domestic malt extract of the same type.

We pay a duty of six cents a pound on malt plus ten cents a pound on the syrup produced. In the manufacture of malt extract one and a quarter pounds of malt are required to produce one pound of syrup. Domestic manufacturer therefore pays on each pound of syrup: one and a quarter pounds at six cents equals seven and a half cents, and ten cents, making a total of seventeen and a half cents.

The importer pays twenty-five per cent on an average valuation of 7.77 cents—

Which figures are taken from Trade of Canada, 1935, page 198.

That amounts to 1.94 cents per pound plus excise tax, 16 cents, total 17.94 cents per pound.

But we pay in addition to the Department of Excise a supervision fee of \$300 per month. Our production of duty paid malt extract during 1936 to date averaged 34,375 pounds per month. Supervision fee equals extra excise imposition of 0.901 cents a pound. Our payment therefore on a pound of syrup totals 18.4 cents as against the importer, British preferential, who pays only 17.94 cents, and is actually subsidized to the extent of almost half a cent a pound.

Imports from the United Kingdom under the old tariff rate have been not inconsiderable, as the annual reports of Trade of Canada show:

Year ended	Value
Dec. 31	
1928..	\$26,638
1929..	52,339
1930..	60,707
1931..	34,395
1932..	44,757
1933..	35,927
1934..	30,596
1935..	23,023

We fear that since this trade prospered so under the old tariff rate it will be given a great stimulus under the new rate and that Canadian manufactures will be excluded from home-brew malt market in Canada. This will result in lowered volume and hence increased costs in our bakers' malt field, with increasing advantage to the United Kingdom manufacturers as compared to ourselves, so that eventually there will be no malt extract manufactured in Canada.

The imports shown above include both duty paid home-brew or beverage purpose malt and bakers' malt. We are left with twenty-five per cent protection on bakers' malt, and this is too little for the industry in consideration of the cheapness of coal and labour in the British isles as compared with our costs. But we have no protection, in truth we are paying more tax on domestic goods than on imported goods, in the beverage malt field. Our trade is divided about one-fifth beverage malt syrup and four-fifths all other malt syrup. Elimination from the beverage malt field would increase our costs on the other syrups quite considerably.

12739—188

Mr. DUNNING: I have of course received a copy of the letter from which my hon. friend has just read, and I gave to the representation therein contained such consideration as could be given. The facts and figures upon which we base the proposal now before the committee I must say justify my taking the view that the Canadian manufacturer, as represented by the writer of this letter—there are in Canada only two which are known—will still be able to function even if this request of the British government be granted. There will still be a twenty per cent ad valorem duty against Great Britain under the amendment to the tariff now before the committee, that is if the excise is equated. The effective duty last year under the British preference was forty-seven per cent on these various malt derivatives.

Mr. BENNETT: Under the British preference, three cents a pound and twenty per cent?

Mr. DUNNING: Yes, by adding the specific duty evaluated in terms of ad valorem it amounted to forty-seven per cent on the value from Great Britain. The specific itself made 27 per cent on the value.

Mr. BENNETT: Three cents per pound.

Mr. DUNNING: Yes, and weighing all the factors we are of the opinion that this is a request which might well be granted. It does not come from any industrial or commercial concern, but is one of the requests of the British government which, I believe, has been under consideration by the Canadian government during the past three years. Our best judgment is that the ill effects feared by the Canadian industry, as indicated in the letter from Standard Brands, which was read, will not occur. Of course these things are a matter of opinion. Imports from Great Britain under the tariff as it existed last year were valued at \$24,000; from the United States \$17,000 worth was imported. The total Canadian production amounted to \$622,000, which, I am advised, was divided between two firms.

Item agreed to.

Customs tariff—173. Books for the instruction of the deaf or dumb: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: There is no change in the item. Why do we have a separate item? It has always been free.

Mr. DUNNING: We have taken out the portion of the item referring to the blind, and are making it a new item.

Item agreed to.