

*Customs Act—Mr. Cahan*

(b) No rate of discount established under section 37 will operate to increase the value for duty of any goods beyond the price at which such or similar goods are freely offered for sale to purchasers at the time and place of shipment in the country of export, in the usual quantities and in the ordinary course of trade.

The government propose to solve questions of "price," "usual quantities" and "ordinary course of trade" by repealing section 37 in its entirety.

A most important amendment is proposed to section 43 of the Customs Act. That section now reads as follows:

43 (1) If at any time it appears to the satisfaction of the governor in council on a report from the minister that goods of any kind not entitled to entry under the British preferential tariff or any lower tariff are being imported into Canada either on sale or on consignment, under such conditions as prejudicially or injuriously to affect the interests of Canadian producers or manufacturers, the governor in council may authorize the minister to fix the value for duty of any class or kind of such goods, and notwithstanding any other provision of this act, the value so fixed shall be deemed to be the fair market value of such goods.

(2) Every order of the governor in council authorizing the minister to fix the value for duty on any class or kind of such goods, and the value thereof so fixed by the minister by virtue of such authority, shall be published in the next following issue of the Canada Gazette.

These provisions of section 43 still stand, despite the amendments proposed in this bill. This government, in its letter of November 15, 1935, to the Secretary of State of the United States, declares that:

(c) In the case of any value for duty which may be established under the authority of section 43, other than those provided for in schedule I of the trade agreement signed today, opportunity will be afforded for appeal to the tariff board respecting any such value in order to ascertain and make public the finding whether, to what extent and for what period, such value may be required to prevent the importation of the goods into Canada from prejudicially or injuriously affecting the interests of Canadian manufacturers and producers.

That letter from the government of Canada to Mr. Hull, Secretary of State of the United States, did not override the well considered policy of successive governments in Canada with regard to hearings before the successive tariff boards. It is quite consistent with that letter that an opportunity should be afforded to any dissentient to appeal to the tariff board and that, as hitherto, an inquiry should be had by the tariff board, a report made by that board to the minister, and that report laid upon the table of the house, leaving parliament free in the exercise of its discretion as to the extent

[Mr. Cahan.]

to which that report and that finding should be enacted in the customs legislation of Canada. In other words that letter merely implied that an opportunity would be afforded for an appeal to the tariff board in respect of the value for duty fixed by the minister under section 43, subsection 1, and that the finding of the tariff board would be available for the consideration of the minister and of the government. There is no suggestion in the letter of November 15, 1935, that the tariff board would be empowered to make a final decision overruling the decision of the Minister of National Revenue previously given under the authority of an order in council of his government. But when the government came to consider the controversy which had arisen with the Japanese government it made concessions to the Japanese government which are not in accord with the policy which the previous governments of this country have hitherto followed in relation to investigations and reports by the successive tariff boards. In order to comply with the demands of the Japanese government the Prime Minister went further, and without legislative authority, without any suggestion that parliament had any right or discretion in the matter, he gave a pledge which I suggest is unprecedented in any previous government's dealing with the Customs Act and the customs regulations of this country.

The letter of December 26, 1935, from the Prime Minister to the Japanese government contains the following:

Sir,—I have the honour to inform you that the Canadian government, in accordance with its general policy respecting trade and tariff matters, has decided to make the following modifications in its customs regulations.

I suggest that if that had been an accurate statement it would have read: "I have the honour to inform you that the Canadian government, dealing in an unprecedented manner with the general policy which has hitherto prevailed respecting trade and tariff matters, has decided to make certain modifications in the customs regulations," for the special benefit and advantage of Japanese producers and exporters.

The letter proceeds:

Opportunity will be afforded for appeal to the tariff board of Canada respecting any value for duty which may in future be established under section 43 of the Customs Act. In the event of such an appeal the value for duty in force will, upon the expiration of three months after the date of appeal, cease to have any force or effect unless the tariff board, following a public inquiry, finds that such value or some lower value is required to prevent the importation of the goods into Canada from prejudicially or injuriously