

Mr. CAYLEY: As regards the latter part of this article which refers to the possibility of duties on foreign tobacco being reduced, the minister spoke of that as not being important. Might it just as well have been left out entirely?

Mr. STEVENS: The British regulations protect us fully in regard to the 99 per cent drawback on foreign tobacco being manufactured in Canada and then being exported, so my hon. friend need have no fear on that point. My officers have looked up the regulations in regard to that and I am assured that is correct.

As regards the suggestion to leave out this last phrase, I would say this to my hon. friend: If he will look at it in a broad and general way, it is clear to me that the British delegates said this: The practice has been in Great Britain for many years to charge a rate of duty running around nine shillings a pound. If I have the date correctly, 1925, eight years ago, Great Britain extended to empire countries a preference of forty-nine cents a pound, or approximately fifty cents. They carried that on in perfect good faith during that period of eight years. They now say to us: We will extend that for ten years—and they do so—but ten years is a long period and I suppose that the British delegates felt that it was reasonable to say that should in the future the British duty fall below 2s. 0½d., which was the spread, then the full amount of the duty, whatever it might be, would be the spread, because it merely sets the thing in an accurate light. But in the face of all the evidence we have before us and the practice and custom of all countries in dealing with duties on liquors and tobacco, there is very little likelihood of that coming up.

Mr. GOTT: Will the minister assure the tobacco industry that there will be no chance of importing raw leaf from the United States, receiving the 99 per cent drawback, manufacturing the raw leaf and shipping it into Great Britain?

Mr. STEVENS: All I can say to my hon. friend and all I think it is reasonable to ask me to say is that the British regulations do not permit it at the present time and there is no indication that there will be any change in those regulations.

Mr. GOTT: Only through the words as contained in the article: "Or manufactured in Canada."

Mr. STEVENS: More than that. The hon. member will notice in the article it refers to this:

Grown, produced or manufactured in Canada, the existing margin of preference over foreign tobacco.

Foreign tobacco is emphasized in this clause.

So long, however, as the duty on foreign unmanufactured tobacco—

Again it is emphasized. My point in that regard is that the clause in itself provides sufficient protection, but if the hon. gentleman or any other hon. member questions the clarity, shall I say, of the language used in the clause, then I fall back on the British regulations and say that they, at the present time and as they have been throughout, would not permit and clearly protect the Canadian grower of tobacco against the contingency which he fears.

Mr. CAYLEY: Has the minister those regulations that we may know beyond doubt?

Mr. STEVENS: For me to elucidate the British regulations fully is, I confess, very difficult. We must bear in mind that in Great Britain they operate their tariff provisions in a manner different from ours. The Imports Duties Act, the McKenna Duties Act and the other various acts are separate statutes. Then they clothe the board with certain powers and that board passes regulations from time to time. I could plough through the different acts and so forth, but frankly, I believe the committee would be very much bored if I were to do so. I shall read part. This is a document known as Notice 27A, dated August 23, 1920, dealing with "Preferential duties of customs in Great Britain and Northern Ireland on goods consigned from and grown, produced or manufactured in the British Empire." I submit, Mr. Chairman, that it would be doing an injustice to the committee for me to read this at length.

Mr. CAYLEY: Might I just ask this question? Is any distinction made between manufactured tobacco, Canadian grown, which is exported to Great Britain, and manufactured tobacco, partly Canadian and partly American, which is exported to the British market?

Mr. STEVENS: Great Britain from time immemorial has put sugar and tobacco, both of which are very important items of revenue for Great Britain, into the same category, and they do not allow the mixing of either sugar or tobacco empire grown with the foreign product. In order to earn the preference it must be an empire product.