

Inquiries of the Ministry

Lambton West as to the action being taken by the Department of National Revenue in the light of the announcement of the United States government's policy of subsidizing exports of cotton. Section 6 of the Customs Tariff provides for the application of dumping duty on imported goods of a class or kind produced in Canada where the selling price to the purchaser in Canada is less than the fair market value as sold for home consumption in the country of export. On July 25 instructions were issued to all collectors of customs requiring them to alert their appraisers to the present situation and to require extra vigilance with respect to imports of these commodities. I shall now read the instructions and place them on the table. They are as follows:

Value for Duty Cotton Textiles

For some time, there has been a two-price system in the United States for raw cotton. Manufacturers in that country have been required to pay a price for their supplies of raw cotton that was approximately 6 cents per pound higher than the price at which similar cotton was sold for export.

Beginning August 1, 1956, United States exporters of yarns, fabrics and manufactured articles made from cotton will be eligible to claim an equalization payment from their government based upon the estimated amount of cotton used in the manufacture of the goods and the difference between the United States domestic price and the export price of raw cotton.

This arrangement could enable exporters to sell their products to Canada at prices below the fair market value obtaining on sales in their home market. It will, therefore, be necessary for appraisers to exercise extra vigilance. All entries of goods from the United States containing cotton are to be taken subject to amendment and careful attention is to be given to ensure that invoice descriptions are adequate and certified fair market values are in compliance with the law.

In respect to any importations where the appraiser considers investigation by the department is warranted, a copy of the invoice and, where possible, a sample of the goods are to be promptly forwarded to the department. Samples of fabrics should not be less than 12 square inches in area and should be large enough that the pattern may be identified. In each instance, where invoices are submitted, the importer should be advised that the value is being inquired into and amendment of the entry and any subsequent entries of similar goods may be required at a later date.

WATER RESOURCES

WATER LEVELS OF LAKE MICHIGAN

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Is the minister now prepared to answer the questions asked by the hon. member for Lambton West on Tuesday and Wednesday, of this week with respect to diversion of the waters of lake Michigan?

[Mr. McCann.]

Hon. L. B. Pearson (Secretary of State for External Affairs): Yes, Mr. Speaker; I have the answer here in reply to both those questions.

A bill providing for temporary diversion of an additional 1,000 cubic feet per second of water from lake Michigan to the Illinois waterway for experimental purposes for the aid of navigation and for a period of three years was passed by the United States congress in Washington in the session which just recently ended. The President, however, according to our information, has not yet taken any action with regard to signing that bill or vetoing it.

By the definition in the boundary waters treaty of 1909, lake Michigan is not a boundary water. It does, however, come within the scope of the treaty because article II makes specific reference to "all waters which in their natural channel would flow across the boundary or into boundary waters", as is the case with lake Michigan. The interpretation of article II is a rather complicated matter and I think it would not be very useful for me to go into it now. It was, however, discussed at some length in the standing committee on external affairs in 1955. It appears that the proposed diversion of the waters of lake Michigan would not come under the jurisdiction of the international joint commission unless it was referred specifically to it.

The Canadian government expressed its views to the United States government on the proposed additional diversion in a note dated February 13, 1956, which was tabled in the house on March 8. In this note Canada took the attitude that the enactment of the proposed legislation would be prejudicial to the navigation and power interests of both countries. By doing so we have already expressed our concern with regard to it.

In so far as the other question was concerned regarding the Long Lac-Ogoki diversion, I should point out that Canada consulted the United States concerning this diversion into lake Superior, because the effect of this diversion was to increase the total amount of water at Niagara, and Canada wished to receive due credit for that increase in the arrangements for the division of water at Niagara for power purposes. This being a diversion into boundary waters and not out of boundary waters, it did not require agreement between the two countries under the boundary waters treaty, though a special agreement was reached and embodied in the Niagara treaty of 1950.