

dian customs house, they are for custom-purposes a direct shipment. You may confuse the thing as much as you like geographically and otherwise; you may argue that if the word 'direct' is used there, that you cannot bring goods from the West Indies through foreign territory, that territory being the United States. That is not the case; in the customs vernacular and in the meaning of the customs laws, the word 'direct' indicates that the shipment must come through from the country of production without breaking bulk, under the regulations which must govern the mode of entry. If you desire to confuse the thing with a geographical idea of directness, you can argue it for a night and a day or longer; but I think simple minded men, and men who look at it from a business point of view, quite understand the work and practice as it has been for years as to what we call direct shipments from a customs point of view.

Mr. MACDONALD: Does the hon. minister propose to put in an interpreting clause to define what it means?

Mr. LOGGIE: Assuming that I am a commission merchant in Montreal, I buy a carload of sugar from the West Indian Islands, and I have customers for sugar in Canada and the United States as well, when the car of sugar arrives in New York, I tell my broker to put it in bond; then I find that I can make more profitable sale in Montreal than I can in New York, and I order my broker to forward the goods from the bonded warehouse on to Montreal. May I ask the minister if I shall only have to pay the duty less the twenty per cent, which reduction I would be entitled to providing the shipment came direct to Montreal?

Mr. FOSTER: If my hon. friend had bought those goods in the West Indian Islands, and shipped them through by way of New York in bond—

Mr. LOGGIE: Placed them in a bonded warehouse?

Mr. FOSTER: The bonded warehouse might be a car or anywhere else. Supposing in this case you put them into a bonded warehouse under bond and seal, and kept them there for transmission to Canada; if you did that and they came through to Canada in the end, under the time restrictions that the customs law imposes—I do not know whether they allow six months or a year or two years, but they must adhere to the law—then I think you would be perfectly entitled to the reduction in duty of one-fifth. If you take them into New York, enter them at the New York customs house, and put them in a New York bonded warehouse, then when you

take them out, you have got to pay the duty on them as United States goods if you distribute them in that way.

Mr. GERMAN: I would like to know where the hon. minister gets that interpretation in clause 2 of the agreement. I am not particularly interested in the word 'direct.' If the word 'direct' in the Bill makes any change in the agreement, then that word is ineffective, because this Parliament cannot change the terms of this agreement; that is very certain. I think the hon. Minister of Trade and Commerce will agree with that, and I think the Minister of Justice will bear me out in that, that this Parliament cannot change the terms of this agreement, or the interpretation. The hon. gentleman says that if the duty is paid on a consignment of goods coming from the West Indies to New York, that those goods then cannot come into Canada under this four-fifths arrangement. There is nothing in the agreement which says that, or, in my opinion, which means that. It says, 'Goods enumerated in schedule B being the produce or manufacture of any of the above-mentioned colonies, imported into the Dominion of Canada.' It does not say, 'imported from the West Indies,' but, 'imported into the Dominion of Canada.' Suppose a merchant in the West Indies sends a consignment of rubber the produce of one of the islands enumerated in the treaty, to New York, and pays duty on it there, expecting to sell it. But he finds he cannot sell it profitably in the United States and wishes to send it to Canada. Will the Minister of Justice, or will any legal gentleman on that side, say that under the agreement he cannot send it in in the basis of four-fifths the duty? The rubber does not become United States goods because it goes into the United States. Under this agreement the owner can send it here under four-fifths duty. I venture to say that that is the interpretation the Exchequer Court would put upon this agreement if the matter were referred to it for its decision.

Mr. LALOR: As I understand the hon. member for Welland, he contends that if these goods go into the United States and are there taken out of bond, they still remain goods of a foreign country.

Mr. GERMAN: It does not say 'goods of a foreign country.'

Mr. LALOR: Well, goods of one of the West India Islands covered by this agreement. Surely, when goods go into the United States and are taken out of bond and the duty is paid on them, they become American goods, just as, when a citizen of this country goes to the United States and takes the oath of allegiance there, he becomes an American citizen. Of course,