

Hon. Mr. HAIG: Has that preference gone?

Mr. McKINNON: The apple preference in the United Kingdom has gone.

Hon. Mr. DAVIES: What did it amount to?

Mr. McKINNON: The delegation was guided by certain considerations, such as this: That at the present time and probably for some time in the foreseeable future, the United Kingdom might not have the dollars to buy apples, even Canadian apples; secondly, that during the past decade or two the United Kingdom has become a tremendous producer of apples. I would not say positively to what extent, but I should not be surprised if to-day the United Kingdom was a greater producer of apples than Canada. Certainly there are in that country orchards that exceed by far the acreage of anything I have seen in Canada.

The CHAIRMAN: Are they able to produce enough for their own use?

Mr. McKINNON: I believe that they could produce this year all their requirements; they would not need to import a single apple. Apart altogether from considerations of exchange and trade agreements, they would not need to import an apple for their own use this year. The extent to which the orchards in Devon, Cornwall, Somerset and Norfolk have been developed is simply amazing. We had to keep in mind the consideration that we were dealing, as Mr. Deutsch intimated yesterday, with the livelihood of our people. The fact was that the United Kingdom market was becoming not only less attractive in that sense, but probably less real as regards the benefit of the preference; that is, in view particularly of the fact, in the short term, that she had no money with which to buy apples; and, in the long term, that it seems to be her policy to become self-sufficient in apples.

We had therefore to face, Senator McDonald, the question whether or not the preference was, in the light of all the concessions we were getting, worth retaining at any cost. We came to the conclusion, in the light of all the developments, that the best we could do was to attempt to get new markets for apples and to get as many concessions in other countries as we could.

Hon. Mr. McDONALD (*King's*): Just on that point, Mr. McKinnon, was there any pressure by the United States or any other nation as to the elimination of this particular preference?

Mr. McKINNON: No more pressure than was brought to bear by the United States in respect to many preferences. When we began negotiations the United States sought the elimination of all preferences. As that became obviously impossible, they demanded a substantial elimination of preferences, and then finally came to a demand for reduction of preferences. Naturally, in the trading they put emphasis on particular preferences and this was one of eight or ten which received special consideration. The negotiators having decided that this was one preference we might have to let go—and of course these terms are still subject to consideration by parliament, and our judgment may not be confirmed—we attempted to get as many concessions for apples as we could.

Hon. Mr. HAIG: In other countries?

Mr. McKINNON: Yes, in other countries. We got the duty reduced in the United States from 15 cents to 12½ cents. That does not sound very substantial. I could make it more pretentious by giving it in percentage.

The CHAIRMAN: That is per one hundred pounds?

Mr. McKINNON: Per bushel of 50 pounds. Since this reduction, our tariff is three times the United States duty. It does not seem that 12½ cents on fresh apples is a very substantial barrier with respect to exports from Canada to that market. In addition, we secured a reduction in the duty on fresh apples in