

together with the original Geneva and Annecy tariff concessions, will be incorporated in a new set of tariff schedules which will run until January, 1954.

Canada will have an opportunity at Torquay to negotiate for further tariff reductions with the United States, the other participants in the Geneva and Annecy agreements, and also with a number of new countries. While the United States will, on this occasion, still be governed by the Reciprocal Trade Agreements Act which empowers the president to reduce tariffs by not more than fifty per cent of the 1945 rates, there is a considerable number of important items on which further concessions may be made.

I believe that in the present conditions of unbalanced world trade, the success of the Torquay conference will depend largely on the leadership given by the United States. If the United States is prepared to make significant tariff reductions, I am confident that these coming trade talks will make an important contribution to the restoration of a saner trading world. We in Canada are not unmindful of our own responsibility, and I can say that we will take this opportunity to consider appropriate adjustments in our customs tariff which should contribute to a better balance in our trade with the United States, the sterling area and western Europe.

In view of the important tariff negotiations which are scheduled to commence in a few months' time, the budget resolutions relating to the customs tariff which I am tabling contain very few changes in so far as customs duties are concerned, but in order to facilitate the compilation of a new consolidation of the Customs Tariff, several hundred items have been renumbered and rearranged covering products in respect of which changes have been made in recent years as a result of tariff negotiations at Geneva and Annecy. These items which are shown in resolution 3 continue rates of duty that have been in effect for several years, except in the case of tin plate, on which the British preferential tariff is being increased from free to 15 per cent ad valorem. During the negotiations at Geneva in 1947 the elimination of this British preference, coupled with a reduction in the most-favoured-nation rate from 17½ to 15 per cent, was agreed to by the British and ourselves as an essential part of the bargain by which we obtained very important concessions in the United States tariff, and at that time Canada gave an undertaking to make this increase effective as soon as the necessary legislation could be enacted. It is proposed that resolution 3 go into effect on June 1, 1950.

My other tariff proposals, which for the reason mentioned are of only minor significance, are included in resolution 2. The tariff is being reduced on dates for packaging and on compounds imported mainly from the United Kingdom for the manufacture of phonograph records. The other changes are mainly for the purpose of facilitating administration, and the elimination of obsolete phraseology. Somewhat related to this latter category is an amendment being proposed in connection with the tariff item covering biological products. For some years the administrative authorities have held that penicillin and similar antibiotics were dutiable as chemicals. An importer appealed this ruling and his appeal was allowed by the tariff board. The decision of that board is now before the exchequer court. The whole field is one in which there have been important technological and industrial developments in recent years, and there is a need for investigation of all the pertinent