

Hon. Mr. KING: Would not the same facilities be provided in the free zone, so that you would know the proportions of the various raw materials that go into the manufactured articles?

Mr. LENNIE: That would be a tremendous task.

The CHAIRMAN: No. There would be a certificate as to the contents. At the free port books would be kept showing all the raw materials received and the countries from which they come, and the manufactured articles into which they go.

Hon. Mr. BEAUBIEN: When goods are imported into this country from Great Britain, in order to be classified as British, a certain proportion of their contents must be British, must they not?

Mr. LENNIE: Yes.

Hon. Mr. BEAUBIEN: How do you establish that?

Hon. Mr. MURDOCK: Percentage of content.

Hon. Mr. BEAUBIEN: How do you establish that?

Mr. LENNIE: We get a certificate in the first place from the exporter. And of course the department always claims the right to investigate in any case of doubt.

Hon. Mr. BEAUBIEN: Suppose I am a manufacturer in a free zone, and my manufactured product consists of raw materials from Great Britain fifty per cent, raw materials from somewhere outside the British Empire twenty-five per cent and Canadian raw materials twenty-five per cent. Then if I want to sell my product in Canada and I come to pay duty, do you think your problem will be different from that which faces you when you have to decide as to the proportion of British and foreign materials in goods coming from Great Britain under the preferential tariff?

Mr. LENNIE: Yes. In the case of goods imported from Great Britain, they were manufactured or grown there, in whole or in part. But in any event, the article as it comes here is completed, and that is the article on which duty is applicable. But in the case of goods manufactured in a free zone, the raw materials may be coming from a number of countries, including Canada. Now, how are you going to charge duty on that article when it comes out of the free zone for delivery in Canada?

Hon. Mr. BEAUBIEN: In an article that comes into Canada from Great Britain there may be a certain proportion of British and foreign materials and of British and foreign labour. But the completed article comes to you for assessment of duty, and you have to find out whether in fact the manufacturing was done in Great Britain?

Mr. LENNIE: Yes.

Hon. Mr. BEAUBIEN: In a free zone the manufacturing would be carried on right under your eyes, and when the completed article was presented to you for assessment of duty you would know just what proportion of foreign material and of Canadian material it contained. So far as you are concerned, what difference would there be between assessing goods coming from Great Britain and goods coming from the free zone?

Mr. LENNIE: My point is this. The free zone, after all, would be a part of Canada—

Hon. Mr. BEAUBIEN: For customs duties it would not be.

The CHAIRMAN: It would be a part of the world.

Mr. LENNIE: But it would be in Canadian territory, anyway. As I understand it, goods could come in there without any record being made by the Canadian customs at all.

The CHAIRMAN: No, you are wrong. Books would be kept at the free port in such a way that your officers could control everything.