

policy, and after consultation with United States Officials, a new arrangement of items under export control was established by P.C. 4638 of September 25, 1950. Effective October 1, items under export control were divided into two schedules. In Schedule 1 63 short supply and atomic energy items were placed under control to all destinations, including the United States. In Schedule 2 113 items were placed under control to all destinations other than the United States. Schedule 2 parallels the United States export control list, and by placing these items under export control in Canada it is possible to maintain the free movement of goods from the United States to Canada and, at the same time, ensure that United States shippers, by means of shipping through Canada, do not evade United States Export Control Regulations.

4. In connection with the European Recovery Program of the United States it became necessary to seek Parliamentary approval for the establishment of complete export control on all shipments to European and Mediterranean areas. Under authority of Chapter 16 of 1945 of the Statutes, area control was established in respect to 48 areas. Subsequently, in order to conform with export controls extended by the United States to include Far Eastern countries, 16 countries including Korea, China and Hong Kong were also placed under area control by Canada by Order in Council P.C. 6562 of December 29, 1949. [These controls were more precisely defined through the addition of six areas, by Order in Council P.C. 4637 of September 25, 1950. In order to minimize the inconvenience of such restrictions, General Permit #1597, issued to the Customs and Excise Division of the Department of National Revenue, continued in force. This General Permit allows non-essential items to move freely, without the necessity of obtaining individual export permits, to all destinations with the exception of Hong Kong, China, Macau, Korea and Manchuria.]

5. During the year the Export Permit Branch recovered equalization fees in the amount of \$2,834.43 for the Canadian Wheat Board.