

An explanatory memorandum had been circulated.

(Cabinet Defence Committee memorandum, Nov.4, 1946 - Cabinet Document 352).

6. The Cabinet, after discussion, approved arrangements along the lines indicated for the assumption by the B.C. government of normal responsibilities along that portion of the Alaska Highway lying within that Province.

International Trade Organization; forthcoming meetings;
Cabinet and Interdepartmental Committees
on External Trade Policy

7. The Secretary of State for External Affairs, referring to the discussion at the meeting of September 12th, 1946, reported that, as a result of the recent meeting in London of the Preparatory Committee on Trade and Employment, Canada along with other nations had undertaken to inform the United Nations as to the date selected as a basis for negotiations on preferential tariff margins.

In this connection, the U.S. government had in mind the pre-war margins of 1939. In Canada, unilateral wartime reductions in duty had been granted to the United Kingdom with the result of completely removing the tariff on many important items and reducing the rates on others. This wartime regime, however, could be brought to an end at any time by Order in Council under the War Exchange Conservation Act.

It was evident that Canada would be in an extremely unfavourable bargaining position in the forthcoming tariff negotiations with both the United Kingdom and the United States unless the 1939 scale of duties were restored. At the same time, it would be undesirable to return to pre-war tariffs which would hamper the movement of British goods to Canada and make it difficult or impossible for the U.K. government to meet their financial obligations to this country.

Accordingly, it was proposed that the Governor in Council authorize the issue of a proclamation providing for termination of the relevant provisions of the War Exchange Conservation Act as of June 30th, 1947, thus returning tariff rates to the 1939 level. At the same time, the United Nations would be informed that the Canadian base for tariff negotiations would be the immediate pre-war period. In the event that negotiations

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