

States could still export those goods to the province of Ontario, and Ontario could in turn freely send them into the province of Quebec. In that way I should think they could evade the tax.

Mr. DEUTSCH: That is one way.

Hon. Mr. BOUFFARD: There is nothing to prevent the province imposing a tax on commodities now coming from the province of Ontario.

Hon. Mr. MORAUD: It goes to a question of an interpretation of the B.N.A. Act. We have the absolute right to impose sales tax, whether it be on domestic goods or not; we would still have that right, regardless of whether another nation might launch a complaint to the federal government.

Mr. DEUTSCH: Mr. Senator, if a case like that arose, I think another country would complain and Canada would be required to explain why this was being done. If the organization felt that Canada should stop taxing in that way, then it would be a matter to be settled between the dominion and the province. As to how it would be settled, I cannot say.

Hon. Mr. MORAUD: We are now taxing gasoline, and a good many other things.

Mr. DEUTSCH: There is no question, Mr. Senator, but that the province has the right to apply the sales tax. We are not questioning that.

Hon. Mr. KINLEY: That is direct taxation.

Mr. DEUTSCH: Yes. In the case of gasoline, the province is not making a distinction between imported and domestic gasoline. Under those circumstances that is permitted, and there is no difficulty about it.

The CHAIRMAN: If there are no further questions to be asked of Mr. Deutsch, we will drop the matter so far as the charter is concerned. We have the agreements themselves to deal with; Mr. McKinnon will give us information as to the tariff concessions Canada is making, and Mr. Kemp, of the Department of Trade and Commerce, as to the concessions which we are receiving. Is that correct, Mr. McKinnon?

Mr. MCKINNON: That is right.

The CHAIRMAN: In accordance with the wish of Mr. McKinnon, I should say at the outset that he will make a brief statement.

Mr. MCKINNON: Mr. Chairman and honourable senators, Mr. Deutsch has explained the meaning and terms of the charter, which of course as he stated yesterday is a draft charter; it will remain a draft charter until it is disposed of one way or another at Havana. Mr. Deutsch also made clear a most important point in the charter, namely, the relationship of the charter itself to the abridged but very useful edition thereof, known as the General Agreement; in other words, he has explained the law in the matter as it exists at the moment, and as I understand the wish of the committee, it is to examine now the application of the law in detail. It might make it easier for the committee to decide upon the method of technique in questioning if I said a few words about the manner in which the tariff negotiations as such were conducted in Geneva.

While the draft charter and general agreement to which Mr. Deutsch alluded yesterday and again today, were being hammered out, so to speak, in various committee rooms, the detailed tariff negotiations among the countries represented at Geneva were also taking place. Each delegation representing the countries comprised officials who gave their time entirely to the charter and the text of the agreement; there were also officials who put their entire time on the matter of negotiating tariff arrangements with other countries. A word or two about the atmosphere might be useful.

Many of the larger countries had quite big delegations and had a considerable number of tariff negotiating teams, by reason of which they could negotiate