

There are some miscellaneous provisions which it may not be necessary to refer to now in any detail. They are designed to correct certain unworkable or undesirable features of the act as it exists at the present time, and can be discussed more fully in committee.

There is, however, one class of amendments to which I must refer specifically. Those are the amendments which refer to the territorial waters of Canada. The bill as printed defined the territorial waters of Canada for certain purposes, but after the bill was printed certain representations were made on behalf of the government of the United Kingdom, and as a result and on a further consideration of the amendments by the department it has been decided not to put forward those amendments at the present time. A motion will accordingly be made for the deletion from this bill of the sections which have to do with the territorial waters of Canada. It may and probably will be necessary later in the session, when the matter has been more fully considered, to introduce a bill into this house which will deal thoroughly and fully and satisfactorily with that question. It is one which presents a great many difficulties and has a great many ramifications, but at the moment it is not proposed to ask the house to enact the sections which refer in any way to the territorial waters of Canada.

I think, Mr. Speaker, that that is all I need to say at this stage of the legislation. If the house desires to go fully into these various sections, it can be done in committee of the whole.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, the Minister of National Revenue (Mr. Ilsley) has referred to the most important amendments to the Customs Act which are proposed in this bill. As stated by him, they are the repeal of section 36, subsection 2, of the Customs Act, the repeal of section 37, the amendment of section 41, subsection 1, clause (e), and the addition to section 43 of a new subsection 3.

I shall not refer to the sections dealing with the Territorial Waters Act because I understand from the minister that these sections will be struck from the bill and a new bill will probably be introduced this session dealing with these matters, when there may be a full discussion. Otherwise I should have dealt with them at some length.

The amendments which are now proposed, as the minister states, are proposed to carry into effect two collateral agreements made by this government, one with the government of the United States, which is collateral to the trade agreement made with that country, and the second to an agreement made by

[Mr. Ilsley.]

the Prime Minister, as Secretary of State for External Affairs, with the government of Japan.

The minister has read the letter of Mr. H. H. Wrong, Canadian Chargé d'Affaires, addressed to the Hon. Cordell Hull, Secretary of State of the United States, dated November 15, 1935, and the extract from that letter to which I desire particularly to refer is this:

I am directed by the Secretary of State for External Affairs to state for the information of your government that it is the intention of His Majesty's government to invite parliament at its next session to enact legislation amending the provisions of the Customs Act presently fixing the methods of determining the value of merchandise for duty purposes, . . .

The house will note the deference to parliamentary institutions and to the rights of parliament in this letter, which states that it is the intention of the government to invite parliament at its next session to enact certain amendments to the Customs Act, but in another letter which I shall read shortly, addressed to the Japanese government, it will be noted that that condition is omitted from the letter. This implies that the collateral agreement made with the United States is subject to the approval of parliament, but it will be noted later in the Prime Minister's letter to the Japanese government, which was in part read by the Minister of National Revenue, that no such reservation of the rights of parliament is made, and that the Prime Minister in his letter to the Japanese minister assumes to exercise supreme authority without reference to or regard for the legislative jurisdiction of the parliament of Canada. This, as will appear later, is a very significant omission in the letter addressed to the Japanese minister.

In order that we may more clearly understand the nature of these amendments I shall refer to certain sections of the existing Customs Act. Section 36, subsection 2, of the present act, reads as follows:

(2) Provided that the value for duty of new or unused goods shall in no case be less than the actual cost of production of similar goods at date of shipment direct to Canada, plus a reasonable advance for selling cost and profit, and the minister shall be the sole judge of what shall constitute a reasonable advance in the circumstances and his decision shall be final.

That provision with regard to the exercise of a certain judicial discretion by the Minister of National Revenue has characterized our customs legislation for many years past. The change proposed in the letter of the Canadian chargé d'affaires of November 15 last to Mr. Hull is as follows:

(a) The value for duty established under authority of section 36 (2) will not include