

The CHAIRMAN: They put it only on imports.

Mr. DEUTSCH: On imports.

The CHAIRMAN: In terms of *ad valorem* duty it would run very high, but the people did not know it.

Hon. Mr. BUCHANAN: As a result of our trade negotiations, what has taken place that would develop our trade with South American countries?

Mr. KEMP: There were only two South American countries represented at Geneva: Chile and Brazil. Neither of those countries has as yet put the new rates into effect. As to the remaining South American countries, we look with hope to the results of the Havana conference and the possibility that these countries will see fit to join the organization.

Hon. Mr. HAIG: I do not wish to embarrass you, but have you any report on the Havana conference as to what progress is being made?

Mr. McKINNON: The discussion at Havana relates to the principal clauses of the general agreement rather than tariffs. Mr. Deutsch could answer your question.

Hon. Mr. HAIG: What progress is being made, Mr. Deutsch?

Mr. DEUTSCH: It has been very difficult, sir; the main trouble, as Senator Robertson said at the outset has been the right to use the quantitative restrictions for protective purposes. That has been the main difficulty. The Geneva agreement, as you know, Senator, does not permit the use of quantitative restrictions. Many of the countries at Havana wish to obtain the right to use them, and that question has been a difficult one. At this stage of the conference it is still not solved.

Hon. Mr. HAIG: If the Havana conference fails does the agreement which you have made with certain countries still stand?

Mr. DEUTSCH: Yes.

Hon. Mr. HAIG: There is no danger, for instance, that the agreement you made with the United States would not stand?

Mr. DEUTSCH: Even if Havana were not to succeed, the agreements with the eight countries would continue. I must point out, Senator, that none of the countries have as yet ratified it, and I cannot say what their parliaments will do.

The CHAIRMAN: With respect to the United States, the President has the power to act without referring it to Congress?

Mr. DEUTSCH: That is perfectly true, but while the United States has signed the protocol of provisional application, and the President has full power to ratify, he has not yet done so.

The CHAIRMAN: Is there any danger that he may not?

Mr. DEUTSCH: No, I should think there would be no danger of his not doing so, if all the other countries do. We do not expect any of the countries to fail to ratify, but their parliaments still have to act.

Hon. Mr. BUCHANAN: Did I understand you to say that there is a much larger representation at the Havana conference than there was at the Geneva conference?

The CHAIRMAN: Yes. There were twenty-three countries represented at the Geneva conference and there are fifty-seven represented at the Havana conference.

Hon. Mr. BUCHANAN: Is there a greater representation from the South American countries?

Mr. DEUTSCH: Yes, every South American country is represented at Havana.

Hon. Mr. BUCHANAN: Were they invited to Geneva?