

Mr. NOWLAN: The value of a second, of course, is a difficult problem. We have to use some yardstick in determining it because these seconds arrive in all sorts of conditions and you cannot determine it on the fair market value the way you can the prime goods, because of the fact that they sell them. They get rid of them. Accordingly, within the last six weeks or two months we saw something of that and we went over the whole problem. We fixed arbitrary discounts at which the seconds could be imported into Canada below the fair market value. We found that these discounts had been running very, very high and that the manufacturers of the seconds were sending them in here at very substantial discounts. As a result, it was impossible to apply the fair market value. The minister fixed the discount on five principal classes. I have not the names, but my officials are finding them for me. Here they are now: cotton sheets—discount 5 per cent; cotton pillow cases—discount 5 per cent; twill and drill cloth—discount 5 per cent; clothing, sateen—5 per cent; and denim—10 per cent.

Mr. BENIDICKSON: What was the previous situation?

Mr. NOWLAN: They varied, but we are told they ran as high as 25 per cent.

Mr. BENIDICKSON: But did you have an equivalent arbitrary administration discount?

Mr. NOWLAN: No, not before that.

Mr. McILRAITH: In dealing with the difficulty you spoke of a few moments ago in determining the value of the goods produced in Japan, are you seeking to deal with that under the customs legislation or under the Japanese trade treaty?

Mr. NOWLAN: As far as we are concerned, of course, we deal under the customs legislation; but also, of course, it is governed by the treaty as well. We have to recognize the fact that the treaty is there. We are responsible directly for customs, but within the framework and ambit as laid down by the Japanese treaty.

Mr. McILRAITH: That particular treaty gave the country some extraordinary remedies, not usual in trade treaties, along the line of rights which are similar to those we have under the customs legislation. To what extent does your department seek to exercise these rights under the trade treaty?

Mr. NOWLAN: I am certainly not an expert on the detailed administration of the legislation, as is very obvious. However, Mr. Sim has advised me that we have not had a specific case where the machinery has been invoked under the Japanese treaty.

Mr. McILRAITH: I have one other question, Mr. Chairman. It is a question which I wanted to follow up in regard to hog bristles.

The CHAIRMAN: Would you proceed now?

Mr. McILRAITH: Concerning the importation of hog bristles from China for brushes, are you familiar with the circular letter that was sent to the members of the House of Commons on this subject?

Mr. NOWLAN: Concerning the East-West importation?

Mr. McILRAITH: Yes.

Mr. NOWLAN: I saw that letter the other day; it was on my desk.

Mr. McILRAITH: Well it seems to me that it made some rather extensive allegations about the rulings being made retroactive, and I am wondering if it would be agreeable to you to bring before the committee, at the next sitting, all the orders passed in the past year or so on this subject under the customs legislation. We would then be in a position to answer the allegations made in that letter. It seems to me it could be explained and dealt with.