

The CHAIRMAN: And it still is that way?

Mr. KEMP: Yes, it still is that way. The duty is bound and there is no quota.

Hon. Mr. BEAUBIEN: What about pure bred cattle for the improvement of stock?

Mr. KEMP: They go in free of duty if registered.

Mr. McKINNON: We have the same provisions for pure bred cattle.

Hon. Mr. CRERAR: What about powdered and condensed milk?

Mr. KEMP: The United States import duty on skim milk powder is reduced from 3 cents per pound to  $1\frac{1}{2}$  cents per pound. The former rate for whole milk powder was  $6\frac{1}{12}$  cents, the effective net rate is  $3\frac{1}{160}$  cents per pound. The United States import duty for cream powder is reduced from  $12\frac{1}{3}$  cents to  $6\frac{1}{5}$  cents per pound, and for lactose the rate is cut from 50 per cent to 25 cent ad valorem. The concession on butter imported into the United States was granted to New Zealand, but it is also of interest to us. The rate was reduced from 14 cents a pound to 7 cents a pound on a tariff quota of 50,000,000 pounds imported during the period November 1 to the following March 31. That quota is open to all countries and is not restricted to New Zealand. Under the agreement Canada benefits from a reduction in the rate on unsweetened evaporated milk from  $1\frac{1}{5}$  cents to 1 cent per pound, and a reduction on sweetened condensed milk from  $2\frac{3}{4}$  cents per pound to  $1\frac{3}{4}$  cents. The duty on buttermilk powder imported into the United States remains unchanged at  $1\frac{1}{2}$  cents.

Hon. Mr. BEAUBIEN: What is the duty on our butter from New Zealand today?

Mr. McKINNON: If I remember correctly, five cents.

Hon. Mr. BEAUBIEN: Did it not used to be 14 cents? In view of these concessions granted by the United States, there must be similar concessions granted by Canada to the United States and also to other countries? Am I right in that thought?

Mr. McKINNON: No; this is simply a reduction in the United States duties on butter, negotiated by New Zealand, but we get the benefit of it should we happen to have the butter to ship.

Hon. Mr. BEAUBIEN: But it does not change the situation with respect to our importation of butter from New Zealand?

Mr. McKINNON: No.

Hon. Mr. ROBERTSON: That is an instance of what Senator McKeen brought up, of our becoming a beneficiary, because of negotiations between the United States and New Zealand without an equivalent reduction on our part. Is that not correct?

Mr. McKINNON: Yes; and probably far more important to us—in hurrying over the agricultural items Mr. Kemp did not mention it—was the reduction to Australia on fresh beef from 6 cents a pound to 3 cents. Should we have the beef for sale, we get the advantage of the 3 cent rate.

The CHAIRMAN: Is it not true that with the price of butter in the United States always being much higher than it is here that with the duty down to 7 cents—if we ever had a surplus of butter in Canada, which we never have—we would apparently develop a United States market we would have to go over only a duty of 7 cents a pound. That is right, is it not?

Mr. McKINNON: Yes, but we have paid nothing there.

The CHAIRMAN: But we always have a scarcity of butter.

Hon. Mr. McKEEN: If we had a surplus of butter, we would have it within that six months period when Australia, which is on the other side of the Equator, would have a scarcity.