

Hon. Mr. CAMPBELL: What did you get with respect to farm machinery going to the United States?

Mr. McKINNON: We are now getting into detail; but farm machinery was already admitted free to the United States. There was one slight fly in the ointment: if I remember correctly, the United States duty on cream separators depends on the value of the separator. Over a certain value it had a certain duty, under a certain value it had a different duty; and it just happened that in respect of the single dutiable item our exporters found themselves sometimes in the wrong value bracket.

We were able to get a very substantial adjustment on that with the result that I think we have the situation on separators amended today to a much greater advantage of Canadian exporters.

The CHAIRMAN: That is reciprocal.

Mr. McKINNON: That is right.

The CHAIRMAN: Are there any further questions to be asked of Mr. McKinnon before Mr. Kemp takes over?

Mr. KEMP, (Director of Commercial Relations Division, Department of Trade and Commerce): Mr. Chairman and honourable senators, a good many of the general remarks that I might have made have been so adequately covered by Mr. Deutsch and Mr. McKinnon that I shall try to cut short what I might have said so as to avoid repetition. However, I should like to make a few general observations.

Among the countries with which we had to deal the most important, of course, from the point of view of the volume of trade involved, was the United States. The United States was also a country which was characterized by a relatively high tariff before the beginning of these negotiations, and from both of these points of view, it had a good deal to offer to us and was naturally in a strong position to ask for concessions in return. It was therefore necessary to make concessions, not only in regard to Canadian tariff rates, but also with regard to preferences enjoyed in various other countries. It was quite obvious that it was necessary for some preferences to be completely eliminated and for others to be cut in order to persuade the United States that it was getting enough out of the agreement, and to make it worthwhile for the United States to make the concessions which it in turn made. I think we have all felt that the concessions made by that country have been very well worthwhile from our point of view.

Mr. McKinnon has pointed out certain restrictions under which the United States negotiators were operating. In the first place there was a restriction that they could not reduce any duty by more than fifty per cent of the amount of the duty in existence on January 1, 1945. Now, if they have already made a reduction of fifty per cent in that rate of duty, I do not believe it would be possible for them to come back under existing legislation and make a further reduction at the present time. Their powers under the existing law were exhausted when they reduced the rate to fifty per cent of that existing at the beginning of 1945.

The CHAIRMAN: Do you mean that there would have to be further legislation in the United States before they could make any further reductions?

Mr. KEMP: I understand that is the case—that fifty per cent of the January 1945 duty was the greatest reduction possible under the existing legislation.

Mr. McKINNON: Perhaps you should add that according to their statutes their temporary power runs out in June of this year. It is not for us to say what they may later do, but the power under which the president has carried on with, say, Canada, in three successive agreements, runs out in June of this year.