

the different countries that have British preferential treatment. Section 3 applies to that and all that are scheduled under that. I think I have made that pretty clear—

Sir WILFRID LAURIER: I do not think the minister has made it clear. In our legislation 'direct' in the Customs Act means direct; it means shipment from one port to another port. If an article exported to Canada does not come directly to Canada but passes through another port it is not a direct shipment, and section 50 gives to the Governor in Council the power of causing certain shipments passing through another country into Canada to be treated as direct shipments. The Act says:

The Governor in Council may provide that in the cases and under the conditions to be mentioned in the Order in Council, goods bona fide exported into Canada from any country but passing in transit through other countries shall be valued for duty as if they were imported direct from such first mentioned country.

That is to say, the Governor in Council has the power, by Order in Council, to give to certain goods which do not come direct to Canada permission to be treated as though they had come directly. That is an exception, it is not the law. The Governor in Council has simply the right to give to an indirect shipment the same privilege as are given to a direct shipment.

Mr. FOSTER: If my right hon. friend has any argument, it amounts to this: You are passing legislation now with reference to this agreement. By the law, if this becomes the law, the word 'direct' is put in and it must come as a direct shipment. That is the statement of my right hon. friend and that it is not a direct shipment when it comes through New York. That is my hon. friend's contention.

Sir WILFRID LAURIER: No.

Mr. FOSTER: And he says it can only be made a direct shipment coming through New York when the Governor in Council has acted on the authority given in section 50.

Sir WILFRID LAURIER: Yes.

Mr. FOSTER: The Governor in Council has acted on the authority given in section 50. The Order in Council allowing for, making valid the carrying out of that kind of direct transfer or shipment has been in operation for almost innumerable years in this country, ever since we had a bonded system, and whatever change is made in the tariff, whatever change is made in a piece of legislation as regards duties upon goods, the Order in Council covers everything, it is the general Order in Council.

Sir WILFRID LAURIER: No.

Mr. FOSTER: Does my right hon. friend contend that we have got to sit down now and make another Order in Council covering this before they can get a direct shipment?

Sir WILFRID LAURIER: I will call my hon. friend's attention to that. I understood my hon. friend a moment ago to say that shipments under such circumstances, coming through New York, were equivalent to direct shipment. I point out to him the fact that it is not the law, but that the Governor in Council may give to certain shipments, under conditions to be determined by him, whether shipped by New York, by Boston, through the whole of the United States, or by any other country for that matter, the same privileges as are given to direct shipments. But that is an exception to the law. It is a special power vested in the Governor in Council. But under the general law a direct shipment is a direct shipment. As I understood my hon. friend, the Governor in Council had long ago given to shipments coming from the West Indies through the United States the privileges given to direct shipment.

Mr. FOSTER: I do not want my hon. friend to confine that to the West Indies. That is a general part of our customs system which has its power under the law, and which is carried out through regulations designed to conduct properly business under the law.

Sir WILFRID LAURIER: The Governor in Council decided that when certain shipments came through the United States, under certain conditions defined by him, those shipments should be given the privileges of direct shipment and also the British preference. That is the power of the Governor in Council. This bill is to ratify an agreement made between two parties, and it has to be ratified as it is. If we were to depart by legislation from the agreement which has been made, our own legislation would have to be ratified and accepted by the other side. This is the way the bill reads now:

There shall be levied, collected and paid, after the said agreement is in accordance with its terms brought into operation, and so long as it remains in force, on all goods enumerated in schedule B to the said agreement being the produce or manufacture of any of the colonies parties thereto, when such goods are imported direct from any British country into Canada or taken out of warehouse for consumption therein if imported as aforesaid, duties of customs.

Does my hon. friend believe that when this has been ratified by this Parliament,