

there is nothing in the form calling for revision. I have explained the only object of the Bill.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND: By leave of the House, I move the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

CANADA-URUGUAY TRADE AGREEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 86, an Act respecting a certain Trade Agreement between Canada and Uruguay.

He said: Honourable senators, the object of this Bill is the ratification of a trade agreement signed in August of last year between Canada and Uruguay. The agreement is for a term of three years, and unless six months' notice is given before the termination of the three-year period it will continue in force until six months' notice is given some time thereafter.

The agreement provides for mutual most-favoured-nation treatment with respect to tariffs which, by the way, are of no benefit to Canada, as I shall explain. It also provides that there shall be no discrimination so far as the application of exchange control or the imposition of quotas is concerned. Preferences to other parts of the Empire are excluded from the operation of the agreement, together with any preferences that may be given by Uruguay to neighbouring countries such as Bolivia, Brazil, Paraguay and Argentina.

The trade with Uruguay is quite small. Canada's sales to that country in the year ended March 31, 1936, were \$368,000, while our purchases from her amounted to \$206,000. Our chief exports are both free and dutiable. The important free exports are newsprint and farm implements, though from the latter should be excepted ploughs. Our dutiable exports are rubber boots and shoes, tires and tubes, automobiles and sewing machines, together with some other small items. The benefits that will accrue to Canada are not, as I intimated previously, by way of tariff concessions, but this agreement accomplishes the removal of what I may call a potential menace so far as our treatment by Uruguay is concerned. A few years ago the Parliament of Uruguay empowered the Government of that country to impose a 50 per cent increase in duty on the countries which did not accord her most-

favoured-nation treatment. That has never been applied against Canada, though it has been applied against some other countries and there was always the possibility that it might be applied to Canada. By this agreement that menace is removed. Uruguay has also agreed not to discriminate against Canada in the application or allocation of exchange control, and, as I mentioned previously, she will not discriminate against us as far as quotas are concerned. That is, we are to receive treatment relatively equal to that accorded any other country.

The benefits that accrue to Uruguay are that she obtains most-favoured-nation treatment as far as our tariff is concerned. After the provisional agreement was signed last August she immediately obtained the benefits of our intermediate tariff. By our grant of most-favoured-nation treatment she gets in addition any benefits that may accrue by reason of the trade agreements that have been made with the United States, France and Poland. She sells to us more particularly canned meats, on which we have reduced the duty from 35 per cent to 30 per cent; wool, on which the duty has been reduced from 15 cents to 10 cents a pound; lard and lard compounds, on which the duty has been reduced from 2 cents to 1½ cents a pound, and hides and skins, which continue on the free list. Flax seed, bearing a rate of 10 per cent under both the intermediate and the general tariff, is not reduced under this agreement.

To sum it up, Uruguay is granted the same rates under the most-favoured-nation arrangement as are given to other countries which are her competitors.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

DEPARTMENT OF TRANSPORT STORES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 88, an Act respecting Department of Transport Stores.

He said: Honourable senators, the purpose of this Bill is to simplify the bookkeeping and handling of stores in the Department of Transport. It is believed that this measure would reduce the inventory of stores which are now carried on the books as an asset of