

Customs Tariff

goods, if this were the only source of these goods, then there would perhaps be a noticeable increase—I doubt whether it would be noticeable: an increase of 10 per cent discount on the tariff might not be noticeable in the case of small goods. But here the governing factor is the cost of the Canadian goods which are the great majority of the products here.

Mr. Coldwell: Would it not constitute a slight increase in tariff protection for the Canadian manufacturer of these goods?

Mr. Sinclair: It could in these cases where the British are the competitors. In these cases where the most favoured nation is the competitor there is no change in the position.

Mr. Johnston: What chance is there of getting a lowering of prices of the goods which go into every home, if we are going to keep raising the tariff? Certainly there is no incentive here to bring down prices. We stop the British from bringing in cheaper goods and we permit the United States people to increase their prices by an increased tariff, which seems to me to indicate that we are just pushing the prices up instead of trying to get them down.

Mr. Sinclair: The primary purpose of the whole pattern here is of course a provision to get rid of these hidden concessions. If you are thinking in terms of the British goods which have a monopoly today, and none of these appear on this list, then the effect of this discount would be to increase the cost of such goods by the amount of 10 per cent discount on the duty. If, however, as is the actual case in the great bulk of these goods, the Canadian production is the governing factor, then the British will have to shave their prices to meet the Canadian prices.

Mr. Macdonnell (Greenwood): I want a little further enlightenment on this. I take it that the situation is this. One of the nations we are negotiating with brings down its tariff to the point where it is on the same level as the British—I think the parliamentary assistant said that in most cases the British have been lower.

Mr. Sinclair: Yes.

Mr. Macdonnell (Greenwood): I assume that to be a good thing from our point of view. Could we get some indications as to just what improved trade we have had with those countries which have done that? I am excluding the United States. As a matter of fact, I think the parliamentary assistant could have made a stronger statement as to what had happened in the United States after the Geneva treaty of two or three years ago. My understanding is that in

[Mr. Sinclair.]

cattle alone the reduction was very beneficial to us, but it is not for me to state the government's case. However, I do come back to this point. I am very anxious to be satisfied that this is desirable. Could we have instances showing where we are deriving definite benefit in respect of lowered tariffs by other countries?

Mr. Sinclair: Perhaps I have misinformed the committee concerning the purpose. The purpose was not to encourage other countries to drop their tariff rates. It would be easy to drop the most-favoured-nation down to the British level. It was just applying our present tariff schedule on the goods where the British rate and the most-favoured-nation rate were the same, removing the hidden discounts.

Mr. Macdonnell (Greenwood): It would cut both ways.

Mr. Sinclair: Well, if we could agree, in return for some trade concession from some other country reducing their tariff on an item down to the British level, then of course it would cut both ways.

Mr. Macdonnell (Greenwood): May I ask the parliamentary assistant whether that is not actually happening in certain cases? Is that not a feature of it?

Mr. Sinclair: I am informed it has been very seldom done in recent years, lowering the most-favoured-nation rate down to the British rate. I do not think this will serve as any impetus to do that. All this amendment does is that in those cases today where the British rate and the most-favoured-nation rate are the same we can no longer give this extra discount on the British tariff.

Section agreed to.

On section 2—*Application of ad valorem rate in tariff item.*

Mr. Macdonnell (Greenwood): The section which this one replaces is a section apparently dealing with something entirely different. Will the parliamentary assistant explain the reference to the limitation to certain ports of entry?

Mr. Sinclair: This is the section which, as I said, does differ in detail from the budget resolutions. The rest of the bill is identical with the budget. We had three clauses in the budget resolutions, which we have consolidated into two here. This section relates to the tariff provision regarding fresh fruits and vegetables, and the season of the year in which a country like ours does not produce. On fresh fruits and vegetables we have certain ad valorem tariffs on their