

Mr. McKINNON: We have no preference now but both we and they have a lower rate.

The CHAIRMAN: It keeps us on an equality basis with the United States on that item.

Mr. KEMP: Yes. With regard to the unassembled chassis, in Australia the margin in favour of Canada has been reduced from threepence to twopence a pound so that there is actually a reduction in the preference that we enjoy there to the extent of a penny a pound.

Hon. Mr. HAIG: And in favour of the United States.

Mr. KEMP: Of all most-favoured-nation countries.

Hon. Mr. HAIG: That means the United States.

Mr. KEMP: The new rates if you wish to have them are:

British preference:  $\frac{1}{2}$ d a pound; Canadian: 3d and most-favoured-nations: 5d. The United States enjoys the most-favoured-nation rate of fivepence a pound, Canada enjoys the rate of threepence a pound and the United Kingdom enjoys the rate of a halfpenny a pound.

The CHAIRMAN: The United Kingdom was a great exporter of automobiles to Australia in competition with Canada and the United States. Has that been altered any? Are we prejudiced in this agreement as compared with what we had before? I am speaking with reference to Great Britain.

Mr. KEMP: No, sir. Great Britain formerly enjoyed an advantage as compared with us in the Australian market. She still enjoys an advantage and it is neither greater nor less than it was before.

Hon. Mr. CAMPBELL: Was there not an advantage to the Canadian companies manufacturing motor cars in Canada and shipping them to the United Kingdom, Australia and New Zealand, as against the manufacturers of the United States shipping cars to these same countries? We had a preferential rate.

Mr. KEMP: Yes.

Hon. Mr. CAMPBELL: And I understand you to say that that has not been eliminated?

Mr. KEMP: Not entirely but there has been a reduction in the margin of preference that we enjoy.

Hon. Mr. HAIG: There is still some preference?

Mr. KEMP: Yes, we have retained two-thirds of the preference we had.

Mr. McKINNON: If you calculate the total amount of preference in a chassis it is quite a bit. If you calculate it on two pence a pound it would still be a substantial preference because of the number of pounds in a chassis.

Hon. Mr. CAMPBELL: Was there any change in the duty on a completed car or on automobile parts going into the United States?

Mr. KEMP: Not so far as I know.

Hon. Mr. HAIG: There is a question that I wish to ask which might be inclined to be political but if it is the chairman can stop me. The new program commenced by the government indicates that they would like—and I thoroughly agree—to manufacture some parts of automobiles in Canada and be allowed to sell them to the United States, and then we could buy other parts in the United States and bring them back to Canada. Is there anything in the agreement effecting that kind of situation at all?

Mr. KEMP: Would you give me a moment to look up the figure? I think I have made an error in an answer I gave previously.

Mr. McKINNON: Mr. Chairman, while Mr. Kemp is looking up the precise figure may I reply to Senator Haig, and say that while we were negotiating at Geneva there had been no announcement of the nature that Senator Haig has