

*Inquiries of the Ministry*

that the line elevators, which today have a great deal of damp and tough wheat in storage, will have that removed in order to make way for the harvesting which under present conditions should get under way within the next three or four weeks?

**Right Hon. C. D. Howe (Minister of Trade and Commerce):** Additional drying capacity is being installed at the head of the lakes, and I believe at Vancouver. Unfortunately time will not permit much help from that source for this year. Arrangements have been made to ship ten million bushels of damp wheat from the prairies to Duluth to take advantage of drying capacity there. At the opening of navigation another quantity of damp wheat will be moved to Buffalo to take advantage of drying capacity at that port.

**Mr. Diefenbaker:** How much?

**Mr. Howe:** A very considerable amount. I could not say just what the drying capacity is at Buffalo, but we will move down sufficient grain to make use of all that is available. Early in the season it seemed impossible that we could salvage all the wet grain that was being delivered, but I now believe that we can do so. I am hopeful that there will be no spoilage. However, I cannot give chapter and verse as to how damp grain will be handled. It is most difficult to give exact figures, but I do think that the situation is in hand.

**DAIRY INDUSTRY****UNITED STATES IMPORT RESTRICTIONS—REPORTS AS TO ACTION BY CANADA**

On the orders of the day:

**Mr. P. E. Wright (Melfort):** I wish to direct a question to the Minister of Trade and Commerce, of which I have given him notice. Can the Minister of Trade and Commerce say whether the report on the radio this morning emanating, I believe, from Geneva, is correct, namely, that Canada is placing an embargo on the importation of certain agricultural products from the United States because of United States restrictions on the export of certain dairy products to that country?

**Right Hon. C. D. Howe (Minister of Trade and Commerce):** I wish to thank the hon. member for Melfort for giving me notice of his question. Because the question involved is a delicate one, I have read with much concern the newspaper dispatches from Geneva and have listened to radio reports based thereon to which he referred. Because of the government's concern for the welfare of our dairy industry, the United States import restrictions on certain dairy products have of course been under continuous review.

Among the products affected, skimmed milk products and cheddar cheese are of particular interest to Canada. In the present circumstances, however, it has been decided not to resort to measures of commercial retaliation against the United States. As a matter of fact the government has not authorized any new statement of policy to be made on this subject. The situation has not developed to the point where retaliatory measures would be either appropriate or effective. I should like to assure hon. members therefore that the dispatch in question is erroneous and does not reflect the views of the Canadian government.

Legislation is now pending in the United States to amend the Defence Production Act by repealing section 104, commonly known as the Andresen amendment. This is the section which provides for import controls on certain fats, oils and dairy products. The banking and currency committee of the United States senate gave further consideration to the remedial legislation this week. It is understood that the committee renewed its favourable support for the bill in question. In referring the bill back to the United States senate the committee did not consider it necessary to arrange any further public hearings. This is a very encouraging development.

These import restrictions on the part of the United States government have given rise to problems for Canada. The Canadian government deplures the fact that, by introducing these new import controls, the United States government has taken action in direct contravention of her trade agreement with Canada. The trade agreement provides clearly that quantitative import restrictions of this kind shall not be imposed. Through these controls upon imports, furthermore, the United States government has seriously impaired the value of certain tariff concessions which were negotiated with Canada at Geneva in 1947 and at Torquay in 1951.

We have taken note, however, of the efforts made by the United States administration to clear up this situation. We have been greatly encouraged by the support which has evidently been given in the United States congress to the bill to repeal section 104 of the Defence Production Act. Our relations with the United States are cordial on both sides, and the Canadian government did not consider it appropriate to threaten retaliation, as reported, on a subject which is at present receiving the constructive consideration of the United States senate. For this reason the government particularly regrets the unfounded press and radio dispatches to which the hon. member has referred.