

confined to the items in which those two countries were one another's chief suppliers, and therefore of course they were the ones principally interested in that particular concession.

Hon. Mr. KINLEY: To what extent does the United States release hold on Cuba?

Mr. DEUTSCH: I think Mr. McKinnon could answer that question.

Hon. Mr. KINLEY: They are in the same position with Cuba as we are with the British Empire?

Mr. DEUTSCH: Exactly.

Hon. Mr. KINLEY: And, really, with the Philippines too?

Mr. DEUTSCH: The Philippines are slightly different. In the case of the Philippines there is a treaty with the United States, I understand, whereby the preferential treatment given to the Philippines is being reduced gradually over a period of years so that finally all preferences will disappear.

Hon. Mr. KINLEY: I have just one more question that I wish to ask. Is there a provision in this charter that existing laws must be respected?

Mr. DEUTSCH: Do you mean generally throughout, senator?

Hon. Mr. KINLEY: Well, that the existing laws of countries must be respected. It does not cancel any?

Mr. DEUTSCH: It is not strictly so. In a number of cases existing regulations and existing requirements are allowed to be maintained, but no new ones may be introduced. What you have said is true in some instances but in other cases where existing laws conflict with the obligations, those laws have to be changed. That is particularly so in the case of customs administration. Many countries will have to change their customs laws. It is not a general rule but it applies in many cases. For instance, I believe it is true that a number of countries have mixing requirements where they require that the domestic manufacturer must use a certain proportion of the domestic raw material. That was particularly true in respect to wheat in Europe. Flour millers were required to use a certain proportion of home grown wheat. In that case the existing mixing requirements may be retained, but the country must be prepared to negotiate those existing mixing requirements and it cannot impose any new mixing requirements. What you say is true to a certain extent but in other cases existing laws have to be changed, particularly in respect to customs administration.

Hon. Mr. KINLEY: You said something yesterday that seemed rather new to me with regard to the bonus of subsidies. If you were to give your subsidy generally, that is, for home consumption and export, it would be all right; but if you only gave it for export you would be going against it.

Mr. DEUTSCH: Yes.

Hon. Mr. DAVIES: This schedule was made as a result of a lot of negotiation?

Mr. DEUTSCH: Yes.

Hon. Mr. DAVIES: What percentage of the duties was lowered and what percentage was increased?

Mr. DEUTSCH: That comes under Mr. McKinnon. He was in charge of the tariff negotiations.

The CHAIRMAN: Honourable senators, unless there are further questions I think we may regard that we have had a complete discussion on the charter.

Hon. Mr. CAMPBELL: What is the position with respect to oleomargarine?

The CHAIRMAN: Order.

Hon. Mr. HAIG: That will come under Mr. McKinnon also. He will answer that better.