

Let us go a step further and consider soya beans, which are imported free. Soya beans must remain free during three years. You cannot raise that; you cannot change it; it is under the intermediate tariff. I want to know whether soya beans are subject to the excise tax of three per cent or not. That is one of the difficulties I have, and it is one apparently to which my hon. friend from Winnipeg North (Mr. Heaps) has had his mind directed as well.

Mr. DUNNING: As to the intention I have no doubt at all.

Mr. BENNETT: What was the intention?

Mr. DUNNING: I will answer as to the intention, first. I believe also that the legal draftsman did carry out the intention, but I cannot argue with my right hon. friend on a question of legal draftmanship. Article III reads:

The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement.

Clearly, any tax which was in force on the day of the signature of this agreement represents the outside limit to which such charges can be imposed in the future.

Mr. BENNETT: Would the minister look at this very item of soya beans? Soya beans became free the minute we gave the United States the intermediate tariff, but now that we have made soya beans free for three years, can we charge the excise tax?

Mr. DUNNING: Yes, because the tax was chargeable on that day.

Mr. BENNETT: It says:

The said articles shall also be exempt from all other duties.

The other duties are the ordinary customs duties.

Mr. DUNNING: But soya beans would be covered by the next phrase, "taxes, fees," and so forth.

Mr. BENNETT: But it says that they shall be exempt. Let us read it in connection with soya beans:

Soya beans shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement.

Mr. DUNNING: That is the point.

Mr. BENNETT: They were free the minute this agreement came into force.

Mr. EULER: Not free from excise.

Mr. BENNETT: Free from everything.

Mr. EULER: No.

Mr. BENNETT: Not free from everything? They were free from customs tariff the minute the agreement was signed, and this document says that no other taxes shall be charged against them.

Mr. EULER: Other than those being charged on the day of the signing of the agreement, and the excise tax was in force on the day of the signing of the agreement. In future we cannot increase it, under this article, but I suppose we could reduce it.

The CHAIRMAN: Shall article III carry?

Mr. BENNETT: No; the schedule has to be considered in connection with the article, Mr. Chairman.

Mr. DUNNING: Before article III can be considered to be carried the schedule to which it refers should first be considered. Article III therefore stands, and we will proceed to schedule 1 of the agreement, reverting to article 3 when we have concluded the discussion on schedule I.

Mr. BENNETT: Quite so.

Article III stands.

On schedule I:

Customs tariff—10. Meats, prepared or preserved, other than canned: (b) n.o.p., 3 cents per pound.

Mr. BENNETT: May I ask the minister what is the rate on similar goods, meats, prepared or preserved, other than canned, entering the United States? We have heard a good deal of talk about reciprocal arrangements, and I just want to know what the duty in the United States is after this agreement comes into force.

Mr. DUNNING: The United States rates on this item are not entirely comparable, but so far as it can be traced the meat item in the United States tariff reads:

Meats, bacon, hams, shoulders, et cetera, 3½ cents per pound; prepared or preserved, n.o.p., 6 cents per pound.

Mr. BENNETT: Meats, preserved or prepared, would be the comparable item with the United States one on which the duty is six cents, I would think.

Mr. DUNNING: Yes.

Mr. ROWE (Dufferin): In other words, do I understand that meats, prepared or preserved, other than canned, pay six cents going into the United States and three cents coming into Canada?