

Customs Act

I am convinced of this, that if the act permits what the minister has just said—I now take his word for it—that very clause in our Customs Act has resulted in a great deal of manufacturing in Canada. I will give the committee a case in point. I know a company that for a while imported large numbers of boilers into Canada at a price similar to that paid by a company such as I referred to in the western states which also did the servicing of the boilers. They worked up in this country a substantial market for the said boilers, and in time commenced to manufacture them here. They first began to make the repairs, sections of boilers, grates and so forth, in time worked up a substantial business and finally began to manufacture the boilers here, giving employment to a large number of men. That also resulted in the boiler business of this country rising to a higher level. I will not say that I was afraid this clause would interfere with such a possibility of increased employment, but I am glad to hear the minister say that it does not.

Mr. ILSLEY: It is expected that this will affect importations from Great Britain much more than importations from the United States.

Mr. BENNETT: Yes, and from some other countries as well.

Mr. ILSLEY: That may be so.

Amendment agreed to.

The CHAIRMAN (Mr. Johnston, Lake Centre): Shall the section as amended carry?

Mr. CAHAN: No. I have listened carefully, but I cannot understand it clearly. Would the minister give a single clear instance in which in his opinion the circumstances of the case render it necessary or desirable?

Mr. ILSLEY: I am reluctant to take a particular commodity, but I can give the general class of case that will be covered by this section. It is a case where an English manufacturer finds it desirable, in order to market his goods in Canada, to sell to a national distributor in this country. That is the only practicable way in which he can market his goods in Canada, or it is the necessary or desirable way, as we say in the language of the section.

Mr. CAHAN: Does he send them on consignment?

Mr. ILSLEY: No, he sells them. He allows the distributor here a discount off the list price.

Mr. BENNETT: A distributor's discount.
[Mr. MacNicol.]

Mr. ILSLEY: A distributor's discount. In the home market he will not be dealing with that class of person at all; he will be selling his goods to a dealer in England perhaps, and he may allow that dealer twenty per cent off the published or list price in England. The manufacturer possibly will be doing the advertising; he will be rendering some service that the national distributor will render in this country. Therefore it is only fair and proper that the discount off the published or list price to the Canadian buyer, the national distributor, should be greater than the discount allowed in the country of origin. Under conditions like that, where you cannot apply section 35 or section 36, you have to have some power which will enable the minister to fix a value for duty which is not quite normal, which cannot be fixed under any other sections because the goods are sold under conditions or to a class of purchaser under or to which the goods are not sold by the exporter for home consumption. That is the reason for the section.

Mr. CAHAN: He sells in that case to a dealer for distribution in England?

Mr. ILSLEY: Yes.

Mr. CAHAN: Well, is he not selling to a dealer for distribution in Canada? Should not the price at which he sells in England to dealers who distribute the goods be deemed the fair market value for duty in the case of a sale on consignment or selling directly in Canada for distribution?

Mr. ILSLEY: In a great many lines of trade the functions of a distributor are recognized as different from those of a dealer. The distributor in Canada would sell to the dealer. He is another link in the chain of distribution. Distributors' discounts are one thing and dealers' discounts another.

Mr. CAHAN: I have a fairly wide knowledge of wholesale dealing in Canada. Would the minister give me an instance of the sale of goods manufactured in England to a so-called distributor in Canada, in which the market value at which the goods are actually sold in England would not properly be deemed the market value for duty in Canada?

Mr. ILSLEY: English motor cars, and drug supplies. These articles are sold to dealers in England direct, but if they were brought into this country the only practicable way would be through a distributor.

Mr. CAHAN: I do not agree with the minister when he suggests that the trade recognizes a difference between distributors and dealers. The dealer in Canada in such