

Mr. DUNNING: And will continue to do so.

Sir GEORGE PERLEY: But section 4 would authorize the Minister of Finance always, without appropriation, to make advances from the consolidated revenue fund whenever it is required to buy stores.

Mr. DUNNING: No, to maintain \$1,000,000 worth only.

Sir GEORGE PERLEY: It does not say so.

Mr. DUNNING: The way the matter will work is precisely the same as in the case of the king's printer's advance. That is to say, each year each branch of the Department of Transport will have in its vote what it requires for stores, but when it comes to purchasing them it will have to purchase from stores account, so it will be charged to the appropriation account of the department and credited to the stores account. The Minister of Finance is authorized to keep these stores up to \$1,000,000 but no greater amount.

Mr. BENNETT: To provide a working capital of \$1,000,000.

Mr. DUNNING: A working capital of \$1,000,000.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

#### CANADA-URUGUAY TRADE AGREEMENT

Hon. W. D. EULER (Minister of Trade and Commerce) moved the second reading of Bill No. 86, respecting a certain trade agreement between Canada and Uruguay.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Trade agreement approved.

Mr. BENNETT: Perhaps the minister will give us the particulars as to what benefits accrue to Canada and what is the most favoured nation treatment given to Uruguay.

Mr. EULER: Perhaps I may be permitted to make a brief statement as to the purposes and implications of the agreement.

This bill is the ratification of a trade agreement signed in August of last year between Canada and Uruguay. It is for a term of three years, and unless six months' notice is given before the termination of the three-year period it will continue in force until six months' notice is given some time thereafter.

The agreement provides for mutual most favoured nation treatment with respect to tariffs which, by the way, are of no benefit to Canada, as I shall explain. It also provides that there shall be no discrimination so far as the application of exchange control or the imposition of quotas are concerned. Preferences to other parts of the empire are excluded from the operation of the agreement, together with any preferences that may be given by Uruguay to neighbouring countries such as Bolivia, Brazil, Paraguay and Argentina.

The trade with Uruguay is quite small. Canada's sales in the year ending March 31, 1936, were \$368,000, while our purchases from that country amounted to \$206,000. Our chief exports are both free and dutiable. The important free exports are newsprint and farm implements, though from the latter should be excepted plows. Our dutiable exports are rubber boots and shoes, tires and tubes, automobiles and sewing machines, together with some other small items. The benefits that will accrue to Canada are not, as I intimated previously, by way of tariff concessions, but this agreement accomplishes the removal of what I may call a potential menace so far as our treatment by Uruguay is concerned.

Mr. WOODSWORTH: Would the minister say what are our chief imports?

Mr. EULER: I shall give those in a moment. A few years ago the parliament of Uruguay empowered the government of that country to impose a fifty per cent increase in duty on the countries which did not accord her most favoured nation treatment. That has never been applied against Canada, though it has been applied against some other countries and there was always the possibility that it might be applied to Canada. By this agreement that menace is removed. Uruguay has also agreed not to discriminate against Canada in the application or allocation of exchange control and, as I mentioned previously, she will not discriminate against us as far as quotas are concerned. That is, we are to receive treatment relatively equal to that accorded any other country.

The benefits that accrue to Uruguay are that she obtains most favoured nation treatment, as far as our tariff is concerned. After the provisional agreement was signed last August she immediately obtained the benefits of our intermediate tariff. By granting her most favoured nation treatment she gets in addition any benefits that may accrue by reason of the trade agreements that have been made with the United States, France and Poland. She sells to us more particularly canned meats, on which we have reduced the