

As Argentina was already enjoying the advantages of the intermediate tariff of Canada, it was not necessary to pass an Order in Council to implement the agreement.

The trade agreement contains an article (Article II) dealing with foreign exchange control which recognizes the special situation whereby the trade between Argentina and the United Kingdom is regulated under a payments agreement.

Argentina agrees to grant Canada treatment not less favourable than it accords to other countries in matters pertaining to the rates and the allocation of foreign exchange which Argentina makes available for commercial transactions, excluding, however, the special advantages which Argentina extends to imports from countries contiguous to Argentina, and to Peru.

This means that Canada is assured of as favourable treatment in the granting of exchange as that which Argentina may accord to the United States and other countries not excepted under the provisions of Article II.

It may be added that the United States, under a treaty signed with Argentina on October 14 last, also made substantially the same reservations that are provided for under Canada's trade agreement with Argentina.

Under the new agreement, Canadian exporters are assured against discrimination during the life-time of the agreement.

Canada will also enjoy, under the most-favoured-nation clause, the benefits of certain reduction in duties granted by Argentina to the United States under a treaty between the two countries which was signed at Buenos Aires on October 14, and which was applied provisionally on November 15 last, which by coincidence, is also the date on which our agreement with Argentina also, provisionally, came into force.

The main commodities of interest to Canada and the percentage reductions from the existing net duties in Argentina's customs tariff are shown below:

Commodities	Reduction Per cent
Canned salmon and canned mackerel...	40
Apples (October 1 to January 31).....	50
Pears (October 1 to December 31).....	50
Sardines, canned, in tomato sauce, mustard or cottonseed oil.....	30
Asbestos linings.....	25
Containers for storage batteries.....	12.5
Insulating board.....	20

Canada's total trade with Argentina during 1932 and 1933, at the bottom of the world economic depression, averaged \$4,096,000 yearly. In 1941 the value of the total trade between the two countries amounted to \$11,935,856, imports from Argentine being \$2,408,000 less than Canadian exports to that country. Statistics for the period 1932 to 1941 are shown in the following table:

	Canadian exports	Imports from Argentina
1932.....	\$2,961,854	\$ 992,323
1933.....	2,653,386	1,584,598
1934.....	4,248,609	3,082,522
1935.....	3,968,421	3,286,791
1936.....	3,426,051	10,787,360
1937.....	7,294,191	6,242,263
1938.....	4,675,489	2,149,160
1939.....	4,116,923	4,406,456
1940.....	6,107,215	6,541,862
1941.....	7,172,104	4,763,752

Right Hon. Mr. DANDURAND.

(Note.—Imports from Argentina reached a high level in 1936 because of large imports of maize.)

Canada's main exports to Argentina in recent years have been newsprint, farm implements, seed potatoes, electric apparatus. Other exports include apples, lumber, asbestos, calcium carbide, manufactures of iron and steel, wrapping paper, woodpulp, wallboards, fox skins, paints, dried cod and other fish products.

Canada's chief imports from Argentina are: hides and skins, flax seed, maize, canned beef, quebracho (tanning extract), raw wool, horse hair, casein and glycerine for refining.

Under the new trade agreement, Argentina is assured of continuation of most-favoured-nation treatment, whereby goods imported into Canada from Argentina are subject to the rates under Canada's intermediate tariff, and to the benefit of reductions which may be granted to other countries.

Canada concluded a most-favoured-nation trade agreement with Uruguay in 1936. The provisions of this treaty, however, had not been fully implemented, as certain difficulties had arisen regarding the granting of foreign exchange for the payment of imports of Canadian goods into Uruguay.

The discussions, therefore, had as their objective the removal of the difficulties which existed. A very satisfactory understanding with the Government of Uruguay was arrived at, which was embodied in a signed memorandum. The effect of this agreement should be reflected by an increase in our exports to Uruguay, our trade in seed-potatoes and agricultural implements standing to benefit most.

Uruguay is a most progressive republic and Montevideo a most beautiful city of over 800,000 people. Its people are very pro-democratic. We spent four days in all in Uruguay, returning to Buenos Aires before leaving for Brazil.

On October 6 we landed in Brazil, at Santos, the port for the tremendously rich Sao Paulo province, travelling the fifty miles from Santos to Sao Paulo city by a railway which carries trains up from the coast valley by a series of cables, some 2,500 feet in ten miles. The city of Sao Paulo is one of the most rapidly growing cities, I believe, of the western hemisphere. The city has a population of one million and a quarter and is fully modern and well planned. While the Canadian trade mission was in Brazil we were at all times the guests of the Government. We were in Rio ten days.

Canadian exports to Brazil are thus assured against discrimination in respect to tariffs and exchange control.

The Brazilian tariff consists mainly of a minimum tariff and a general tariff under which the rates are approximately one-quarter higher than the minimum tariff. Some rates, lower than the minimum, granted to the United States under an agreement with Brazil in February, 1935, are also extended to imports from countries enjoying most-favoured-nation treatment.

Prior to the war, Brazil was second to Argentina among the Latin-American markets for Canadian products, but an increase in Canada's exports to Brazil since 1938 made Brazil our most important Latin-American customer in 1941. Concurrently with an increase in Canadian exports to Brazil since the war