

happen with respect to some of a large number of items constituting the trade between these two countries. I agree entirely with my right hon. friend that it would have been very desirable indeed if absolutely certain machinery could have been set up in this section of the agreement to deal with possible future quantitative restrictions. But after very careful examination by the negotiators who acted on behalf of both countries it was felt that this was as far as the matter could be dealt with at the present time. I appreciate the fact that there may and probably will be difficulties, if one country commences to set up quantitative restrictions against the other in connection with commodities dealt with in the agreement. This clause is inserted to give, if possible, a means to settle those difficulties.

Article II agreed to.

On Article III:

Articles the growth, produce or manufacture of the United States of America, enumerated and described in schedule I annexed to this agreement, shall, on their importation into Canada, be exempt from ordinary customs duties in excess of those set forth in the said schedule. 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 or required to be imposed thereafter under laws of Canada in force on the day of the signature of this agreement.

Schedule I and the notes included therein shall have full force and effect as integral parts of this agreement.

Mr. CAHAN: What is the meaning of the word "ordinary" in the third line? The expression is, "be exempt from ordinary customs duties."

Mr. DUNNING: It is very difficult to describe the meaning of a simple word. I know the hon. member has the legal interpretation in his mind.

Mr. CAHAN: Of course; this is a legal document.

Mr. DUNNING: Yes; it is a legal document. "Ordinary customs duties" is the expression which follows the language commonly used in the United States and Canada in the description of customs duties, and especially when qualified by the words "in excess of those set forth in the said schedule." Those words surely qualify the meaning so that there could be no dispute as to the intention.

Mr. HEAPS: May I ask if there would be any question as to a dispute in connection with the imposition of excise duties on goods coming in? Would there be any possibility of misinterpretation of article III with respect to

[Mr. Dunning.]

excise duties now imposed on goods entering the country?

Mr. BENNETT: The hon. member has anticipated something I was going to say, so after I have made my observations possibly the minister would answer both of us. If he will observe the language of the article he will find that in the third and fourth lines there is the expression "ordinary customs duties in excess of those set forth in the said schedule." That is, meats, prepared or preserved, other than canned, n.o.p., carry a duty of three cents per pound. That is the ordinary duty. But let us apply that to the following line: "The said articles"—meats—"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 or required to be imposed thereafter under laws of Canada in force on the day of the signature of this agreement." The amount imposed on the day this agreement was signed was three cents per pound, and there is no provision whatever for excise tax.

That has given me a great deal of concern with respect to the language of the agreement, the language to which the hon. member for Winnipeg North has referred. The article refers merely to "ordinary customs duties" in the third line, and then it states that you shall not impose anything in excess by way of duties, taxes, fees, charges or exactions, beyond those charged on the day of the signature of the agreement. In this instance the amount imposed on the day of the signature of the agreement was three cents per pound.

Mr. DUNNING: Read the next phrase.

Mr. BENNETT: That does not help. It says that it shall be free from anything that may hereafter be done or hereafter be imposed. That shuts the door tighter still. This makes it clear beyond peradventure that with respect to these items you cannot do more than impose the ordinary customs duties now imposed. My doubt is as to whether that left us free with respect to what we call our excise tax, or other fees, charges or exactions. When I look at the language I find it says that they shall not be higher than those "imposed on the day of the signature of this agreement—or required to be imposed thereafter." That is, it is made clear beyond peradventure that they cannot be raised afterwards. On the day this agreement was signed the rate on meats was three cents per pound; but if we brought meat in from the United States there would be a three per cent excise tax.