

They had accepted this obligation in connection with the loan which they negotiated with the United States about the end of 1945. Therefore they were not able to give us any new preferences, even if they had wished to do so. Actually, the great majority of our products already entered the United Kingdom duty free, so that was a second reason why there was not very much that they could have done for us. We in turn became obligated not to concede to them any new preferences or to widen any existing ones. These restrictions meant that if the United Kingdom reduced any duties in our favour they had to make the same reduction for all the most favoured nations; and similarly, if we reduced any duties in favour of the United Kingdom we had to make an equal reduction for all the most favoured nations.

These restrictions on our possible negotiations with the United Kingdom were also applicable to Australia, New Zealand, South Africa, India and Pakistan. While we were at Geneva, India was bisected and we found that instead of dealing only with India we were dealing with Pakistan also. Pakistan was regarded as an inheritor of the Indian preferential position, and now enjoys preferential treatment, as does India. During our stay in Geneva, Burma also took steps toward separation, and it is regarded as a separate country for these purposes. So are the British West Indies, with which we have a separate agreement, and Newfoundland.

In all these cases we were unable to give them any preferences that we did not already give, and we were unable to get from them any preferences that we did not already receive.

I will now pass on to the other countries and say a brief word about each. France is a country with which we were very anxious to make a favourable trade agreement, an agreement favourable to both sides. It is a country that has strong traditional ties with our own country, and they have been reinforced by the experience of two wars. There is much in common between the culture of the two countries. We did our very best to arrive at favourable results with France, and I think she reciprocated. It is a country in which agriculture is very important, both economically and politically; and agricultural protection is deeply rooted in her history and institutions. Notwithstanding that, we did get some important agricultural concessions from France.

One feature of French trading is that their exports depend to a considerable extent upon what we are apt to consider luxury lines, including such things as wines, spirits, perfumes, fine textiles, embroidery, jewellery, some of the expensive kinds of cheese, *pâte de foie gras*, and so on. These were among the things that they were particularly anxious to sell to us.

France is also a country which goes in very extensively for the system of state monopolies which Mr. McKinnon has discussed, and in our negotiations with France it was just as necessary to make agreements about state monopolies as about the tariff itself. France has also some monopolies which are not state monopolies, but are organizations of importers which have been given a concession to be sole importers of various articles. We had to give some consideration to the operations of these organizations.

Mr. McKinnon has mentioned the importance of Benelux in our trade negotiations. This new customs union, which is in the process of being set up, covers a population of some 17 million; they are energetic and vigorous people, recovering rapidly from the devastation of war, and we found them extremely friendly to Canada.

The CHAIRMAN: Benelux refers to the three countries, the Netherlands, Belgium and Luxembourg, but does it mean that those countries have no tariffs whatsoever against each other and that they have the same tariffs against all outsiders?

Mr. KEMP: That is the situation.