

Mr. BENNETT: Perhaps, Mr. Chairman, you will be good enough to read the section with the amendment.

The CHAIRMAN (Mr. Johnston, Lake Centre): The paragraph would then read:

(e) such goods by reason of the fact that the circumstances of the trade render it necessary or desirable are sold under conditions or to a class of purchaser under or to which similar goods are not sold by the exporter for home consumption—

And so on.

Mr. MacNICOL: I should like to pass a word of comment on that section. I will read it first, leaving out the amendment. I still have not the amendment, but at present this paragraph reads:

(e) such goods are sold under conditions or to a class of purchaser under or to which similar goods are not sold by the exporter for home consumption—

I have in mind a line of goods that would not be covered by the wording as it now stands or as it is to be amended. Take, for instance, cast iron water and steam boilers. Let us say that in the United States a large boiler company manufacturing in the eastern states sells to another boiler company manufacturing in the western states. The boiler company in the western states does not make a line similar to the line that will under my supposition be manufactured in the eastern states. But the western manufacturer undertakes to do every servicing for the boilers he purchases from the eastern boiler company that the eastern company would do itself. I know of a similar experience here in Canada in which a company imported boilers from the United States; the Canadian boiler company undertook to do all the servicing for the boilers that they imported just as the parent company would do in the United States. Now, coming back to the United States side, the company in the western states would do the same thing that I have explained the Canadian company would do, and by reason of that would buy at a lower price than, I assume, would be permissible under this section.

Mr. ILSLEY: No; this section renders it permissible; that is the very object of the section.

Mr. MacNICOL: It says, "are not sold by the exporter for home consumption." I am taking the case where they are sold for home consumption.

Mr. ILSLEY: I think I can explain that to the satisfaction of the hon. gentleman. This

is an amendment to section 41; and we have to read section 41 to see the effect of the amendment. Section 41 reads:

Whenever goods are imported into Canada under such circumstances or conditions as render it difficult to determine the value thereof for duty because

(e) such goods by reason of the fact that the circumstances of the trade render it necessary or desirable are sold under conditions or to a class of purchaser under or to which similar goods are not sold by the exporter for home consumption; or such goods are sold or imported in or under any other unusual or peculiar manner or conditions;

When that is the case; when the foreign exporter is selling to the Canadian importer under conditions or to a class of purchaser under or to which similar goods are not sold by the exporter for home consumption, then the minister has power to determine the value for duty of such goods. It does not necessarily have to be the fair market value thereof in the country of origin. This enables an importer in this country who is really a national distributor or who does something such as the hon. gentleman suggests, that is services the goods instead of having them serviced by the parent company, to get a higher discount than he would be able to get under the law as it exists at the present time.

Mr. MacNICOL: In other words he gets the same discount as the purchaser in the home country that I referred to as being in the western states?

Mr. ILSLEY: Yes. In the case the hon. gentleman has put we really do not need the amendment, because it would be provided for as the act now stands, or should be. If it is a sale from the parent company in the states to a western distributor who gets a big discount because he is going to service the boilers, then, I think, under the law as it exists at the present time our department would permit the importer in Canada who services the boilers to get that same discount. No change is made in that situation by this amendment. But there are cases where there is no western distributor in the United States, where the manufacturer in the states in selling directly to dealers, but may wish to market in a different way in Canada by selling to a distributor here, and we provide that, if the circumstances of the trade render it necessary or desirable he may get a distributor's discount.

Mr. MacNICOL: I understand what the minister has just said, but I was not able to see it in the wording of the clause as it stands:

—similar goods are not sold by the exporter for home consumption—