

Q. That applies?—A. We have agreed that we will not sell into the United States unless their disposal agency says they have no objection. They in turn have agreed they will not sell directly into Canada unless we in turn say we have no objection.

Q. You would object if they started flooding the Canadian market?—A. Yes, if the government agency itself were selling it here we would object, but they would not do that. If sales were made in the United States say by some branch of the government, to some private individual and if that private individual proceeds to dispose of it in Canada, I have no jurisdiction at that point, and our gentlemen's agreement does not cover that.

*By Mr. Smith:*

Q. I would like to continue and elaborate on that point a little if I may. It has been said that there are a lot of American vehicles coming in here. Do you know whether they come from the agency over there which corresponds to yours, or from whom they come?—A. I think I have had brought to my attention three cases and we have investigated each case, and in each case the importation into Canada was made by private interests in the States. I have not been able to find out where the private individuals in the United States got the vehicles, whether they obtained them from the United States sales agency or not.

Q. I am merely asking, if I may pursue that a little bit further, for the reason that there is a persistent rumour that a very considerable amount of that sort of thing is being carried on. Do you follow my point?

Q. There is nothing you can do about it, but being out in the country with your large staff I think you would gather information without a great deal of trouble?—A. We have gathered full information on the three cases that have been brought to our attention.

Q. Are they individual vehicles or do they consist of groups of vehicles?—A. They were all groups.

Q. Were they substantial?—A. That is a little difficult to say. They were not substantial in the total vehicle population of Canada but they may have been substantial in relation to one particular type of vehicle.

Q. Would they be in hundreds?—A. I do not know. I do not think so. If I remember there were 24 reported to me as having come into B.C., and then a number—I think about 50—were advertised for sale in Toronto, and I forget the details of the other case. I think it was only a few.

Q. Will you be good enough to turn to page 2, the last paragraph on that page? I know it is becoming monotonous but would you mind once more telling a dumb fellow like me what these priorities are? They seem to slip from my mind.—A. The ruling on priorities is that any federal government department, provincial government, municipality or public body may have a priority of claim in respect of surplus declared to War Assets Corporation. That is in the order stated.

Q. What time governs each of those classes?—A. I would add on to my other statement, "Which they have requested". In other words the onus is on the priority classes to advise War Assets Corporation of what they require, and the onus is not on War Assets Corporation to tell them what is available.

Q. What I have in mind is this. Perhaps your answer clears it up and perhaps it does not. We will assume that something is declared surplus and comes to War Assets. I gather then that as to those persons who have priorities that is the first time they can be effective, when you get them. We will take the Dominion government to start with. What length of time has the Dominion government to assert its priority with you?—A. There is no time limit at the moment, but we are about to issue a new regulation specifying a thirty day lapse as the maximum.