

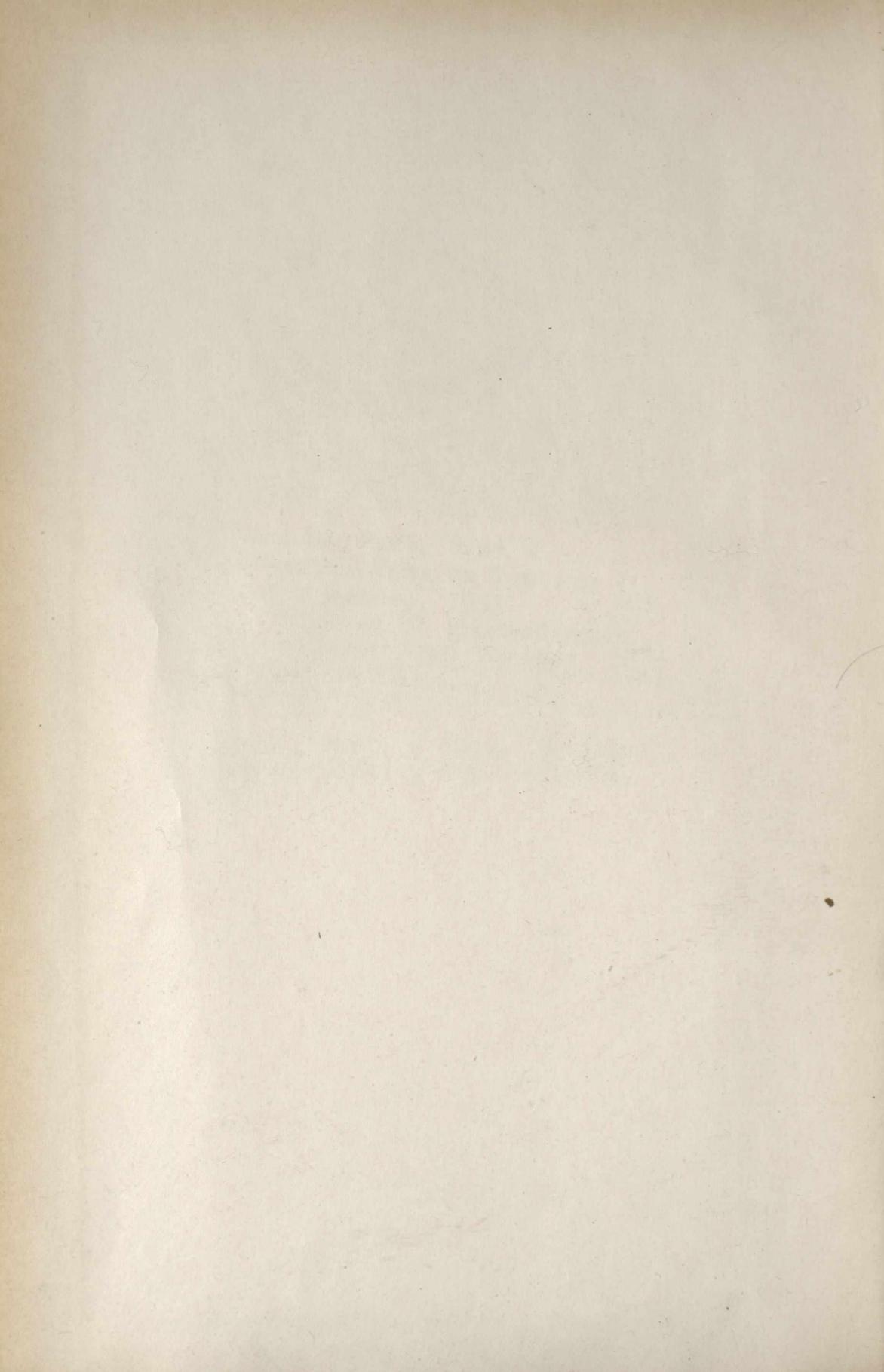


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SEVENTH
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. RICHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

TONGVALE NEGOTIATIONS

TUESDAY, MAY 29, 1951

MEMBERS

Mr. R. H. Morrison, Chairman, Glasgow, 1948-1950
Mr. W. G. ...
Mr. ...

Printed by the ...
London, 1951

SESSION 1951
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

TORQUAY NEGOTIATIONS

TUESDAY, MAY 29, 1951

WITNESSES:

Mr. H. B. McKinnon, Chairman, Canadian Tariff Board;

Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

ORDERS OF REFERENCE

(Having application to Torquay Negotiations)

FRIDAY, February 16, 1951.

Resolved,—That the following Members do compose the Standing Committee on Banking and Commerce:—

Messieurs

Adamson,	Fournier (<i>Maisonneuve-Rosemont</i>),	Maltais,
Argue,	Fraser,	Maybank,
Arsenault,	Fulford,	McMillan,
Ashbourne,	Fulton,	Picard,
Balcom,	Gingras,	Richard (<i>Gloucester</i>),
Beaudry,	Gour (<i>Russell</i>),	Richard (<i>Ottawa East</i>),
Bennett,	Harkness,	Riley,
Blackmore,	Harris (<i>Danforth</i>),	Sinclair,
Bradette,	Hees,	Smith (<i>Moose Mountain</i>),
Breithaupt,	Hellyer,	Smith (<i>York North</i>),
Brooks,	Helme,	Stewart (<i>Winnipeg North</i>),
Cannon,	Hunter,	Thatcher,
Carroll,	Laing,	Ward,
Cleaver,	Leduc,	Welbourn,
Coté (<i>St. Jean-Iberville-Napierville</i>),	Low,	White (<i>Hastings-Peterborough</i>)—50
Crestohl,	Macdonnell	
Dumas,	(<i>Greenwood</i>),	
Fleming,	Macnaughton,	

(Quorum 15)

Ordered,—That the Standing Committee on Banking and Commerce be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

Attest.

LEON J. RAYMOND,
Clerk of the House.

THURSDAY, March 1, 1951.

Ordered,—1. That the quorum of the said Committee be reduced from 15 members to 10, and that Standing Order 63(1)(d) be suspended in relation thereto.

2. That permission be granted to the said Committee to sit while the House is sitting.

Attest.

E. R. HOPKINS,
for Clerk of the House.

MONDAY, May 21, 1951.

Ordered,—That the subject matter of the Torquay negotiations, namely, The Final Act of Torquay; the Decisions, Agreeing to Accession; the Torquay Protocol to the General Agreement on Tariffs and Trade; the modifications of the Schedules to the General Agreement on Tariffs and Trade resulting from the Torquay negotiations, and the Declaration on the Continued Application of these Schedules, be referred to the said Committee.

TUESDAY, May 29, 1951.

Ordered,—That the said Committee be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

Attest.

LEON J. RAYMOND,
Clerk of the House.

THURSDAY, March 1, 1951.

The Standing Committee on Banking and Commerce begs leave to present the following as a

FIRST REPORT

Your Committee recommends:

1. That the quorum be reduced from 15 members to 10, and that Standing Order 63 (1) (*d*) be suspended in relation thereto.
2. That permission be granted to sit while the House is sitting.

All of which is respectfully submitted.

HUGHES CLEAVER,
Chairman.

(NOTE: The Second, Third and Fourth reports deal with Private and Public bills in respect of which no verbatim record of evidence was taken).

TUESDAY, May 29, 1951.

The Standing Committee on Banking and Commerce begs leave to present the following as a

FIFTH REPORT

Your Committee recommends that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

HUGHES CLEAVER,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, May 29, 1951.

The Standing Committee on Banking and Commerce met at 11.00 o'clock a.m. Mr. Cleaver, Chairman, presided.

Members present: Adamson, Argue, Balcom, Bennett, Blackmore, Carroll, Crestohl, Fleming, Fraser, Fulford, Fulton, Gour (*Russell*), Harkness, Helme, Hunter, Laing, Low, Macdonnell (*Greenwood*), McMillan, Picard, Richard (*Gloucester*), Richard (*Ottawa East*), Sinclair, Smith (*Moose Mountain*), Smith (*York North*), Thatcher.

In attendance: Mr. Hector B. McKinnon, Chairman of Tariff Board; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance; Mr. S. S. Reisman, International Economic Relations Division, Department of Finance; Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; Dr. E. A. Richards, Principal Economist, Department of Agriculture; Mr. H. H. Wright, Department of External Affairs.

On motion of Mr. Bennett:

Resolved,—That the Committee recommend that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

On motion of Mr. Sinclair:

Resolved,—That Agenda Committee of six members be appointed by the Chairman.

The Order of Reference of Monday, May 21, 1951, was read by the Clerk.

Copies of the following documents embodying the results of the Torquay Negotiations were distributed, namely:

1. Final Act of Torquay. (Final Act authenticating the results of tariff negotiations concluded at Torquay, beginning September 28, 1950, and ending 21 April, 1951).

2. Decisions Agreeing to Accession. Decision by the Contracting Parties agreeing to the Accession of Austria to the General Agreement on Tariffs and Trade)

3. Torquay Protocol to The General Agreement on Tariffs and Trade.

4. Declaration on the continued application of the schedules to the General Agreement on Tariffs and Trade.

(See Appendix A)

Mr. McKinnon was called, made a general statement on the Torquay Negotiations and was questioned thereon.

Dr. Isbister was called, made a statement on the concession received for Canada from other countries by the Torquay Negotiations and was questioned thereon.

At 12.50 o'clock p.m. the Committee adjourned to meet again at 4.00 o'clock p.m., Wednesday, May 30, 1951.

R. J. GRATRIX,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MAY 29, 1951.

The Standing Committee on Banking and Commerce met this day at 11:00 a.m. The Chairman, Mr. H. Cleaver, presided.

The CHAIRMAN: Gentlemen, we have a quorum. There are two routine motions which should be dealt with first. First, there is a motion to take power to print. Mr. Bennett moves that the committee recommend that it be empowered to print from day to day such papers and evidence as may be ordered by the committee and that Standing Order 64 be suspended in relation thereto. All those in favour please signify? Those opposed, if any?

Carried.

Next we have a motion by Mr. Sinclair who moves that six members be appointed by the chairman as an Agenda Committee. The customary practice is that I receive recommendations for two from the Conservative members of the committee, and one from the other parties. Shall the motion carry?

Carried.

I shall now ask the clerk to read our order of reference.

The CLERK:

MONDAY, May 21, 1951.

Ordered,—That the subject matter of the Torquay negotiations, namely, The Final Act of Torquay; the Decisions Agreeing to Accession; the Torquay Protocol to the General Agreement on Tariffs and Trade; the modifications of the Schedules to the General Agreement on Tariffs and Trade resulting from the Torquay negotiations, and the Declaration on the Continued Application of these Schedules, be referred to the said Committee.

The CHAIRMAN: Gentlemen, at the time the Geneva Trade Agreements were referred to this committee in 1948, the practice that the committee then adopted was to have a general statement from Mr. McKinnon.

Perhaps I should put on the record right here that we have in attendance this morning Mr. Hector B. McKinnon, Chairman of Tariff Board; Mr. S. S. Reisman, International Economic Relations Division, Department of Finance; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance; Mr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; Dr. E. A. Richards, Principal Economist, Department of Agriculture; and Mr. H. H. Wright, Department of External Affairs.

Our practice last time was to have a general statement from Mr. McKinnon which would more or less convey to the committee the nature of our task, and then to hold a meeting of the agenda committee to decide on procedure. Is that procedure satisfactory to this committee in regard to the Torquay Agreement?

Mr. MACDONNELL: It seems very satisfactory to me, Mr. Chairman.

The CHAIRMAN: Mr. McKinnon?

Mr. FLEMING: Will Mr. McKinnon and the other officials be available to meet with the committee from time to time?

The CHAIRMAN: There is no question about that.

Mr. MACDONNELL: How should we pronounce Torquay?

The CHAIRMAN: We shall ask Mr. McKinnon to give it to us.

Mr. MCKINNON: The Torquay people call it "Torkee".

Mr. FLEMING: That pronunciation will be official in the committee from now on.

The CHAIRMAN: Would you care to make your statement on the agreement, Mr. McKinnon?

Mr. Hector B. McKinnon, Chairman of the Tariff Board called:

The WITNESS: Mr. Chairman and gentlemen: Since you ask me to make a general statement, I cannot help but think of the remark of a famous French philosopher who said on one occasion that "All generalizations are incorrect, including this one". Since general statements have already been put on *Hansard* by both the Minister of Finance and the Minister of Trade and Commerce, it is a little difficult to make a statement of a very general nature without repeating, to some extent at least, the remarks that are already on *Hansard*.

However, looking around the committee I notice the faces of quite a number of the members who were on Banking and Commerce Committee when we discussed the Geneva Agreements in 1948; and it seems to me that probably the best introduction, since the committee wishes to have something in the nature of a general statement, would be a few remarks to show, if possible, the similarity between Geneva and Torquay, or, contrariwise, the dissimilarity between the two, because the two sets of negotiations were not exactly parallel.

In doing that, Mr. Chairman, I shall try to avoid, as far as I can, anything that was put on *Hansard* by the ministers I referred to. I am sure that most of us who were here when we met in 1948 for several weeks felt, at the end of the sessions, that members of the Committee knew about as much concerning the agreements as did the officials.

You will recall that when we went to Geneva in 1947 we went to a meeting of some 23 countries called under the auspices of the United Nations. We went there with two primary purposes: The first of these was to formulate a charter which would govern the operations of an international trade organization under the auspices of the United Nations; the second was to do the actual work of conducting the first round of tariff negotiations under the so-called charter.

Before we left Geneva, however, everyone recognized that the charter, which perhaps was somewhat grandiose in its conception, would go on from Geneva to a meeting at Havana, and that at Havana there would be representatives of many countries who were not at Geneva. And therefore there might be among them kings who knew not Joseph, and who would not exactly like the charter we had roughed out.

We also felt quite definitely that the charter might take quite a long time in being ratified by the various countries, and that in the process of ratification it might have a rather rough passage.

Feeling that to be the case, before we left Geneva, Mr. Chairman, we extracted from the voluminous so-called charter some of the most important and vital considerations relating to commercial policy, and we embalmed them in a miniature charter. I have always described it that way. It is not exactly accurate, but it is fairly descriptive. We embalmed in a separate instrument those few vital principles.

Mr. MACDONNELL: Is that word "embalmed" to be taken literally?

The WITNESS: Not exactly. I shall come back to it.

We embalmed those few vital principles in a small document which for want of a better name—and it is a clumsy one—we called the General Agreement, because it was done by general agreement. It arose out of the desire among the representatives of the 23 countries who met there in anticipation of a charter being approved some time in the future, to create a smaller charter which would serve as a set of governing rules for the carrying out and the implementing of the tariff negotiations which accompanied its making.

Might I recapitulate: We went to Geneva to do two things: First to formulate this charter, the first of its kind, and second, to carry out tariff negotiations; and third, as a precaution, to insert some of the most vital principles of the charter in an abridged edition that we called the General Agreement.

You will remember, sirs, that it was to last for three years, the three year term being from the 1st of January 1948 until the end of December, 1950.

Now might I switch to Torquay. The three years have passed. Thirty-four countries met instead of twenty-three, and we went this time with three—not two—primary and most important objectives.

The first was, if possible, to extend for another period of three years the General Agreement that had been adopted at Geneva.

The second was, if possible, to enlarge some of the tariff schedules which had been negotiated at Geneva. In this connection, I am thinking particularly of the agreements which Canada negotiated with the United States, France, Benelux, and some of the more important commercial countries in the world.

The third objective was, if possible, to negotiate for the first time with some other countries which had not been represented at Geneva, but which had manifested a desire to join the "club", if I may use that word. In other words, we want to negotiate with what are called the acceding countries in contradistinction to the contracting parties.

We had a difficult situation to deal with arising out of article 28 of the General Agreement, which is the article that recognized that the tariff arrangements made at Geneva were for a period of three years firm, and that at the end of three years any country might withdraw concessions which it had granted at Geneva or modify them if in its own opinion it had reason for doing so. I merely cite that in passing because it was the legal right of any country represented at Torquay to re-negotiate an item that had been previously negotiated.

Now to recapitulate the Torquay situation: 34 countries instead of 23; the first objective, extending the Geneva schedules for another three years, pretty much in toto. The second, enlarging existing schedules where possible; and the third, to make new agreements with acceding countries; and lastly, to deal with any difficult situation that might arise in respect of a country exercising its right under article 28 to modify or withdraw concessions.

Now a few words as to the results at Geneva, not attempting to appraise them, because that is for the committee, but merely to cite them under some general headings.

In the first place, we were able to confirm an impression we had in our own minds at Geneva as to the extreme importance of the miniature charter known as the General Agreement. By the time we reached Torquay it was common belief that there would not be a charter. While we were at Torquay, (as I think most of the members know) prominent officials in the United States government publicly stated that the charter would not be proceeded with. That meant simply that the General Agreement which had been made at Geneva took on the character of being rather more than merely ancillary to the charter; it had become, in effect, the only agreement. Therefore we faced, not more than we had anticipated but more than many might have anticipated, we faced the

fact that it was now the cornerstone of the whole structure. There would be no charter and there would probably be no international trade organization, and the sole instrument that was binding these tariff schedules together was the so-called General Agreement.

There was only one defection at Torquay from the list of countries which had negotiated at Geneva. That was Lebanon. I need only say the word to show you that there was no substantial change of mind among the participating countries. Lebanon was the only country which signified that it was not carrying on any longer as a member under the General Agreement.

We were able at Torquay to extend for another period of three years our agreement with every country with which we had successfully negotiated at Geneva. I think sometimes that is overlooked by the public, although it was in essence the primary purpose for which we went to Torquay—to prevent the lapsing of the agreements which had been achieved at Geneva. It is easy to say in a sentence that we were to secure such extension, but, as a matter of fact, it is the greatest achievement of Torquay, that 34 countries were willing to carry on for another firm period of three years what had been agreed at Geneva.

Our second purpose was if possible to enlarge the agreement we had made at Geneva with some ten or twelve of the most important trading nations of the world. We were successful, in that we enlarged our existing agreements with ten of the contracting parties. The most important of these, commercially, were of course, the United States, France, Italy, Sweden, Norway, and Denmark.

In addition we were successful in our third objective, namely, that of attempting to make pacts or agreements with the countries which desired to associate themselves with the General Agreement. In each case we were successful and the six acceding countries will become members when they are voted upon in due course, provided they receive the vote of two-thirds of the existing members. They will then be full-fledged contracting parties. Anticipating their full status, we have negotiated successfully with the six countries which wish to join, they being Austria, Germany, Korea, Peru, The Philippines, and Turkey.

The final objective was that of negotiating or renegotiating items, under article 28 of the Agreement and in this we were successful. Since certain countries wanted to withdraw concessions given to Canada at Geneva, we met with their negotiations and discussed the proposed withdrawals. In each instance, we re-negotiated and accepted compensation for any items that were withdrawn. Dr. Isbister can furnish more detail later. I may merely repeat that, in addition to extending the Geneva agreements for three years, and in addition to enlarging existing tariff arrangements with 10 countries, and in addition to making successful agreements with six new acceding countries, we emerged practically unscathed from the re-negotiation of items under article 28.

Mr. MACDONNELL: Who negotiated for Korea?

The WITNESS: The head of the delegation was the Korean ambassador in London; different officials of the embassy were present during the actual negotiations.

The net result of Torquay is that what had been done at Geneva is extended, firm, for another three years; quite a number of new countries have been added to the membership of the club; enlarged schedules have resulted, covering a very considerable sector of commodities not covered at Geneva; and lastly, but not least important, the tariff treatment of thousands of commodities is stabilized for a further period of three years. I submit that when 34 countries have signed (or are in the process of signing) an obligation to carry on an agreed commercial policy for a further period of three years, thus giving a degree of stabilization to international commercial policy and tariff treatment, that that is of considerable significance at the present time.

I do not know that at the moment you wish I should go into the particular agreements in detail, Mr. Chairman; that could follow at the will of the committee. I might, however, say a brief word about one or two of the most important. As regards the United States, we appreciate that Torquay might afford the last opportunity for Canada to negotiate a commercial policy arrangement with the United States under the legislation which has been used by that country up to the present time. I refer to the Trade Agreements Act, which we knew was due to expire on the 12th of next month. These were grounds for the belief that if the Act were to be extended at all by the United States Congress, (a) it might not be extended for three years, (b) the Act itself might be considerably tightened and made more restrictive, and (c) the climate, if I may use that word, in Congress, might on the whole not be too sympathetic to a continuation of the principles enshrined in the Reciprocal Trade Agreements Act. Therefore, feeling that we might not get another "crack" at the United States under existing legislation and that the new legislation might be such that we could not make much use of it, the delegation set out deliberately to exhaust the powers of the United States negotiators. You see, sir, Canada had negotiated with the United States in 1935, again in 1938, again in 1947, and was again so doing at Torquay in 1950. That means that in a period of some fifteen years there would have been four full-scale negotiations with the United States and we knew that we were getting pretty close to scraping the bottom of the barrel. Therefore, we said "Let us get whatever we can get while the going is good, and thus exhaust the powers of their negotiators". And that is just about what we have done. There is very little left now on which Canada could successfully negotiate a substantial commercial policy agreement with the United States under their existing legislation.

We made a very special effort with France for many reasons, not least the fact of the sentimental tie between France and French-speaking Canada, and I think we were particularly successful in our negotiations of a larger agreement with France.

The same might be said, perhaps with less emphasis, about the Scandinavian countries and some of the smaller countries. Of the six new acceding countries, the most important, of course, from a commercial point of view, is Western Germany. The Germans sent to their first negotiation an extremely competent and large delegation. We set out to get as substantial an agreement with Germany as we could, since it seemed to us that Western Germany might conceivably, with France, be the key to the whole European commercial-policy situation. That does not mean to say that some of the other acceding countries are not important. I think that everyone was glad to welcome Turkey into the club and it was our duty to see that the Turks paid their dues before they joined as members. We got a number of concessions from Turkey and in return did not have to give a great deal.

There is one other aspect of the subject that may come up, Mr. Chairman, and I shall say, only one or two sentences about it. A good deal has been made in the press—and I do not mean the press of Canada alone, but the press of the United States and Great Britain—of the fact that the United Kingdom, Australia, South Africa and New Zealand failed to reach agreements with the United States. Everyone knows, of course, that the matter of the treatment of preferences was a basic consideration with those four countries. The position of the Canadian delegation as regards the impairment or elimination of preferences I might put, I think, in one sentence: Our policy was to accommodate to the utmost of our ability the other components of the commonwealth in their attempts to make agreements with the United States or any other country. When we were asked if we were prepared to see a margin of preference that we enjoyed in one or other of these commonwealth areas reduced in order that the commonwealth area concerned might make an agreement with the United States or any other

country, in no single case did we decline. In a vary few cases, we intimated that the commodity in question was an important one in our trade; that we would like to see it dealt with as delicately as possible; and that we hoped that in return we might share in counter-concessions; but that, nevertheless, the other party was free to go ahead and make the best agreement it possibly could. In the event, no one of the four was able to reach an agreement with the United States. Of course, it is not for me to comment on that.

I hope I have covered what was done at Torquay in general terms. I hope too that I have not repeated too much that was said in the House by the ministers. If I may at this point I shall introduce, in case some members of the committee do not know them, my colleagues. On my right is Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce, who as the committee proceeds will give more detailed information regarding concessions secured by Canada in other countries; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance, who will give detailed information regarding concessions given by Canada in return for what we got abroad; Dr. A. E. Richards, Principal Economist, Department of Agriculture, who was with us an expert adviser in agricultural matters; and, in the absence of Mr. J. J. Deutsch, Mr. S. S. Reisman, of the Department of Finance who can testify regarding the general principles of the now defunct charter and the still-alive agreement; and Mr. Hume Wright of the Department of External Affairs who was with us as Secretary of the Delegation. I hope I have not transgressed on your time and I now now turn myself and my colleagues over to the committee for questioning.

The CHAIRMAN: Thank you Mr. McKinnon. It is the wish of the committee to hear Dr. Isbister next?

Agreed.

Mr. MACDONNELL: Could I ask just one question? You did not mention Ancey?

The WITNESS: That was an inadvertency in a sense, in that Ancey was a small negotiation; it changed the picture so little and effected the schedules so little, I did not elaborate upon it.

By Mr. Blackmore:

Q. Just what position then does Havana occupy in the general picture?—A. Havana had to do entirely with the charter as there were no tariff negotiations at Havana. But the charter that was formulated at Geneva among the twenty-three countries went on to Havana and was discussed in a much more larger group of countries and considerably amended and as I say, apparently has now died; at least it has never been ratified by any country.

Q. So we might just as well cancel Havana out for practical purposes.—A. That is right, and I had done so, in the sense that I was proceeding from one tariff negotiation to the other.

Mr. MACDONNELL: There are two points which for myself I think I could become a little more enlightened on. Would Mr. McKinnon perhaps just say a word or two as to why he thinks the charter was not adopted? What was the main reason? Was it a general change of world view or was it unexpected developments of international affairs, or was it a change of attitude in the United States, or what was it that has brought this about? Secondly, would Mr. McKinnon just say a word or two about the details—I think I am familiar with them but I would like to be clear on them—of the legislation in the United States, which, as he says, is really fully availed of now.

Mr. MCKINNON: Regarding the first question, Mr. Macdonnell, I should really defer to Mr. Reisman, who is a greater authority on the details of the

charter and who might say a word or two. As I said, in starting, the charter was rather grandiose and indeed perhaps the whole conception of an international trade organization functioning under a world charter under the auspices of the United Nations may have been conceived a little too soon after the last war. It may have been that it was just a little ahead of public opinion throughout the world. The charter that emerged from Geneva was, in my opinion, not too bad; but when it got to Havana, it encountered a great deal of log rolling, the formation of regional groups and pressure groups which led inevitably to this result: the charter was watered down in one degree after another; escape clauses were cluttered all through it; it became such that in most countries the bad features appeared in highlight rather than the good features. I do not think myself, sir, that there has come about a definitive change in public opinion in the United States but rather that the United States has come to believe that there might be a great deal of difficulty in having the charter adopted by the required number of countries as long as it contains some of the provisions that were inserted at Havana. Secondly, it may be that the United States has come to feel, as certainly I have personally, that the General Agreement, the miniature charter, is in itself good enough to carry on with. It has not got within it every provision that was in the charter but it has the basic ones. It may be that the feeling in the United States is that they could ratify the General Agreement but probably could not get ratification of the charter. That brings me, Mr. Macdonnell, to your second question as to the legislation under which we negotiated with the United States at Geneva and Torquay. The legislation in question is called the Reciprocal Trade Agreements Act. If my memory is correct it was put on the statutes in 1934, during the regime of Mr. Cordell Hull. It bestowed upon the President certain tariff-making powers. It conferred upon the President the right to negotiate, through his officers, with other countries and to grant reductions in customs duties by fifty per cent. It expressly said, however, he would not have the power to remove a commodity from the dutiable to the free list. In other words, the President could reduce an existing duty by fifty per cent but he could not put a product on the free list. There were, of course, many other provisions.

Mr. MACDONNELL: Did you say by fifty per cent or up to fifty per cent?

The WITNESS: By fifty per cent. If the duty was sixty per cent, it was possible to reduce it to thirty per cent. Canada took advantage of these powers in 1935 and again in 1938. At the time of Geneva, the United States was sponsoring very vigorously the charter and urging other countries to indulge in tariff negotiations and their legislation was liberalized, in that the President, instead of being able to reduce the scheduled rates by fifty per cent, as had been his authority before that, was empowered to reduce by fifty per cent the rates of duty applying on January 1, 1945. That change made it possible for other countries to negotiate two or even three reductions in duty on the one commodity, as in fact we did in some instances.

The Reciprocal Trade Agreements Act expires on the 12th of June. There are proposed amendments before the House and before the Senate. In both Houses rather restrictive measures have been introduced into the legislation. One of these is that the Act shall be extended only for two years, instead of three. Another is that the United States Tariff Commission will be empowered to indicate to the President how far, in the opinion of the Commission, he or his negotiators should go in reducing tariffs by agreement. This is commonly referred to as the "peril-point" provision. If I remember correctly, the President would not be bound to accept the recommendation of the Tariff Commission should he receive one but, should he not do so, he must forward to Congress his reasons for disregarding it. A third, and perhaps the important, proposed amendment from the standpoint of other countries is one relating to agricultural products which are subject to a price-support program in the United States.

The importance of it lies in this: If, under the Agricultural Adjustment Act, the United States is providing floor prices or support prices, of one kind or another, a concession granted by a trade agreement appears to have had precedence over the provisions of the relevant domestic legislation. According to published information, the effects of a proposed amending clause might be that, as regards certain agricultural products, the provisions of the domestic legislation would, or could, over-ride the provisions of a trade agreement. In short, that would be just about the reverse of the situation at present. The Senate committee, I believe, in reporting the bill, has recognized that this new requirement should not be too binding upon the President in point of time and that it might be extremely difficult and indeed impracticable to apply such a provision to trade agreements already in force. I have read that the amending provision is a good deal watered down in wording and I understand that it may be some time before the precise legislation emerges.

Mr. HARKNESS: Mr. Chairman, I would just like to ask one question. Have all agreements made—as far as the United States is concerned—at Geneva, Torquay, and so forth, been made under this presidential authority, under this Act?

The WITNESS: That is right.

Mr. HARKNESS: Congress has not at any time completely removed any duty?

The WITNESS: These agreements have all been under the Reciprocal Trade Agreements Act.

Mr. FULTON: These concessions made by the President do not require subsequent ratification by Congress?

The WITNESS: That is right, sir. They are brought into effect by presidential proclamation.

By Mr. Fraser:

Q. Just before you sit down, Mr. McKinnon, do they not print a list of these commodities they contemplate changing in the United States, in order to allow people to make complaints within three or six months? And then after the complaints are received the board sits on them before they are presented to the President?—A. That is right. In the past they have published what they called a—

Q. White paper?—A. Yes, a “statutory list” of the commodities they contemplate negotiating with any country; those are made the subject of public hearings, and interested parties—importers, exporters, etc.—may appear at those public hearings and give their views. Should the Act be amended in accordance with certain proposals, the procedure may be more restrictive in that there will be the intermediate step, that the tariff commission may recommend to the president how far in their opinion he ought to go, if at all.

By Mr. Blackmore:

Q. Would it be fair to put it this way. In general the United States now seems to be manoeuvring herself into a position in which she can adopt such a measure as the Fordney-McCumber Tariff Act—springing a thing like that suddenly on us without warning?—A. Not in general, Mr. Blackmore; but I suppose it is a fair inference that if they amend the legislation to say that no agreement, no provision in an agreement can override the legislation—which means, therefore, that the legislation can override the agreement—then, in respect of certain commodities, they would have power undoubtedly to raise rates. There is no question as to that.

Q. The trends are definitely in that direction in the United States?—A. Well, I rather hesitate to say that, Mr. Blackmore, because I cannot seriously contemplate the United States violating or denouncing an existing agreement with Canada let us say. It is the case, in that connection, that these trade agreements on Canada's part have been brought into operation by order in council. A few of the items have been inserted in the tariff by budgets, but by far the greater bulk are effective and operate only by order in council. Therefore, if the United States or any other country for that matter, were to do such an unthinkable thing as to violate flagrantly an agreement with us in respect of even one important commodity the country in question would put itself in a position where it would be very easy for Canada to deal with the situation—in that it would merely mean the cancellation of an order in council. It would not require, in most instances, any action by parliament. I do not think and I am not prepared to think that the trend in the United States is in the way you suggest. There are no doubt pressure groups working, and at the moment the Act is being revised in a rather restricted form, but it still has to go to the compromise committee of the two houses.

Q. My remark was intended to take the form of a question—I do not know whether I put it just right?—A. Yes, I understood.

Q. Would I be safe in making this assumption: that the indications would seem to be that the United States is undergoing a recession of public opinion from the strict doctrine of non-discrimination which we heard so much about during World War II?—A. No, I believe the United States is as firmly wedded as ever, Mr. Blackmore, to the principle of non-discrimination. I do honestly believe that. To what extent proposed amendments to their enabling legislation will make it possible for them to be more restrictive in practice is as I say, difficult to tell until we see the legislation.

By Mr. Harkness:

Q. Do I understand from what you said if this present Act goes through this compromise committee the United States would be in a position where they could abrogate any particular tariff agreement by what you might call unilateral action—merely by Congress passing an Act which applied domestically?—A. I think it might work out a little differently in that, in any future negotiations, if the Act goes through with those restrictive provisions, their negotiators would not exceed the limit set by the domestic legislation.

Q. What about agreements that are in effect?—A. As regards those in effect I would not prophesy. My own feeling is that even if legislation is put through in a much more restrictive form, it would be most improbable that a concession we have bargained for and paid for would be withdrawn by the United States. Now, I have to give you that as a personal opinion; it is purely speculation on my part.

Q. I take it from what you said it is improbable that it would be done but it would be possible under this legislation?—A. If the new legislation goes through there is no question about it.

The CHAIRMAN: But I understood you to say that if any such unexpected move should be made by the United States, Canada is in a position to take appropriate action to protect her interests?

The WITNESS: Yes, and more than that, no such move would be made, I think, in respect of anything covered by existing agreements because the rates of duty are all bound. Now, it would be unthinkable to my mind that they would just act. There would be prior consultation, unquestionably. If, as a result of domestic policy, they felt they had to amend in some degree a concession given, I think in every case they would be prepared to offer compensation in some

form or other perhaps on some other commodity. Would you agree with that, Mr. Reisman. It would never be merely action?

Mr. REISMAN: No, and the only point I can think of other than what you have already said, Mr. McKinnon, is that the United States has in fact undertaken these very solemn international obligations. Quite apart from what their domestic legislation states, should they be required to take action, they would either have to amend their international obligations or to violate them.

Mr. HARKNESS: What you mean by "amend" is "renegotiate"?

The WITNESS: They might renegotiate.

Mr. REISMAN: Yes, if it involved a tariff item. If it involved a commercial policy matter they would have to propose an amendment to the present agreement which they have undertaken. As Mr. McKinnon says it is unlikely they would put themselves in a position of violating the agreement because other countries could take retaliatory action. As to the new domestic legislation, we do not at this stage know what the legislation is going to look like. They certainly have not made any proposals up to this time seeking to amend the obligations which they have undertaken under the Geneva agreement.

The WITNESS: And as I say, Mr. Reisman, even the powers that different groups in the two houses are proposing are so worded in the two drafts as to leave it still very much in the air. The latest drafts I have seen would appear to leave still a great measure of discretion with the president.

Mr. FULFORD: There is no danger of what was really a disaster in Canada when the Smoot-Hawley tariff trouble came up twenty years ago. In the last twenty years public opinion has changed considerably. At that time there were Canadians who were saying that we would have no truck or traffic with the Yankees. We have come a long way in our thinking since those days.

The WITNESS: The United States at Torquay did sign all these concessions for another three years and I think that would be a primary consideration in the minds of her statesmen and officials, rather than powers they might have in an amended Act.

Mr. LAING: Did they not in effect authorize the negotiators to speak for their government, as you spoke for the Canadian government?

The WITNESS: Oh, yes, Mr. Laing, authority had to be given to them to do so. Other countries, too, are tied as much as we are, for another firm period of three years. And it is not inconceivable that at the end of three years the life of the Agreement will be further extended.

By Mr. Adamson:

Q. I would just like to ask one question. I gather these agreements coming under the heading of an Act in the United States merely require a simple majority of Congress, whereas the Geneva Agreement or the Geneva Pact or Charter was a treaty and ratification would require a two-thirds majority of the Senate?—A. You mean, had the charter gone ahead at all?

Q. Had the charter gone ahead at all it would have been considered as a treaty and a two-thirds majority would have to be obtained?—A. I think so.

Q. But these can be ratified just by a simple majority?—A. What is being done now is by presidential action. It does not go to the Congress at all.

Mr. FULTON: Would Mr. McKinnon complete the picture by outlining for us the procedure under which these same concessions in agreements are put into effect in Canada, so that we can understand how firmly we are bound and what we would have to do to follow the procedure that some members have suggested might be followed by the States. Would you do that just to complete the other side of the picture?

The WITNESS: We will in due course, Mr. Fulton, come to the four instruments that resulted from Torquay, and that are named in the schedule. At Torquay Canada undertook to extend the existing agreements unimpaired for another three years. She also enlarged a number of existing agreements, and made some new ones. Now, we are committed to those and they will be brought into force by order in council, presumably on the 6th of June.

By Mr. Sinclair:

Q. Under section 11 of the Customs Tariff Act?—A. Yes.

Q. That is parliament's authority?—A. That is right. Section 11 of the Customs Tariff empowers the Governor in Council to make reductions or give concessions in return for value received. That is the authority that has been used up to now for bringing into force these various agreements.

Q. Is the authority of the president to make these 50 per cent reductions a similar authority or can he reduce them without reference to Congress?—A. Unilaterally?

Q. Like our customs bill before the House—where we make reductions in tariff without any concessions from other countries?—A. You mean can the President do that?

Q. Yes?—A. No, I do not think that he can.

Q. His power is an exact duplicate of that which our cabinet has under section 11, except that our cabinet is not limited to 50 per cent?—A. No, our cabinet does not have that limitation, but the President has

By Mr. Fraser:

Q. Is there not a six months' period?—A. Heretofore, the Act has been renewed, each time, for three years. This time one Committee has suggested that it be passed for only two years.

Q. The president cannot make any change right out of the hat? He has to have a waiting period? Is there not a waiting period?—A. In the new Act as written?

Q. Yes?—A. I really have not been over the new Act carefully. It came before Congress when I was in Torquay and since I have been back I have only glanced at it.

Mr. FULTON: Well even under our system, even though we have not ratified the parent documents—the Geneva Agreement or whatever has come out of Torquay—it is still primarily open to us, and in fact it is done, that the individual agreements on tariff are applied by order in council under section 11 of the Customs Tariff Act?

Mr. SINCLAIR: Under section 11 of the Customs Tariff Act.

By Mr. Fulton:

Q. And can be removed by order in council?—A. I am coming to that.

Q. Can they be altered by order in council, even if we ratified them in the Geneva Agreement or the agreement arrived at in Torquay?—A. You mean if we ratified them in the existing agreements, including Torquay?

Q. Yes?—A. And your question would be, then, could the duty be raised?

Q. Yes, or could an order in council be passed then varying the tariff rates which had been applied by order in council prior to ratification?—A. They could not be increased, Mr. Fulton, because we are bound against increasing them.

Mr. MACDONNELL: Could a decrease be withdrawn?

The WITNESS: No, that would be violating the agreement.

By Mr. Fulton:

Q. If we negotiated let us say a 10 per cent increase in the importation of glass ash trays then that is brought into effect I understand you to say by order in council?—A. You are skipping one stage. The new figure, the lower rate, is included in a scheduled agreement, if that is what you mean?

Q. Yes?—A. And brought into effect by order in council.

Q. If we ratify the new agreement which includes ipso facto the schedules, the position would be we could not vary that tariff rate by order in council?—A. That is right, unless for unilateral reasons you wanted to vary it downward. That would be giving a greater concession, unilaterally.

Q. Yes, then the Cabinet has still the authority to reduce tariffs by order in council?—A. That is something circumscribed, in that Cabinet's power to reduce duties by order in council is restricted to materials used in further manufacturing. The Cabinet could not do so on the commodity you have mentioned.

Mr. FLEMING: I think it might be helpful to members of the committee if section 11 of the Customs Tariff Act were put on the record at this point.

The CHAIRMAN: Does the committee agree?

Agreed.

The WITNESS: Would you wish me to read it, Mr. Fleming?

Mr. FLEMING: Yes.

The WITNESS: "The Governor in Council may by order in council make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for concessions granted by any such country."

By Mr. Fleming:

Q. The position at the present time is this is it not? The Canadian parliament has not been called upon at any time to take any legislative action, or action by legislation with respect to any of these agreements, even starting with Geneva?—A. No, I think that is true.

Q. So everything that has been done has been done by order in council under the authority of existing legislation, particularly section 11 of the Customs Tariff Act. The Torquay agreements do not contemplate any legislative requirement on the part of the Canadian parliament?—A. No, but you will remember, Mr. Fleming, that at Geneva Canada undertook to do certain things; and, in respect of things other than tariff rates, to apply that agreement to the extent not inconsistent with existing legislation.

Q. Quite, but it is all within the limit permitted by existing legislation. One thinks, for instance, of some of these things which Canada undertook to do by article 5 at Geneva, which turned out to be not within the jurisdiction of the parliament but belonged to the legislatures of the provinces. As I understand the Torquay Agreement constitutionally the position has not changed?—A. No, that is right.

Q. That is done at Torquay. It could be brought into effect simply by Order in Council.—A. Pursuant to the powers of Section 11.

Q. Of the Customs Tariff Act.—A. That is right.

Mr. FULTON: And I presume we would have to admit that we are in a much better negotiating position particularly so long as the other countries have not ratified, if we leave it that way, than by ratifying the various agreements.

The WITNESS: That might be a happy and fortuitous circumstance. If anything happened which would make Canada want to retaliate, such course would not require the approval of parliament.

Mr. FLEMING: Are you saying that it is an advantage?

The WITNESS: No, I was not saying that it is an advantage; but, so long as no other country has formally ratified, we are probably in a fortunate position in that these agreements are only provisionally applied. I do not argue that it is desirable. It would probably be far better if everybody ratified it. That would probably make it more regular.

The CHAIRMAN: Until the others get ready to ratify it, there is no hurry about it.

The WITNESS: The only other countries which have ratified Geneva are the United Kingdom and Australia, and the latter, I believe, ratified it subject to ratification by the United States.

Mr. FLEMING: In that case, might it not be done by a resolution rather than by a statute?

The WITNESS: I imagine it was done by a resolution of the House.

Mr. FLEMING: The agreement at Geneva was not a fixed agreement embodied in a statute in any case.

The WITNESS: No, not in a statute.

Mr. FLEMING: Or in the United Kingdom?

The WITNESS: No. I think it was a resolution approving the agreement, and that is as far as it went.

The CHAIRMAN: Would the committee now care to have the general picture completed and to hear from Mr. Isbister?

Mr. CARROLL: What is the function of this committee, Mr. Chairman? Is it to make a report to parliament? We have nothing to do with the agreements which are before us. Is it to be a study club?

The CHAIRMAN: I believe that if you will read the Prime Minister's motion you will get the answer there. My understanding is that the reference to this committee was made so that Members of Parliament might have an opportunity of obtaining the fullest possible information in regard to what has taken place.

Mr. MACDONNELL: It is educational.

Mr. CARROLL: It is an educational set-up?

The CHAIRMAN: I put it on a lot higher plane than that.

Mr. MACDONNELL: Higher?

Mr. FRASER: Is there anything higher than education?

The CHAIRMAN: I think it was anticipated by the government that Members of the House of Commons would be interested in learning what happened and why.

Mr. ADAMSON: We are not to make a report.

The CHAIRMAN: I was anticipating that after the hearing of the evidence the committee might wish to call we would make a report similar to the report which was made on the Geneva Trade Agreement. That was a simple report to the House of all the information which the committee obtained. I shall read the report that was made on the last occasion.

Mr. FRASER: Is it a short one?

The CHAIRMAN: It is not long. The report recites the order of reference.

Mr. MACDONNELL: What is the date of it?

The CHAIRMAN: June 2, 1948. It recites the order of reference. Paragraph 2 recites the witnesses who were called before the committee. Paragraph 3 recites the representations that were made by the different bodies asking to be

heard by the committee. And paragraph 4 reported to the House with a copy of the Minutes of Proceedings and Evidence adduced, which was tabled with the report.

Mr. FLEMING: I think Mr. Carroll has done a good service to this committee in raising that question because while I do not want to anticipate now any discussion which might occur later, I think it might be helpful to us if you, Mr. Chairman, as chairman of the committee, indicated what we are working toward.

The question arose during the discussion in the House as to the making of a recommendation. What we did in 1948 was to pass on to the House the evidence we received. There was nothing more to it than that. You will recall the discussion in the House.

The CHAIRMAN: On the 21st of May.

Mr. FLEMING: About the extent of the powers of the committee, and if it had any power to make a recommendation. I said there was no power to make a recommendation. I said this material was referred to us in effect for study, but we were not called upon to make any recommendation to the House in regard to it.

The CHAIRMAN: We are not asked to make any recommendation. We have no power to change the agreements; but as to the other proposition, namely: in regard to a recommendation, I think that is entirely in the hands of the committee.

Mr. FLEMING: You think if the committee is so advised, it could make a recommendation?

The CHAIRMAN: I think it is entirely in our hands if, as a result of a study of the matter which is referred to it, this committee wants to make a recommendation. I do not see anything to prevent it.

Mr. FRASER: Could the committee hear witnesses who might feel that the agreements made were not right?

The CHAIRMAN: The general order of reference to this committee reads as follows:

That the Standing Committee on Banking and Commerce be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Mr. FLEMING: We could if we wished invite representations and submissions of views on the part of other than the officials?

The CHAIRMAN: As I understand it we have the power to call for persons, papers and records, and to report from time to time our observations and opinions thereon.

Mr. FLEMING: That is a matter for consideration by the Steering Committee.

The CHAIRMAN: And as far as I am concerned, I want to say immediately that this inquiry will be as wide open and as thorough as the members of the committee want it to be.

Mr. BALCOM: If there is an educational feature to this committee, might I ask the witness if Lebanon dropped out of the agreement for purely economic reasons or for other reasons?

The WITNESS: I do not know. All I know is that we were merely notified one day by the Secretary General that Lebanon had severed her connection. I might say that the schedules which Lebanon entered into with some of the countries at Geneva were very restricted and covered very few commodities. My own impression would be that probably it was done on purely economic grounds.

Mr. MACDONNELL: I am sorry to say that I am already lagging behind the class. I would like to ask one question. I thought Mr. McKinnon and one or two others suggested that if and when we signed a general agreement on tariff and trade we thereby tied our hands to an extent we are not tied merely by making ad hoc and individual agreements with the nations at Torquay. Is that correct?—A. As regards rates of duty, Mr. Macdonnell, included in the schedules, those are signed and are effective for the three years; but as regards some other articles of the General Agreement—

Q. For example— —A. I think I am correct in stating Canada has not yet fully—

Q. Could you give us a sample of one of those so that one could understand what the significance would be.—A. Well, the prohibition of used cars. We have a prohibition on the importation of used cars. Strictly speaking under the provisions of the general agreement, if parliament had ratified the agreement and it were fully operative we could not prohibit the importation of used cars.

Q. But as far as tariffs are concerned.—A. It doesn't apply.

Q. I understood you to say, Mr. McKinnon under section 11 of the customs tariff we could make unilateral reductions that were for value received, or did I misunderstand you there?—A. I said that if the Governor in Council is acting under section 11, he is doing so in return for value received, but that is not to say that he could not reduce a rate for domestic reasons.

Mr. FLEMING: On the point, Mr. Chairman, we were discussing earlier, has any order in council been passed yet by the Canadian government to bring into effect any of the Torquay agreements?

The WITNESS: I am sort of ex officio in these matters. I was sent to Torquay because of my age and, shall I say, wickedness? I have nothing to do with—

Mr. FULFORD: Experience.

The WITNESS: The order in council would be prepared by Mr. Callaghan.

Mr. CALLAGHAN: It is being drafted today and will be presented tomorrow. It has to be presented before June 6.

Mr. FLEMING: When that is passed, Mr. Chairman, we must have regard to it in this committee to see whether it brings the Torquay Agreements fully into effect or does so only on a modified basis as was done with the Geneva agreements. Just to give the committee some information as to the extent to which Geneva was brought into effect, I think I recall a statement being made in the House by one of the ministers some time ago that as far as items were concerned the Geneva agreements were brought into effect with respect to about half of the items contemplated in the original agreement.

The WITNESS: Do you mean brought into operation?

Mr. FLEMING: Yes.—A. I would say it was brought into operation in respect of every tariff item.

Q. Then, you say it is in full effect as to all the tariff items?—A. Yes. The other illustration I gave was the prohibition against the importation of used cars.

Q. Or you could have mentioned article 5.—A. Yes, I could have thought of that, too.

Mr. SINCLAIR: In your answer to Mr. Macdonnell you said you could reduce tariff rates unilaterally, but that of course requires parliamentary authority?

The WITNESS: Except for materials for use in manufacture.

By Mr. Fleming:

Q. Apart from the question of tariff rates which you fully cleared up, are there any provisions of the Geneva Agreement which have not been brought into effect which could have been brought into effect merely by order in council.—

A. I do not know of any, sir, and anything in the Geneva Agreement that has not been brought fully into effect is in that status because, to bring it into effect, would bring it into conflict with existing legislation; therefore, legislation would be required. That is a round about answer.

Q. No, I think that is clear. In other words, to the extent to which the Governor in Council is empowered to implement the Geneva Agreements the Governor in Council has fully done so.—A. That is right, sir, to my knowledge.

Q. So that anything further in the way of implementation of Geneva would require legislation on the part of parliament.—A. That is my view. I am not a lawyer but I think that is the case.

Mr. MACDONNELL: Just before we leave this, you have given us an illustration in the case of used cars of one of the aspects of the general agreements which deals with matters other than tariff. Without going into a lot of detail would you say that there were other features in the Geneva Agreement of very considerable importance which were not covered, if they could have been covered by an adoption of the agreements, or would that have been proper for us to do it unless everybody else did it.

The WITNESS: I think the last remark you made is highly pertinent, Mr. Macdonnell. You will remember, sir, that we did go ahead—in the spring of 1949, I guess it was—and revised our Customs Act to bring it into conformity with Geneva. There we were, in a sense, taking a step somewhat ahead of the others, because we had signed the Geneva Agreement. But because our Customs Act in some very small detail was not entirely in conformity with the Geneva principles regarding valuation for duties the Customs Act was amended in parliament. Now, some other countries, I think it is fair to say, have not done a similar thing.

Q. Would our changes correspond to the administrative changes which have been discussed so much in the United States of late and have never been made?—A. Ours went a little bit further than that; they were substantive changes. The United States has not yet passed its Customs Simplification Bill which it is required to do under Geneva. Within the past year, as Dr. Isbister will tell you later, there has been a very great improvement in respect of administration at the ports. In other words, they appear to be observing the spirit of the Geneva Agreement in an admirable manner but they have not yet carried it into the letter of the law.

Mr. THATCHER: How would your ban on margarine comply with the Geneva Agreements? Does that fit in?

Mr. FULTON: What ban?

Mr. SINCLAIR: The importation of margarine.

The WITNESS: I do not want to get into deep water on this. Although I am nearing the retirement age, I am still only a civil servant. After we came back from Geneva, my memory is that the whole margarine situation was referred to the courts and the decision of the courts was that because of certain domestic circumstances and legislation it was quite competent for Canada to continue to prohibit the importation of margarine. Now, that was a court decision and was acted upon and beyond that I do not feel competent to comment.

Mr. ADAMSON: Is that the court at The Hague?

The WITNESS: No, that was right here.

Mr. ADAMSON: The Supreme Court.

The CHAIRMAN: It is now twenty-five minutes after twelve. If the committee would like to complete the general picture before we adjourn at one o'clock, I believe we should hear Mr. Isbister now.

Agreed.

Mr. FLEMING: We can hardly hope to complete the picture today.

The CHAIRMAN: No, but I think it will be helpful if we hear Mr. Isbister now.

**Mr. C. M. Isbister, Director, International Trade Relations Branch,
Department of Trade and Commerce, called:**

The WITNESS: I shall retain my seat with your permission, while I make a few remarks. I have been called on several times this morning and each time Mr. McKinnon has been asked several more times to add to his most comprehensive statement. I came here, Mr. Chairman, simply to be of any possible assistance to this committee and without a prepared statement of any kind. My remarks at this time will, therefore, be very brief indeed. The Minister of Trade and Commerce has described in the House of Commons some of the principal concessions which were obtained for Canada from other countries in the Torquay negotiations. For me to summarize at this time the important concessions we received from other countries would be simply to repeat what is already in *Hansard*.

As the principal negotiator for the Trade and Commerce Department at Torquay, I was responsible for negotiating the concessions received from other countries for the benefit of Canadian exporters. I am wondering what I may say at this time and it seems to me that the most helpful thing would be to describe the preparations undertaken in advance of Torquay. To tell this will illustrate very well the relationship which the Canadian business community and exporters in particular have already had to the negotiations. I think this information will have a bearing on some of the questions which were asked of Mr. McKinnon.

Sometime prior to Torquay, while preparations were being made in my own Department of Trade and Commerce, and in other government departments, widespread publicity was given to Canadian exporters that tariff negotiations would take place, giving the date on which they would be undertaken. The result was that anyone interested in exporting to other countries, desiring to obtain a reduction of tariff in the other country which would benefit the sales of his products abroad, was given an opportunity to make his interest known to the Department of Trade and Commerce. This was done so that the most effective possible effort could be made to obtain concessions of benefit to Canadian exporters.

A large number of companies and individuals took advantage of this public notice. A number of letters were received and briefs were filed with us. A number of exporters took advantage of the opportunity to come to Ottawa to tell us of the tariff problems they found in other countries. I should add that in the Department of Trade and Commerce there is a small unit known as the Foreign Tariffs section, where tariff specialists attempt at all times to follow developments in the tariff systems of other countries. They keep in touch with the problems of Canadian exporters who are attempting to sell over tariff restrictions and import restrictions encountered in other parts of the world. When we went to Torquay, therefore, we were briefed in advance to the maximum extent possible, on the points of view and desires of Canadian exporters. We had done all we could to find out what reductions in the tariffs of other countries would be of genuine assistance to Canadian exporters.

The procedure followed in the Torquay negotiations, without discussing its legal details, but in simple words, was that in advance of the negotiations participating countries sent one another lists of tariff concessions they hoped to receive during the negotiations. In some cases, of course, such lists of requests went beyond what countries actually hoped to receive. These lists of requests were extensive and were exchanged in advance.

The requests submitted by Canada to other countries at the opening of the Torquay negotiations were the result of the consultations which I have described, carried on to the maximum extent possible with Canadian exporting companies and exporting interests through channels which were open to us. In advance of going to Torquay these requests were scrutinized carefully and in detail by senior officials of various government departments and by the Minister of Trade and Commerce. I think it may be concluded that the Canadian negotiators were rather well instructed with regard to the objectives which they should pursue in obtaining concessions from other countries.

Now, Mr. Chairman, I shall not volunteer any remarks on the concessions we actually received from other countries, except that we are prepared to provide any information which is required by the members of the committee, in any form that is required, and to the full extent of our ability, dealing with countries which have given concessions to us, or the export products on which concessions were received, or according to the location in Canada of the manufacture of export products on which concessions were received.

I need only say negotiations of the kind carried on at Torquay are intricate and detailed, the results covering hundreds and thousands of detailed items. We shall attempt to summarize these from any point of view which may be of interest to members of the committee, coming as close as we can to the desires that are expressed here.

Mr. MACDONNELL: You could do this to give us a picture of your technique. Take some commodity and indicate in a general way what your discussions were before you went, what your objective was with regard to that commodity, and you could perhaps indicate to us your technique there. I presume you met your opposite number of the country where you hoped to get that commodity in. It just occurred to me if you traced some commodity where you got a substantial concession it would give us a picture.

Mr. SINCLAIR: Take Douglas fir plywood, for example.

The CHAIRMAN: Could you get something on that, Mr. McKinnon?

The WITNESS: Someone mentioned the item of Douglas fir plywood. It was one of the most important concessions we received. Other members of the delegation there had a good deal to do with it as well and they will correct me as I go along, but let me tell the story of Douglas fir plywood.

In the first place civil servants did not need to be instructed that a concession on Douglas fir plywood would be a most important one to be obtained if possible. The United States duty on Douglas fir plywood stood at 40 per cent ad valorem. Concessions had been made on earlier occasions by the United States on other types of plywood but this single item stood at what would have to be regarded in normal times as a prohibitive level for this kind of thing. This year Douglas fir plywood could cross into the United States at a 40 per cent tariff. I suppose it could cross at a higher rate because that kind of material is tremendously in demand. Normally, however, 40 per cent is a prohibitive tariff on this important material which has been used increasingly in construction and in many lines of manufacture. It is not only an improved form in which to use lumber but increasingly a substitute for certain metals.

Here was a product, then, most important to British Columbia in which market possibilities existed overseas but for which the demands of the American market were closed off in normal times by a high tariff. At Ancey it had been

hoped that the United States might possibly negotiate Douglas fir plywood with some other country. The United States did not negotiate with Canada at Ancey but the United States did negotiate with other producers of plywood. At Ancey, however, while the United States did make further reductions on other types of plywood, Douglas fir plywood was again exempted from the lists of their concessions.

This one type of plywood remained in the United States tariff with a very high rate. It was perfectly obvious that this was one of the remaining concessions which Mr. McKinnon referred to in the United States tariff, when he said that we attempted at Torquay to exhaust the powers of the United States administration under the reciprocal trade agreement act.

A fifty per cent reduction from forty per cent leaves twenty per cent. Our objective, therefore, was to get the United States' negotiators to make a maximum concession on this item. Representations were made to us in advance of Torquay by word of mouth, by people connected with the plywood industry both in trade associations and in various companies which produce plywood. They approached me and they approached other officials of my department to urge upon them the desirability of obtaining this particular concession. This item was included in the earliest list of requests which was addressed to the United States.

That takes us up to the commencement of the Torquay negotiations. I could not begin to give the committee a daily diary of discussions relating to plywood during the six months of negotiations. The formal procedure followed in tariff negotiations, however, involved the United States making an official response to our request with respect to this item. Their first response was negative.

It is fair to say that this was an item to which the Canadian delegation attached the greatest importance. We made it clear to the United States negotiators from the beginning that we were interested not only in receiving a concession with respect to Douglas fir plywood, but it was essential to receive a maximum concession. By the time the Torquay negotiations were finally concluded, the United States did give us a maximum concession which will come into effect on June 6. I hope that is a complete answer to your question or to the points in which you are interested.

Mr. SINCLAIR: When you say to them that we want a concession for plywood, do they come back and say to you: We will give it to you if you give us a concession on one specific item? Is it done on an item against item trade basis, or is it done by means of bulk trade?

The WITNESS: In the process of exchanging important concessions back and forth, we would not normally proceed to trade on an item by item basis, but rather by an evaluation of the relative importance of lists back and forth.

Mr. FLEMING: I think you made very clear the steps you took in advance of the meetings to consult the interests of Canadian exporters?

The WITNESS: Yes.

Mr. FLEMING: Could you enlarge on that to indicate what response you got from Canadian exporters, and what volume of representations were made as to their desires and can you give us some idea of the number of items they covered, and how the agreements compared in the number of items on which you reached agreement with those on which you were asked to negotiate and seek concessions, and the details of the steps which you took to consult the interests of Canadian producers who might be affected by the agreements in the domestic market.

The WITNESS: With respect to the first part of your question I regret to say that I cannot possibly answer it, and I shall explain why.

If all of those interested had written letters to us in advance of Torquay, I could count the letters and report the total. The fact of the matter is that we did receive a number of letters, and many of those letters were in the form of briefs.

Mr. FLEMING: Can you give us some idea of them?

The WITNESS: Well, the total number might have been, at a guess, possibly 200. But that is just a guess.

Mr. MACDONNELL: 200 concerning plywood?

The WITNESS: No, no. I understood you were interested in the whole picture.

Mr. FLEMING: Yes.

The WITNESS: I suppose we probably received a couple of hundred letters, but that is just a guess.

A very large number of exporters are continuously in touch with my department, the Department of Trade and Commerce, by word of mouth. We have commodity officers who specialize in various fields: I received in advance of Torquay, in addition to letters, a large number of statements of opinion from individuals, through this channel as well as statements of opinions which were retailed to me by our own commodity officers who had consulted them.

Mr. FLEMING: They come to you as memoranda?

The WITNESS: Sometimes in the form of memoranda, and sometimes by telephone. A lot of exporters come to Ottawa in person. Preparations were going on over a period of months; and over a period of months a great number of exporters would come to Ottawa. I could not tell you how many of them got in touch with me by telephone while they were here.

In addition a large number of letters had been filed with the Canadian delegation prior to the earlier Geneva negotiations in 1947 and we had the advantage of the information which was compiled at that time. So, you see, I really cannot give you a simple answer to the question of how many exporters directed requests to us. But I can say that to my own knowledge there was no important field of export with which we were not in touch in some fashion or other.

Mr. SINCLAIR: What about Members of Parliament themselves writing to you on behalf of industries in their own ridings?

The WITNESS: There were a number of cases where we received letters from Members of Parliament with respect to industries in their own ridings, in respect of export firms which were interested in obtaining concessions from other countries.

Mr. MACDONNELL: Would not certain organizations such as the C.M.A. and the Chambers of Commerce give you comprehensive memoranda on the whole situation?

Mr. FLEMING: Or the Canadian Exporters Association?

The WITNESS: Yes, although there were not as many of them received in advance of Torquay as there were in advance of Geneva. The associations were not as active in their requests with reference to the whole picture prior to Torquay.

Mr. LAING: In respect to the Canadian Horticultural Council, I think there has been a tremendous misunderstanding with respect to apples. Were they consulted, and did they make representations?

The WITNESS: We received representation from the Horticultural Council in advance that they would like to obtain concessions on apples in a number of countries.

Mr. FRASER: Perhaps Mr. Callaghan would have some letters as well.

The WITNESS: Yes, and that leads me to the second part of Mr. Fleming's question, where he went on to ask about what steps we took to consult people who were interested.

Mr. FLEMING: The second point of my question was as to how the articles or commodities on which you reached agreements compared in the aggregate with those on which you were asked by various exporters to reach an agreement to get some concession. Could you give us some idea?

The WITNESS: With respect to the largest single negotiation which we carried on, the negotiation with the United States, all I can do in answering that question is to repeat what Mr. McKinnon has already said and that is to say we really did feel after Torquay that we had pretty well obtained all the important concessions which were still in the power of the United States administration to grant. In other words, a certain number of requests were made of us by Canadian exporters to do something for them which was not in the power of the United States administration to do.

Mr. McKINNON: Such as a request for free entry.

Mr. FLEMING: Taking a pretty broad view of it, say we were asked to negotiate on so many hundreds of items that involved in terms of Canadian exports last year so many millions of dollars, and we did arrive at agreements in respect to a named number of items which represented millions of dollars, could you give us some conception of the scope within which you were working so far as requests from Canadian purchasers and exporters were concerned.

The WITNESS: Well, it is a pretty difficult question to deal with. It is a fair question to ask but I must answer it in the same terms as I answered the earlier question in regard to the number of requests that were made to us. For example, take the chemical industry in which products all have multi-syllabic names which no one but a technician could understand. I must confess that there are very few of these that I could identify if I saw them. In the case of chemicals we consulted people who were technically competent to be in touch with the companies. The services of one of the senior officials of the National Research Council were obtained in preparing for Torquay. This official travelled around to visit the Canadian chemical companies and returned with a condensed report of the results of all his technical discussions with the different companies. Now, I could not begin to tell you how many chemical items were brought back for consideration by this official. It was necessary then to study the United States tariff in relation to this very long list to find out how many of these requests could possibly be implemented at Torquay. In the end we did obtain, practically speaking, all of the concessions which were in the power of the United States to grant to Canada in the field of chemicals. Representations made to us by industry were part of a process and there is no point in that process where I can count the requests or suggestions made. I can report we did everything in our power to cover the field.

Mr. FLEMING: Probably before we leave that we will go on to the third question.

Mr. MACDONNELL: Before that may I ask a question. Could you give us an idea of the expected results in trade from these negotiations, I mean the results in terms of money. Do not answer that now but keep it in mind.

Mr. FLEMING: The third question was the converse case, were attempts made to consult the interests of Canadian producers whose domestic sales might be affected by the proposed reduction in tariffs?

The WITNESS: Yes, but my responsibility was solely in the export side of this picture, and Mr. Callaghan and Mr. McKinnon—

The CHAIRMAN: When we come to hear Mr. Callaghan your question will then be in order, Mr. Fleming.

By the Chairman:

Q. Now, just two or three questions on Douglas fir plywood before you finish. What is the competitive product with Douglas fir plywood in the United States?—A. Douglas fir plywood; other types of plywood, and other building materials. Douglas fir plywood is produced in the United States.

Q. Do the manufacturers of plywood in Canada believe that with the fifty per cent reduction, that is the reduction in tariff from forty per cent to twenty per cent, in normal times that will be of value? Will they be able to compete in normal times, in other words?—A. This question could be answered, sir, by others at this table more competently than by myself but I can tell you that responsible people from British Columbia have told us since Torquay, that this is probably the best single concession which has ever been received from the United States for British Columbia. We have had a number of letters and telephone calls from people in the lumber and plywood industry in British Columbia which I can only describe as jubilant.

Mr. MCKINNON: May I say a word here? I think part of the context of that Mr. Isbister has obscured a little, out of his own modesty. We told the United States from the start that we had to have the maximum reduction on Douglas fir plywood, among other things. It was only on the day before we concluded negotiations with the United States that we got the concession. It was long withheld. They told us it had gone back to Washington several times, that it was politically impossible. We had to do this—what every horse trader has to do in his time, whether he has his boss with him or not—we had to say “then, there is no agreement”. Douglas fir plywood was one of the items in respect of which—up to the eleventh hour—we said there must be a concession and that we expected fifty per cent.

Mr. SINCLAIR: I ask this question because that concession is of very tremendous importance in British Columbia. I remember two years ago some of the more prominent timber people in British Columbia were quite bitter at the fact that we had not had people in the trade with our delegation at Geneva, because, as they said, at Geneva there were people from the timber trade in Washington and Oregon who were there keeping the U.S. delegation appraised of the fact they were not going to make any concession on Douglas fir plywood. I would like to know if at Torquay there were any of these experts, shall I say, assisting the United States delegation?

Mr. FULFORD: Pressure groups?

Mr. SINCLAIR: Well, Congressmen as well as their ordinary delegates?

Mr. ADAMSON: Interested groups?

Mr. SINCLAIR: Yes.

Mr. MCKINNON: I think there was much less of that at Torquay than at Geneva in respect of every country, Mr. Sinclair. Of course that is particularly accounted for by this: the oftener the pitcher goes to the well the less water remains to be drawn. From our point of view as we successfully completed negotiation after negotiation, it was naturally felt by many here—and in the United States—that there remained only a certain number of things and it was vital that Canada go after those. However, to answer the question, I think my colleagues would agree that there were far fewer unofficial delegates, if I may put it that way, at Torquay than at Geneva.

Mr. MACDONNELL: They did not feel the need for members of parliament there?

Mr. SINCLAIR: In the other delegations how many people from the political side of government were with the delegations at Torquay?

Mr. McKINNON: Well, of course, if by the political side you mean someone with the rank of minister or a member of the House—

Mr. SINCLAIR: A member of the House or a minister?

Mr. McKINNON: Well, the United States delegation was headed, for example, by the Honourable Willard Thorpe, Assistant Secretary of State.

Mr. SINCLAIR: But that is on the civil service side?

Mr. McKINNON: No, he is a Minister.

Mr. SINCLAIR: Oh, yes.

Mr. McKINNON: I did not see any members of Congress at all.

Mr. ADAMSON: I have just one more question on plywood. You considered plywood was important and if you had not made an agreement on plywood then all of the agreements would not have been made?

Mr. SINCLAIR: No, no, he said he was horse trading.

The CHAIRMAN: No.

Mr. MACDONNELL: No.

Mr. McKINNON: I did not mean "plywood or nothing"; rather "we want to make an agreement but it has got to include plywood".

Mr. ADAMSON: Well let us get that cleared up. You confuse me. It had to include plywood and if it did not include plywood you were not inclined to make that agreement?

Mr. SINCLAIR: He said that he was horse trading.

The CHAIRMAN: I suggest that you read the record, Mr. Adamson. I think the witness has gone quite as far as it is fair to ask him to go.

Mr. McKINNON: It is a matter of horse trading and up to the eleventh hour you have to take a very stiff line.

Mr. CRESTOHL: I have just one question.

The CHAIRMAN: Well, I want to come to the matter of when we shall meet again.

Mr. CRESTOHL: It will only take a minute. I think it was Dr. Isbister who said these agreements come into effect on June 6 and I was curious about your statement that the United States is rather cagey in applying the letter of the law rather than the spirit of the law. Does that agreement come into effect according to the letter or to the spirit of the law?

Mr. McKINNON: All of these agreements regarding schedules containing rates of duty will come into effect on the 6th of June by executive action, in the United States as well as here, but they will be in toto.

The CHAIRMAN: Can we reach agreement in regard to our further meetings? We found on the last occasion that if we were to have any pleasure and continuity in this inquiry we practically had to meet morning, afternoon and evening. Now does the committee want to do that this time?

Mr. HARKNESS: Certainly not in the evening.

Mr. SINCLAIR: Quite a few of the members here are also members of the Public Accounts Committee which is meeting regularly and will be meeting more often during the next week. External Affairs is also meeting and it is pretty difficult.

The CHAIRMAN: I just want the feeling of the committee.

Mr. SINCLAIR: If we meet twice a week that is about all we can do.

Mr. MACDONNELL: I think as far as we are concerned we are at the endurance point when it come to finding members.

The CHAIRMAN: Public Accounts meet this afternoon and Thursday morning. Wednesday is caucus day. That would almost indicate that Thursday afternoon is the only other time we might meet this week. Are we agreed on that?

Some Hon. MEMBERS: Agreed.

Mr. FULFORD: What is the matter with Wednesday afternoon?

Mr. FRASER: Yes.

The CHAIRMAN: Wednesday or Thursday?

Some Hon. MEMBERS: Wednesday afternoon.

The CHAIRMAN: All right.

APPENDIX A

DOCUMENTS EMBODYING THE RESULTS OF THE TORQUAY
NEGOTIATIONS

FINAL ACT OF TORQUAY

*Final Act Authenticating the Results of Tariff Negotiations Concluded at
Torquay, Beginning September 28, 1950, and Ending April 21, 1951*

The Contracting Parties to the General Agreement on Tariffs and Trade by an intersessional decision of October 30, 1949 decided to arrange for tariff negotiations to begin in September 1950.

The negotiations, which opened at Torquay on September 28, 1950 and concluded on 21 April, 1951, were of four categories:

- (a) Negotiations directed towards the accession of countries which had not become contracting parties as a result of the 1947 and 1949 negotiations;
- (b) Negotiations between governments which participated in the Geneva and Annecy conferences without concluding bilateral negotiations and wished to enter into tariff negotiations during 1950;
- (c) Negotiations between governments which concluded tariff negotiations at Geneva or Annecy and desired to enter into negotiations for new or additional reciprocal tariff concessions;
- (d) Negotiations between governments with a view to the making of adjustments in their concessions negotiated at Geneva or Annecy.

As a result of these negotiations, and other negotiations entered into pursuant to procedures established by the Contracting Parties, the following instruments were prepared:

- (a) Decisions agreeing to the accession of the acceding governments (Annex I);
- (b) Torquay Protocol to the General Agreement on Tariffs and Trade (Annex II);
- (c) Declaration on the continued application of the schedules to the General Agreement on Tariffs and Trade (Annex III).

The texts of these instruments in the English and French languages are annexed hereto, and are hereby authenticated, and it is hereby certified that, in each case where a schedule in Annex A to the annexed Torquay Protocol provides treatment for any product less favourable than is provided for the same product in the existing schedule to the General Agreement, appropriate action has been taken to enable effect to be given to such a change.

In Witness Whereof, the duly authorized representatives of the governments participating in the negotiations have subscribed their names below.

Done at Torquay, in a single copy, in the English and French languages, both texts authentic, this twenty-first day of April, one thousand nine hundred and fifty-one.

NOTE: There will follow place for the signature of the participating governments.

ANNEX I

DECISIONS AGREEING TO ACCESSION

Decision by the CONTRACTING PARTIES Agreeing to the Accession of Austria to the General Agreement on Tariffs and Trade

The CONTRACTING PARTIES,

HAVING REGARD to the results of the negotiations directed toward the accession of Austria to the General Agreement on Tariffs and Trade,

DECIDE in accordance with Article XXXIII of the General Agreement,

1. The CONTRACTING PARTIES agree to the accession of the Government of Austria to the General Agreement on the terms relevant to such accession which are provided for in the Torquay Protocol to the General Agreement.
2. This Decision shall be open for signature by contracting parties at Torquay on 21 April 1951 and at the Headquarters of the United Nations from 7 May 1951 until 20 June 1951.
3. This Decision shall constitute a decision of the CONTRACTING PARTIES taken on 21 June 1951, provided that it shall then have been signed by two-thirds of the governments which are at that time contracting parties.
4. The Secretary-General of the United Nations shall promptly furnish a notification of each signature to this Decision to each Member of the United Nations, to each other government which participated in the United Nations Conference on Trade and Employment, and to any other interested government.

NOTE: Annex I will contain a separate identical decision, *mutatis mutandis*, for each other acceding government except Germany. Paragraph 1 of the decision for Germany follows. Each decision will contain place for signature by the contracting parties.

Paragraph 1 of the Decision for the Accession of the Federal Republic of Germany:

- 1 (a) The CONTRACTING PARTIES agree to the accession of the Government of the Federal Republic of Germany to the General Agreement on the terms relevant to such accession which are provided for in the Torquay Protocol to the General Agreement.
- (b) The CONTRACTING PARTIES further agree that, notwithstanding the provisions of Article I of the General Agreement, the accession of the Government of the Federal Republic of Germany will not require any modification in the present arrangements for, or status of, intra-German trade in goods originating within Germany.
- (c) In according the benefits of the General Agreement to goods exported from the Federal Republic of Germany, the contracting parties will make no distinction between goods originating in the territory of the Federal Republic and those originating in the Western sectors of Berlin.
- (d) The provisions of subparagraph 1 (b) and (c) above may be reconsidered at any time at the request of any contracting party, and any decision taken by the CONTRACTING PARTIES in this respect will be taken by a majority of the votes cast.

ANNEX II

TORQUAY PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments which are contracting parties to the General Agreement on Tariffs and Trade on the date of this Protocol (hereinafter called "the present contracting parties" and "the General Agreement" respectively), the Governments of the Republic of Austria, the Federal Republic of Germany, the Republic of Korea, Peru, the Republic of the Philippines and the Republic of Turkey, (hereinafter called "the acceding governments"), and the Oriental Republic of Uruguay, which may accede to the General Agreement under the Annecy Protocol of Terms of Accession in accordance with the Decision of the CONTRACTING PARTIES of November 9, 1950 (hereinafter called "Uruguay"),

HAVING REGARD to the results of the negotiations concluded at Torquay,

HAVE through their representatives agreed as follows:

1. (a) Each of the acceding governments, with respect to the accession of which a decision under Article XXXIII of the General Agreement has been taken shall, upon the entry into force of this Protocol with respect to it pursuant to paragraph 11, apply provisionally and subject to the provisions of this Protocol:

- (i) Parts I and III of the General Agreement, and
- (ii) Part II of the General Agreement to the fullest extent not inconsistent with its legislation existing on the date of this Protocol.

(b) The obligations incorporated in paragraph 1 of Article I of the General Agreement by reference to Article III thereof and those incorporated in paragraph 2 (b) of Article II by reference to Article VI shall be considered as falling within Part II of the General Agreement for the purpose of this paragraph.

(c) For the purposes of the General Agreement, the schedules contained in Annex B upon their entry into force pursuant to paragraph 11 shall be regarded as schedules to the General Agreement relating to acceding governments.

2. Upon the entry into force of this Protocol with respect to each acceding government, pursuant to paragraph 11 hereof, that government shall become a contracting party as defined in Article XXXII of the General Agreement.

3. (a) On the thirtieth day following the day upon which this Protocol shall have been signed by a present contracting party or Uruguay, or on the forty-sixth day following the date of this Protocol, whichever is the later, the schedule relating to that contracting party or Uruguay contained in Annex A shall enter into force.

(b) Portions of the schedules contained in Annex A which are the result of negotiations and agreement pursuant to paragraph 1 of Article XXVIII of the General Agreement may be made effective, by agreement of the negotiating parties, after the date of this Protocol and prior to the date determined pursuant to subparagraph (a), *Provided* that

- (i) compensatory adjustments negotiated in return for withdrawals of or reductions in concessions contained in the existing schedules to the General Agreement may not be made effective later than such withdrawals or reductions, and
- (ii) any government proposing to make a portion of its schedule effective pursuant to this subparagraph shall give the Secretary-General of the United Nations at least thirty days' notice of the date on which the proposed action will become effective.

(c) Portions of the schedules contained in Annex A which are the result of negotiations and agreement pursuant to procedures established by the Contracting Parties may be made effective, by agreement of the negotiating parties, prior to the date determined pursuant to subparagraph (a), *Provided* that compensatory adjustments negotiated in return for withdrawals of or reductions in concessions contained in the existing schedules to the General Agreement may not be made effective later than such withdrawals or reductions.

(d) When a schedule has entered into force pursuant to subparagraph (a) or when any portion of a schedule has been made effective pursuant to subparagraph (b) or (c), such schedule, or portion (together with all provisions of the schedule in Annex A relevant thereto), shall become a schedule to the General Agreement relating to the government in question. In the case of any difference between the treatment provided for a product in a schedule contained in Annex A, and the treatment provided for the same product in an existing schedule to the General Agreement relating to the same government, the treatment provided in the schedule contained in Annex A shall prevail when and so long as effect is given thereto pursuant to the provisions of this Protocol.

(e) For the purposes of this Protocol, the "existing schedules to the General Agreement" shall mean the schedules annexed to the General Agreement and to the Ancey Protocol of Terms of Accession, as modified by: (i) the provisions of any protocol relating to their rectification or modification, or (ii) any other action, which was effective on September 28, 1950, taken pursuant to a specific provision of the General Agreement or to procedures established by the CONTRACTING PARTIES.

4. Any government which has signed this Protocol shall be free at any time to withhold or to withdraw in whole or in part any concession, provided for in the appropriate schedule annexed to this Protocol, in respect of which such government determines that it was initially negotiated with a government which has not signed this Protocol, *Provided* that

- (i) the government withholding or withdrawing in whole or in part any such concession shall give notice to all contracting parties, acceding governments and Uruguay within thirty days after the date of such withholding or withdrawal and, upon request, shall consult with any contracting party having a substantial interest in a product involved;
- (ii) any such withholding or withdrawal shall cease to be effective on the thirtieth day following the day upon which the government with which it was initially negotiated signs this Protocol; and
- (iii) this paragraph shall not authorize the withdrawal or withholding of any compensatory adjustments resulting from any negotiations and agreement described in subparagraphs (b) and (c) of paragraph 3, unless all withdrawals of or reductions in concessions contained in the existing schedules to the General Agreement, in return for which such compensatory adjustments were negotiated, are withheld or withdrawn for the same period of time.

5. (a) In each case in which Article II of the General Agreement refers to the date of the Agreement, the applicable date in respect of the schedules annexed to this Protocol shall be the date of this Protocol.

(b) In each case in which paragraph 6 of Article V, subparagraph 4 (d) of Article VII, and subparagraph 3(c) of Article X of the General Agreement refer the date of that Agreement, the applicable date in respect of the schedules government shall be March 24, 1948.

(c) In the case of the references in paragraph 11 of Article XVIII of the General Agreement to September 1, 1947 and October 10, 1947, the applicable dates in respect to each acceding government shall be November 1, 1950 and January 15, 1951, respectively.

(d) In the case of the reference in paragraph 1 of Article XXVIII of the General Agreement to January 1, 1951, the applicable date in respect of the schedules annexed to this Protocol shall be January 1, 1954.

6. (a) The text of paragraph 1 of Article XXVIII of the General Agreement shall be amended by the deletion of "On or after January 1, 1951" and the substitution therefor of "On or after January 1, 1954".

(b) Signature of this Protocol in accordance with paragraph 10 shall be deemed to constitute the deposit of an instrument of acceptance of the amendment set forth in subparagraph (a), within the meaning of Article XXX, paragraph 2, of the General Agreement.

(c) The amendment set forth in subparagraph (a) shall become effective, in accordance with Article XXX, paragraph 1, of the General Agreement, when this Protocol shall have been signed by two-thirds of the governments which are at that time contracting parties.

(d) Notwithstanding the provisions of subparagraph (c), the amendment set forth in subparagraph (a) shall not become effective in respect of concessions initially negotiated by a contracting party which has signed this Protocol with a contracting party which has not signed either this Protocol or the Declaration on the Continued Application of the Schedules of the General Agreement annexed to the Final Act signed at Torquay on 21 April 1951.

7. (a) The provisions of the General Agreement to be applied by an acceding government shall be those contained in the text annexed to the Final Act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment as rectified, amended, supplemented, or otherwise modified by such of the following instruments:

Protocol Modifying Certain Provisions, signed at Havana on March 24, 1948
Special Protocol Relating to Article XXIV signed at Havana on March 24, 1948

Special Protocol Modifying Article XIV signed at Havana on March 24, 1948
Protocol of Rectifications signed at Havana on March 24, 1948

Protocol Modifying Part I and Article XXIX, signed at Geneva on September 14, 1948

Protocol Modifying Part II and Article XXVI, signed at Geneva on September 14, 1948

Second Protocol of Rectifications, signed at Geneva, on September 14, 1948
Declaration of May 9, 1949 relating to Section E of Schedule XIX

Declaration of August 11, 1949, relating to Section B of Schedule XIX

Protocol Modifying Article XXVI, signed at Annecy on August 13, 1949

Protocol Replacing Schedule I (Australia) signed at Annecy on August 13, 1949

Protocol Replacing Schedule VI (Ceylon) signed at Annecy on August 13, 1949

First Protocol of Modifications, signed at Annecy on August 13, 1949

Third Protocol of Rectifications, signed at Annecy on August 13, 1949

Annecy Protocol of Terms of Accession, signed at Annecy on October 10, 1949

Fourth Protocol of Rectifications, signed at Geneva on April 3, 1950

Fifth Protocol of Rectifications, signed at Torquay on December 16, 1950

and by such other instruments drawn up by the Contracting Parties, as may have become effective by the day on which this Protocol enters into force for that government.

(b) Signature of this Protocol by an acceding government shall constitute an acceptance of the rectifications, amendments, supplementations or other modifications of the General Agreement by such of the instruments named in subparagraph (a), and by such other instruments drawn up by the Contracting Parties and open for acceptance, as may not have become effective by the date on which this Protocol enters into force for that government, such acceptance to take effect upon the same day as the signature of this Protocol by that government.

(c) Without prejudice to any action taken by a contracting party under Article XXXV, signature of this Protocol by a contracting party or Uruguay shall constitute, except as it may specify otherwise at the time of signature, an acceptance of the rectifications, amendments, supplementations or other modifications of the General Agreement by such of the instruments named in subparagraph (a) and by such other instruments drawn up by the Contracting Parties and open for acceptance, as had not been signed or accepted by that contracting party or Uruguay, such acceptance to take effect on the day of signature.

8. Any acceding government which has signed this Protocol shall be free to withdraw its provisional application of the General Agreement and such withdrawal shall take effect on the sixtieth day following the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations.

9. (a) Any acceding government which has signed this Protocol and has not given notice of withdrawal under paragraph 8, may, on or after the date on which the General Agreement enters into force pursuant to Article XXVI thereof, accede to that Agreement upon the applicable terms of this Protocol by deposit of an instrument of accession with the Secretary-General of the United Nations. Such accession shall take effect on the day on which the General Agreement enters into force pursuant to Article XXVI, or on the thirtieth day following the day of the deposit of the instrument of accession, whichever shall be the later.

(b) Accession to the General Agreement pursuant to subparagraph (a) shall, for the purpose of paragraph 2 of Article XXXII of that Agreement, be regarded as acceptance of the Agreement pursuant to paragraph 3 of Article XXVI thereof.

10. (a) The original text of this Protocol shall be opened for signature at Torquay by present contracting parties and acceding governments on 21 April, 1951. It shall thereafter be deposited with the Secretary-General of the United Nations and shall be open for signature at the Headquarters of the United Nations from 7 May 1951 to 21 October 1951 by present contracting parties and acceding governments, and by Uruguay, provided Uruguay shall previously have signed the Annex Protocol of Terms of Accession in accordance with the decision of the Contracting Parties of 9 November 1950.

(b) The Secretary-General of the United Nations shall promptly furnish a certified copy of this Protocol, and a notification of each signature to this Protocol, of each deposit of an instrument of accession under paragraph 9(a), and of each notice under paragraph 3(b) or 8, to each Member of the United Nations, to each government which participated in the United Nations Conference on Trade and Employment, and to any other interested government.

(c) The Secretary-General is authorized to register this Protocol in accordance with Article 102 of the Charter of the United Nations.

11. Provided a decision under Article XXXIII of the General Agreement has been taken agreeing to the accession of an acceding government, this Protocol, including the schedule relating to that acceding government contained in Annex B, shall enter into force for that acceding government

- (a) on 20 July, 1951, this Protocol has been signed by that acceding government by 20 June 1951, or
- (b) on the thirtieth day following the day upon which it shall have been signed by that acceding government, if it has not been signed by that acceding government, by 20 June, 1951.

The date of this Protocol shall be 21 April 1951.

Done at Torquay, in a single copy, in the English and French languages, both texts authentic except as otherwise specified with respect to schedules annexed hereto.

NOTE: There will follow a signature page for the contracting parties, Uruguay and acceding governments.

ANNEX A

SCHEDULES OF PRESENT CONTRACTING PARTIES AND URUGUAY

ANNEX B

SCHEDULES OF ACCEDING GOVERNMENTS

ANNEX III

DECLARATION ON THE CONTINUED APPLICATION OF THE
SCHEDULES TO THE GENERAL AGREEMENT
ON TARIFFS AND TRADE

The Contracting Parties to the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement")

Desiring to continue the application of the schedules to the General Agreement until January 1, 1954,

Having taken note of the modifications made in accordance with the provisions of Article XXVIII of the General Agreement in certain items of the said schedules, which modifications are incorporated in Annex A to the Torquay Protocol to the General Agreement, dated today,

Hereby Declare that they will not invoke prior to January 1, 1954 the provisions of paragraph 1 of Article XXVIII of the General Agreement to modify or cease to apply the treatment which they have agreed to accord under Article II of the General Agreement to any product described in the appropriate schedule annexed to the General Agreement.

The provisions of the preceding paragraph shall not apply to concessions initially negotiated with a government with respect to which neither this Declaration nor the Torquay Protocol to the General Agreement is in effect.

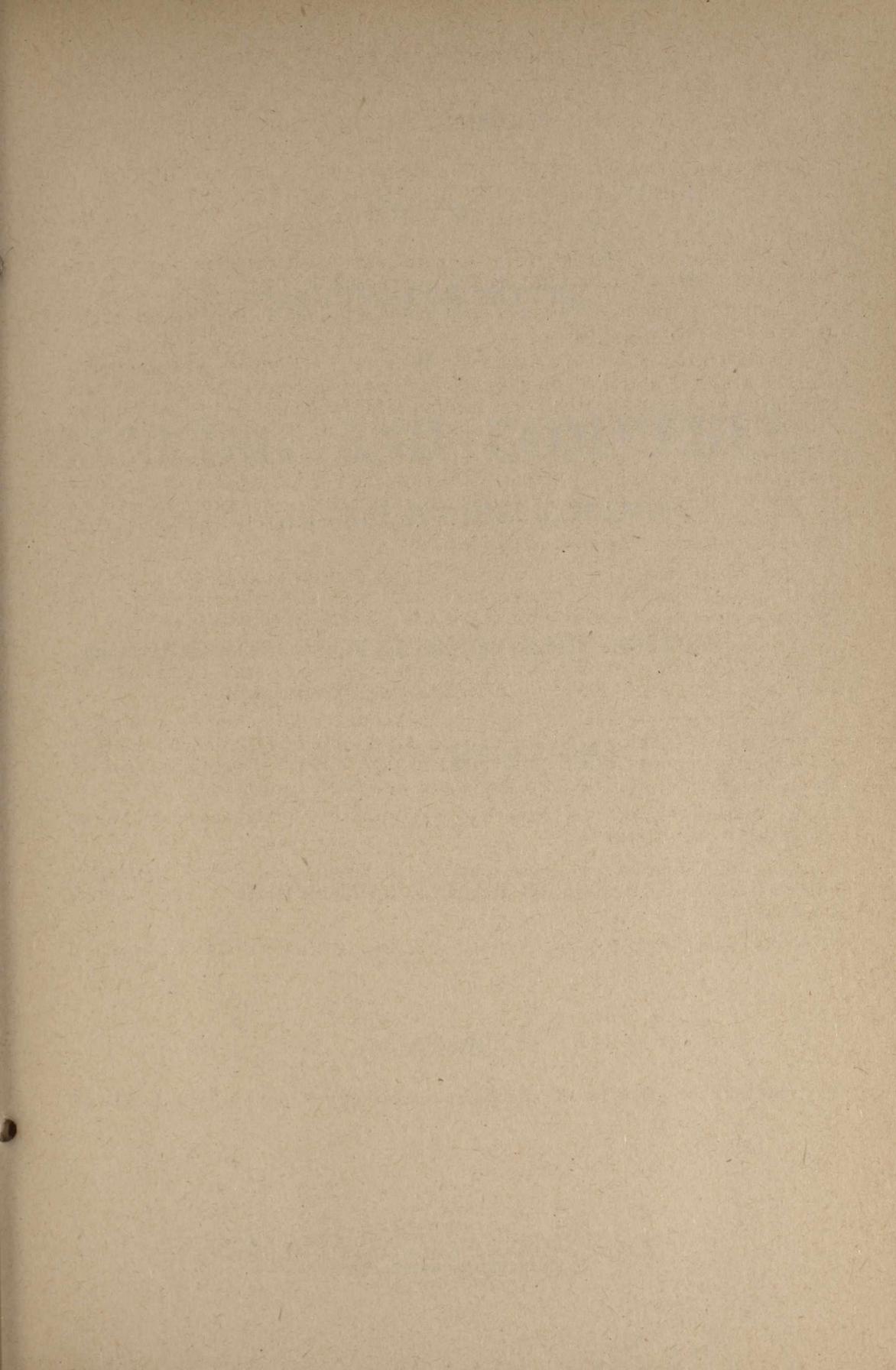
The original of this Declaration shall be deposited with the Secretary-General of the United Nations who is authorised to register this Declaration in accordance with Article 102 of the Charter of the United Nations.

The Secretary-General of the United Nations shall promptly furnish a certified copy of this Declaration to each Member of the United Nations, to each other government which participated in the United Nations Conference on Trade and Employment, and to any other interested government.

In Witness whereof the respective representatives, duly authorised, have signed the present Declaration.

Done at Torquay, in a single copy, in the English and French languages, both texts authentic, this twenty-first day of April, one thousand nine hundred and fifty-one.

NOTE: There will follow place for the signatures of the contracting parties.



SESSION 1951
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

TORQUAY NEGOTIATIONS

WEDNESDAY, MAY 30, 1951

WITNESS:

Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

MINUTES OF PROCEEDINGS

WEDNESDAY, May 30, 1951.

The Standing Committee on Banking and Commerce met at 4.00 o'clock p.m. Mr. Cleaver, Chairman, presided.

Members present: Adamson, Argue, Ashbourne, Bennett, Blackmore, Cannon, Carroll, Coté (*St. Jean-Iberville-Napierville*), Crestohl, Fleming, Fraser, Fulford, Gingras, Gour (*Russell*), Harkness, Hellyer, Helme, Hunter, Laing, Leduc, Macdonnell (*Greenwood*), Picard, Richard (*Gloucester*), Richard (*Ottawa East*), Riley, Sinclair, Thatcher.

In attendance: Mr. Hector B. McKinnon, Chairman of Tariff Board; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance; Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; Dr. E. A. Richards, Principal Economist, Department of Agriculture; Mr. J. J. Deutsch, Director, International Economic Relations Division, Department of Finance; Mr. S. S. Reisman, International Economic Relations Division, Department of Finance.

On motion of Mr. Carroll:

Resolved,—That the Committee print from day to day such copies of its minutes of proceedings and evidence, in French and English, as may in the opinion of the Chairman, be required.

On motion of Mr. Laing:

Ordered,—That the documents embodying the results of the Torquay Negotiations be printed as an appendix to the report of the meeting held on Tuesday, May 29, 1951. (*See Appendix A to Minutes of Proceedings and Evidence, Tuesday, May 29, 1951.*)

Mr. Callaghan was called and tabled for distribution copies of a document showing the number of items in the tariff entitled "Tariff Items". At the suggestion of the Chairman, it was agreed that this document should be printed as *Appendix A* to the report of this day's proceedings.

Mr. Callaghan also tabled for distribution copies of a document entitled: "Statement showing the British Preferential and Most-Favoured-Nation Rates of duty in effect prior to and after Torquay Tariff Negotiations and the total imports from all countries during the calendar year 1949 of the products listed in Schedule V to the Torquay Trade Agreement".

On the motion of Mr. Sinclair:

Ordered,—That the latter document tabled by Mr. Callaghan be printed as an appendix to the report of this day's proceedings. (*See Appendix B*)

Mr. Callaghan made a statement with respect to the two documents tabled and was questioned thereon.

Messrs. McKinnon, Deutsch and Isbister answered questions, specifically referred to them, arising out of the evidence given by Mr. Callaghan.

At 5.50 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

R. J. GRATRIX,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 30, 1951.

The CHAIRMAN: Gentlemen, we have a quorum. First, we should have a motion with regard to printing. On the occasion when this committee dealt with the Geneva trade agreements we started off with printing 500 copies in English and 200 in French, and later as the need arose the number was increased.

Mr. Carroll moves that the committee print from day to day such copies of its minutes of proceedings and evidence, in French and English, as may in the opinion of the Chairman, be required. I will ask all those in favour to so indicate.

Carried.

Now, gentlemen, I should like to have authority to have printed as an appendix to the evidence taken at our first meeting the documents embodying the results of the Torquay negotiations. Mr. Laing so moves. Will all those in favour so indicate?

Carried.

(Appendix A to Minutes of Proceedings and Evidence, Tuesday, May 29, 1951—Documents embodying the results of the Torquay negotiations.)

Now, just to carry on from where we left off yesterday, I will ask Mr. Isbister if he has anything further to say to the committee.

Mr. ISBISTER: Mr. Chairman, I have nothing further to propose in the way of a prepared statement.

The CHAIRMAN: Do members of the committee wish to ask any further questions of Mr. Isbister with regard to his statement? If not, shall we hear Mr. Callaghan?

Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance, called:

The WITNESS: Mr. Chairman and members of the committee, at the present time I am going to make a few general remarks. First of all with regard to the tariff, the second last consolidation was issued in 1944; the present consolidation was printed in 1950. It may be necessary to have a new consolidation printed in a year's time.

We are often asked how many items there are in the tariff. There is only one way to find out and that is to count them. We had a count made and found that in the printed tariff there are 1,927. If we add the new items of the Torquay agreement there would be 97 more, and the new items in the budget this year would add 14; so we can safely say there are about 2,038 items in the customs tariff. That is only a figurative guidance because one item may be worth a lot and the next one may be worth very little.

Mr. MACDONNELL: Do you have to know them all to be a tariff expert?

The WITNESS: The Canadian tariff today is a three columnar tariff: British preferential, the most-favoured-nation, and the general. Some of the items

are free under the three tariffs—the British preferential, the most-favoured-nation, and the general. I find there are now about 446 items in this category.

Then there is another group of items, about 141, that are free both on the British preferential and most-favoured-nation tariffs; and there are about 576 items which are duty free under the British preferential with rates of duty under most-favoured-nation and general tariffs.

This leaves 875 items dutiable under the B.P., m.f.n. and general tariffs. This does not mean that only 875 items carry a margin of tariff preference for products of British commonwealth origin. To this figure should be added the 576 items that are duty free under the B.P. only. It could be safely estimated that a preference exists today on about 1,450 items in the tariff. By preference I mean where there is a difference between the British preferential and the most-favoured-nation rates of duty.

Mr. CARROLL: Are they enumerated in one of these three categories?

The WITNESS: Everything under the sun comes under some one particular item of the tariff.

Mr. CARROLL: Either the preferential, most-favoured-nation or the general?

The WITNESS: Yes. Everything that is imaginable comes under the 2,038 items. If there is no specific item in the tariff, item 711 applies.

Mr. LAING: Or n.o.p.?

The WITNESS: N.o.p. is used of an item if the product is not provided for some place else.

Mr. MCKINNON: I think it might be well for Mr. Callaghan to repeat his last statement. Some members of the committee were trying to take it down. I refer to the statement where you gave the number of items which bear a preference out of the total number of items.

The WITNESS: I will do a little better than that; I will distribute a copy of what I stated.

The CHAIRMAN: Shall this statement be printed as an Appendix to today's Proceedings? Agreed.

(Appendix A—Statement of tariff items.)

Mr. MACDONNELL: May I ask if Mr. Callaghan is going to give us figures which will indicate the relative importance of these items to our total imports?

The WITNESS: The volume of trade for a specific year under each of these groups? With the figures I have I might be able to compile this information.

Mr. MACDONNELL: We cannot roughly use figures like 2,000 and 1,450 and draw any inference.

By Mr. Harkness:

Q. Have you any breakdown, or can one be secured as to which of these dutiable items are what you would call raw products and which are called manufactured goods, and the value of each?—A. No, I have not got that.

Q. You have no figures on that?—A. No, there are no figures.

Q. No figures as to the value of each?—A. There are somewhat similar figures given in the front of the trade returns, but sometimes materials are included with manufactured goods. Now, take automobiles and automobile parts: you cannot separate those. Take one under the heading of the finished article.

Q. Those are all manufactured goods.—A. Yes, they are manufactured goods.

Q. I am talking about where there is any breakdown as between raw products like sugar on the one hand and on the other hand automobiles or

automobile parts?—A. Sugar is a manufactured product, too. I will look into this matter and see if the Bureau of Statistics have ever compiled such information.

Mr. SINCLAIR: Would you not have trouble in deciding too whether lumber is a raw product or whether the log itself is a raw product, or whether plywood is a raw product; in the tariff items in the present budget you have some tariff items which include rough, unfinished parts as well as final parts?

The WITNESS: Yes, that is true. I will look into this. It may not be possible to get the information. I do not think it is possible.

I have prepared another statement which I think will be useful to the committee, and I have copies here, showing the British preferential and most-favoured-nation rates of duty in effect prior to and after the Torquay tariff negotiations, and the total imports from all countries during the calendar year 1949 of the products listed in schedule V to the Torquay trade agreement.

This document is an extended copy of the Torquay trade agreement with the British preferential rates before and after Torquay and the most-favoured-nation rates before and after Torquay and the amount of the total trade involved.

Mr. SINCLAIR: Mr. Chairman, since this committee is to be regarded as of value from an educational point of view as well as for its committee purposes, I would suggest that this statement would make a very useful appendix to our proceedings. It appears rather bulky, but I do not think it will actually be bulky when it is printed.

Mr. HUNTER: In that last statement—in the first sheet you gave us—do I understand that of the 875 items dutiable under the free tariffs there is a preference in each case for the British preferential? You say in your statement: "This leaves 875 items dutiable under the British preferential, most favoured nation and general tariffs. This does not mean that only 875 items carry a margin of tariff preference for products of British commonwealth origin. To this figure should be added the 576 items that are duty free under the B.P. only."

The WITNESS: Yes.

The CHAIRMAN: Mr. Sinclair moves that the statement showing the British preferential and most favoured nation rates of duty in effect prior to and after the Torquay tariff negotiations should be printed as an appendix to today's evidence. I think it would be very useful to the committee members and to the members of the House to have that information in a nice consolidated form.

Mr. HARKNESS: Yes, as a statement on the importance of these various items, this is shown quite clearly.

Agreed.

(See Appendix B.)

Mr. LAING: Did I hear Mr. Callaghan give the total figure for the column on the right-hand side?

The WITNESS: The total figure on the right-hand side is shown there. It amounts to something like \$665 million.

By Mr. Macdonnell:

Q. That is out of the total import trade of— —A. In the neighbourhood of \$3 billion for the 1949 total import trade; \$2,761,000,000 for 1950—\$3,174,000,000—somewhere around \$3 billion total import trade.

Q. In other words, these items cover one-fifth of our total import trade?—
A. Yes.

Q. Could we have some generalization as to the rest? Is the rest free?—
A. No, the other items are not duty free. These are just the items dealt with at Torquay.

Q. Yes. I had forgotten.—A. The reason why I did not use the total trade in this statement is quite obvious. For example, we bound raw cotton. It was already bound to the United States at Geneva. Peru asked for it. It totalled \$67 million alone. The binding of this item was a concession to Peru.

Mr. HARKNESS: What do you mean by "bound"?

The WITNESS: The binding of item establishes a maximum tariff rate beyond which customs duties may be increased during the life of the agreement; and the only advantage to the country receiving the binding is that it would have to be consulted before that tariff could be increased.

By Mr. Bennett:

Q. Was there a general agreement at Torquay about dumping duties?—
A. There is a section regarding dumping duties in the general agreement of tariffs and trade which was not discussed at Torquay. There was another important item that was bound to Peru and that was anthracite coal which was reduced to free at Geneva. Imports under this item were another \$47 million. Those two figures alone swell the total. There are many others.

Q. Will you explain how the dumping duty works, if you are through with that question?—A. The dumping law is in the tariff. It was amended or modified a few years ago in line with Geneva, and probably the best way of explaining it is by reading section 6 of the customs tariff. This is a matter of interpretation, a matter of administration more or less.

The CHAIRMAN: If any member of the committee really wants authentic and detailed information in regard to the dumping duties, let us get it. But let us not get it piece-meal. I shall undertake to provide a witness to give you that information if you want it. Mr. Callaghan is from the Finance Department. He is not from the National Revenue Department.

The WITNESS: It is all explained in a circular published by the National Revenue Department. It is marked Series D-87, Revised. This circular contains the text of section six of the Customs Tariff. It is all explained there.

Mr. SINCLAIR: Only a week ago in the House I think the Minister of Finance made quite a long statement about the principle of dumping duties and their application to one item.

The CHAIRMAN: Thank you.

The WITNESS: I would not like to explain this section in detail because I might say something which might not agree wholly with the administration of this law by the Department of National Revenue.

The CHAIRMAN: I have been in committee work long enough to know that if you are going to get anywhere in an inquiry, you must do it in an orderly fashion. I shall see that the proper witness is brought here for that purpose.

Are there any further questions, Mr. Callaghan, or have you any further general information?

The WITNESS: I would like to add that yesterday Mr. Isbister gave the committee the general idea of how requests and representations for tariff reductions in foreign countries were handled.

I shall now deal very briefly with that subject. Before we went to Geneva in 1947, briefs were obtained. We received about 400 or 425 briefs.

The same principle was followed before Ancey, when I would say about 65 briefs, or something of that order were received.

The same invitation was sent out to the trade before Torquay. But the number of briefs dropped down to perhaps 35 or 40. However, that does not

mean that numerous representations were not received. When an association submits a brief, it has got to satisfy every member of that association, and it is limited in scope. But in so far as the tariff on exports are concerned, request may be presented for tariff concessions on any product which we export. When it comes to the other part of the brief, when they have to offer concessions in the Canadian tariff, you do not find very many of them. They usually point out why the Canadian tariff should not be reduced.

Industries and associations have to a considerable extent departed from written briefs. They prefer to make verbal representations, or write short letters, after they have made verbal representations.

Before we went to Torquay hundreds of representations were received, which never reached the form of brief. I have had a check made and there are about 4,000 papers which might be called briefs, which accumulated between Ancey and Torquay.

By Mr. Macdonnell:

Q. What did you do with them?—A. I took them all with me to Torquay. I may say that I still have them. I admit that I have not fully read every brief submitted in 1947.

Representations were received from every available source. Many came from firms in the United States and in the United Kingdom. Many manufacturers and business men from the United Kingdom visited Canada before we left for Torquay on the average of two or three people a week. One of the objects of their visit to this country was to get preferred tariff treatment on their goods coming into Canada.

But with respect to the individuals and manufacturing firms in the United Kingdom, when you informed them that if we reduced the British preferential tariff we must also reduce the most-favoured-nation tariff, they invariably came to the conclusion that things had better be left the way they were, because if the most-favoured-nation tariff were reduced it might increase their competition from the United States, France, Germany, and other countries.

I can add nothing more except to assure you that every representation made received consideration. They were not all acted upon by any means. At Torquay as you have already been told, the practice followed was to give away as little as possible. I think Mr. McKinnon told you that yesterday.

There are, of course, many tariff requests still on file and not dealt with because there was not an opportunity. We did not feel like handing out concessions as gratuities to some other country without getting something back in return, particularly when negotiating trade agreements.

With these general remarks, I am now ready to answer any questions.

By Mr. Sinclair:

Q. I would like to point out, Mr. Chairman, that so far we have had Dr. Isbister explaining how they canvassed the Canadian trade which was anxious to get tariff concessions in other countries.—A. I do not have to canvass them.

Q. No. The people in other countries come to you asking for concessions.—A. Yes.

Q. But you have not yet explained what sort of canvass is made of Canadian manufacturers wanting to get the benefit of concessions which you give to other countries.—A. If they are individual manufacturers, importers or small associations, they make representations verbally or by letter; but in the case of some of the larger associations, a well prepared brief is usually submitted.

By Mr. Macdonnell:

Q. How would they know what to make representations against?—A. They outline the tariff position on the goods which they manufacture, and they point

out pretty clearly the dire results which would follow if the tariff were reduced on any of the products which they make in considerable quantity.

By Mr. Cannon:

Q. Suppose you received a request from a foreign country for a reduction on two or three tariff items. How would you go about notifying people in Canada who would be affected by those reductions so that they could make representations?—A. By writing to them.

Q. Do you write to them?—A. Yes, so far as it is possible.

Q. And you do that in all cases?—A. Pretty much so.

By Mr. Bennett:

Q. I understand that the tariff on apples was cut in half, and that it brought about a lot of trouble last year in connection with the importation of American apples. It is tariff item No. 93. I see that you have cut it in half. Might I ask if the apple associations were notified.—A. We had a good brief from the Horticultural Council. Of course, in that case I would not write to every grower and producer of apples. It would be the Horticultural Council which would make the representations. They would be made primarily to the Department of Agriculture.

By Mr. Sinclair:

Q. Also, in that particular case again, the exports to the States were about ten times as much as the American exports to Canada. So the balance was very much in our favour.—A. When it comes to details about apples, I shall have to ask Dr. Richards to answer the question.

But I can give you another example. It is a case pending which has not been acted upon. The agent of an English firm in Toronto made representations several times in regard to the duty on trailer springs, heavy springs for heavy trailers.

It is a tariff item with a fair rate in the British preferential, while the most favoured nation is not much higher. I think it is $22\frac{1}{2}$ p.c. under the British preferential and $27\frac{1}{2}$ under the most favoured nation tariff.

This agent wanted to get free entry. But if you make the British preferential free, then you must reduce the most-favoured-nation to 5 per cent.

We have three or four firms in Canada manufacturing motor vehicle springs. I obtained the views of the industry in Canada. It was very easy to consult the manufacturers of springs in Canada. The matter is still pending.

The agent has a pretty good case, but I do not know what the outcome will be. We endeavour to get both sides of the story. When it comes to apples or to farm products, there is only one general source of information the Department of Agriculture or the Horticultural Council. You cannot consult every party interested.

The CHAIRMAN: Now, gentlemen, shall we go into individual items, having heard the general remarks?

By Mr. Cannon:

Q. Oh, Mr. Chairman, I am not making a suggestion, but I want to ask Mr. Callaghan if he does not think that when requests are received, like that or from the United States asking for a reduction on certain items, that instead of leaving it to him, or to a successor who might not have as much experience or as much knowledge of trade conditions to make up his mind whom they were going to apply to in this country to argue it, whether it would or would not be a good thing to provide in the law or in some manner for public notice to be given either

in the *Canada Gazette* or in some such way as that, so that everybody would have a chance to be informed of any tariff reductions that were requested, rather than to have it left to his own initiative.—A. I am afraid you would have ten public notices in every issue of the *Canada Gazette* if you did that.

Q. Do you think it would be as bad as that?—A. I think it would be quite as bad as that. It would be very much like the automobile and the textile industry. In cases where many interests are concerned the minister may decide the whole question be referred to the Tariff Board for the purpose of a public inquiry and report. This Tariff Board was set up to look into large industries and to make inquiries. In that way every party interested is given an opportunity to be heard. A recommendation is made by the Tariff Board to the minister, after all the evidence is obtained. Others are dealt with by the office of the Commissioner of Tariffs.

The CHAIRMAN: Are there any further general questions?

By Mr. Thatcher:

Q. I have a question, Mr. Chairman. I wonder if Mr. Callaghan could tell the committee the number of concessions that were made by Canada to the United States, as well as the dollar value of them? And then, in turn, I would like to know what we received from the United States in the way of concessions as well as the dollar value of them. I would like to compare what we got from the United States with what we gave to the United States.—A. In the press release we put in these two paragraphs, which read as follows:

TARIFF CONCESSIONS GRANTED BY CANADA

The tariff concessions made by Canada at Torquay cover 397 items or sub-items of which 261 are reductions in the present most-favoured-nation tariff and 136 are bindings of the existing rates of duty. Most of these bindings cover items already bound at Geneva or Annecy. Only 37 are new bindings. These concessions are shown in Schedule V of the Torquay agreements. This schedule consists of Part I covering the most-favoured-nation tariff and Part II covering the preferential tariff.

Canada's total imports during the calendar year 1949 from all countries under the 261 items or sub-items on which the most-favoured-nation tariff was reduced at Torquay amounted to over \$391,000,000. The reductions directly negotiated with the United States cover over \$311,000,000 worth of these imports. Imports from all countries under the 37 items or sub-items referred to above as new bindings amounted to almost \$45,000,000 in value of which the United States supplied over 95 per cent.

Now, the direct answer to your question is that we reduced the tariff on 261 items or sub-items. The total trade involved at Torquay from all countries under these 261 reductions amounted to \$391 million; and of that amount \$311 million came from the United States.

Q. The number of concessions which you made to the United States was what? I mean just to the United States alone? What were the concessions which you made to the United States, the number and the value of them?—A. The number?

Q. Yes?—A. The number of items?

Q. Yes?—A. I have not got the number of items at the moment. I think it is nearly 90 per cent of the total. But the value of the reductions to the United States was about \$311 millions. I think the items numbered around 300 or 350, something like that.

Q. What was the opposite side of the case, then?

Mr. ISBISTER: \$120 million in the United States was the figure which was given.

By Mr. Thatcher:

Q. Are we to take it then that is the reason why we got so much less from the United States than we gave them?—A. No.

Q. Is it not \$120 millions as compared with \$311 millions?—A. No.

By Mr. Laing:

Q. Is it not 10 per cent of \$391 million and 20 per cent of the other figure? —A. Some of the reductions we got were 50 per cent reductions, from 40 per cent to 20 per cent. But as a general rule, in a few cases it went further than 2½ per cent.

Mr. THATCHER: You figured it out over there?

The WITNESS: Yes.

Mr. LAING: Have these been worked out in general?

Mr. THATCHER: Yes, and if you work it out to include the dollar value, when you include your percentages, I would like to know the dollar value of the concessions received and the concessions given. You told me that these figures are for trade which is immediately involved?

The WITNESS: Yes.

By Mr. Thatcher:

Q. But in percentages. You must have a figure. Could you not get it for us at the next meeting perhaps?—A. You would have to take every item.

Q. I do not want you to go to a lot of work.

By the Chairman:

Q. Does it not of necessity change from year to year depending upon trade conditions?—A. Yes. I could make an estimate of them. I think it is somewhere around 2½ per cent of \$311 million. No, that is not quite high enough. 5 per cent would be too high for the whole picture. I think I would make an estimate of between \$13 million and \$14 million. I think that is the figure which you had in mind.

By Mr. Thatcher:

Q. The only thing I wanted to establish is: Did we give the United States too much, or was it about the same as we got from them? Can you tell me that?—A. I know that 2½ per cent would be a little too low. I think 5 per cent would be a little too high. So I think it must be somewhere between the two, say \$13 million or \$14 million.

Q. Yes. That is the concession we made to the United States?—A. Yes. Then what did we get in return for that?

By Mr. Argue:

Q. What percentage is the \$120 million?—A. That is my difficulty. I think that Trade and Commerce could answer that.

Mr. HUNTER: That would not give us a true picture because by a lowering of the tariff our exports might be greatly extended.

Mr. THATCHER: Can you give it to us with 1949 as the base year?

The WITNESS: I shall take the figures and try to balance them out.

Mr. SINCLAIR: According to the example given with regard to British Columbia plywood, we have had but little export business to the United States because of this tariff.

Mr. HUNTER: They may have a much higher import now due to our reductions.

Mr. THATCHER: All I want is the information I asked for.

The CHAIRMAN: If you sat and considered the matter quietly in your own minds, you would see how impossible it is even to estimate it.

Mr. ARGUE: It cannot be so impossible, since we already have an estimate in one case of \$13 million to \$14 million. Mr. Thatcher is asking only for an estimate.

The CHAIRMAN: I wonder if Mr. Deutsch would care to comment on this matter?

Mr. DEUTSCH: It is an extremely difficult problem, Mr. Chairman, to estimate what the effect of tariff reductions will be in terms of trade.

It is possible, as you will see, that one might make an agreement where there were reductions on both sides, where the past trade on items on which concessions received may have been zero, if you took an extreme case.

But suppose we negotiate a tariff agreement with the United States on items where the tariff in every case was so prohibitive in the past that no trade could take place. And suppose we should get very substantial concessions, or suppose we got complete elimination of those tariffs. If you take simply the trade measurement in any given year—it always has to be the past year, because you do not know what the future is going to be—so, for the past year, under these prohibitive tariffs there would be no trade whatsoever.

In such a case, you would say: We got concessions on nothing, whereas in fact we actually may have got enormous concessions, depending on how far those tariffs were brought down, and depending upon the possibilities for the development of future trade.

I think, statistically speaking, a past situation can tell you very little about what the future is going to be. That will depend upon how effective these reductions are going to be in the development of trade.

Naturally, when we are making agreements, the delegation making the agreements has to assess the possibilities to the best of its capacity. They know what the industries are, and what the potentialities of those industries are. They know something of the possibilities of trade in the items concerned. And on the basis of their judgment they must decide whether an equitable agreement has been reached.

Merely to add up figures of past trade will not tell you what the answer will be. It will make an interesting bit of information, but it will never tell you whether an equitable and reciprocal agreement has been reached because that will depend upon the affect of those reductions on trade in the future, and you cannot say what that is simply by reference to trade in the past.

Mr. SINCLAIR: One year from now, could you not take an item on which you have made concessions, and on which there may be trade after one year following the negotiations, and compare it with the trade of the year before?

Mr. DEUTSCH: Yes. Thereby you would get the first indication. We could take the year 1950 in which year the tariffs were as they were before Torquay, and having taken the trade for the year after June 6th and compared them it would give us the first indication. But even that would not be a conclusive indication because some of the industries that are taking advantage of the reductions may require several years to get into a position to take full advantage of the concessions.

There are a number of cases like that. Consider the plywood industry as an example. They have not been geared for full-out export to the United States in the past. The affect of the 40 per cent tariff was prohibitive. There is no need of going over that. But that tariff has now been cut in half. So it may be that the industry will require a few years to build up its capacity in order to take full advantage of that reduction.

Mr. LAING: They are afraid that it won't, in the State of Washington.

Mr. DEUTSCH: The industry has been able, up to the present time, to get over the 40 per cent tariff to some extent. But I believe that cutting the rate in half will be of very great benefit to the industry. However as to what will happen in the future, I cannot say.

The CHAIRMAN: It will depend in part upon the industry itself.

Mr. DEUTSCH: Taking views of past trade and judging from them what the future is going to be is a very difficult thing to do.

Mr. LAING: We have got a theoretical figure on the record now as to what we have given away. As nearly as I can make out in the case of lead and zinc alone it amounts to \$8 million.

Mr. DEUTSCH: This calculation you are speaking of is really an estimate of the changes in duties. It is not trade. All we are saying is how much in the way of duties we gave up. All that it tells you is how much less revenue we are getting, assuming that the trade remains the same.

Mr. THATCHER: Did the delegation feel that what they got from the United States was reasonably similar to what they gave?

Mr. DEUTSCH: Yes, otherwise they would not have agreed to it.

Mr. THATCHER: Did you find that you were not able to get what you wanted because of the American's hands being tied by this 50 per cent clause?

Mr. DEUTSCH: Yes. But that is another question. We did not by any means get everything the way we would have liked to get it, partly because of that 50 per cent limitation and partly because of other factors.

Of course, that is precisely what is taken into account when you decide what you think you should get.

You have to bear in mind the limit of their capacity to give you concessions, and you judge your whole plan of strategy in the light of what you know they can give, or are likely to give, or what, in the end, they do give to you; and you decide how much you can afford to give on your side.

You try to get mutually advantageous arrangements. You can never weigh it exactly in the scales, because there are so many imponderables entering into the question. So you try to use the best possible judgment you can.

Mr. LAING: With respect to this theoretical figure we have applied to the concessions, I take it Mr. Callaghan estimated it out of last year's experience?

Mr. DEUTSCH: Yes.

Mr. LAING: May we get a further theoretical figure out of last year's experience?

Mr. DEUTSCH: I would say that what you are getting is an estimate of the change in duties, provided the trade remains the same.

The CHAIRMAN: And if trade should double, you are even.

Mr. DEUTSCH: Yes.

Mr. SINCLAIR: One other point which I think should be on the record is this: Very important concessions were made on canned salmon in British Columbia. The salmon people there feel they cannot get into the American market right now. They have the salmon, but they say it will take some time for them to establish a trade name. They believe that the Americans will continue to buy the American brands, and that it will not be until the first second, or even the third year, and by the time these provisions of the Torquay agreements lapse, that you will then be in a position to give a very accurate estimate of the improvement in our trade because of this agreement.

Mr. DEUTSCH: That is right. About three years from now you will have a pretty good idea of what the effect of these reductions will be. I think it will take that length of time for them to take full advantage of what they have got now.

In the case of the Geneva agreement the same thing was true. I mean the 1947 Geneva agreement.

I think it was said that we got concessions of \$89 millions of trade, and it was assumed that the trade would exceed \$89 millions; and if you look back to what happened to trade between 1947 and 1950, you will see there has been an enormous increase in many of the items in which concessions were obtained at Geneva. The increase has amounted to many many times this figure of \$89 million. It is almost ten times that figure.

Mr. HARKNESS: The increase would be due to a large extent to other factors?

Mr. DEUTSCH: Yes.

Mr. MCKINNON: Mr. Chairman, might I say how unrealistic it is to take the dollar value of past trade which, after all is just an historical figure, and use it as a yardstick.

I know what is in the minds of some of the committee, namely, the apparent disparity, the arithmetical disparity, between the figure of \$310 million or \$311 million on one side, and the figure of \$110 million or \$111 million on the other side.

Between \$150 million and \$200 million of one of these totals is made up by imports entering Canada under two items only, and on those two items the reduction we put into effect is only $2\frac{1}{2}$ per cent.

In other words, a total import value of something approaching \$200,000,000 out of \$300,000,000 odd is represented by imports in two items and one sub-item on which the rates were reduced by only $2\frac{1}{2}$ per cent. As a result of our rather small reduction, the trade may be very little increased as far as imports from the United States are concerned. But when we get a 50 per cent reduction on products such as plywood, as well as a number of 25 per cent reductions on other important exports, I think it shows pretty clearly that you are comparing things which are not alike.

Mr. THATCHER: You say that it is unreal to base these concessions upon past figures. How precisely do you base them, then?

Mr. MCKINNON: You mean: How do we know when we have got an agreement?

Mr. THATCHER: No. How do you try to balance the quid pro quo between two countries, if you do not use past figures as a basis?

Mr. MCKINNON: I admit that past figures are all you have got to go on, so far as something tangible and concrete is concerned. On the other hand, I would never agree that you could make an agreement by matching up equal dollar values on both sides. I do not think that would ever provide for a mutually satisfactory agreement.

Mr. THATCHER: Do you not try to get as much as you can?

Mr. MCKINNON: Certainly we try. Our purpose in every agreement is to get all we can and to give as little as possible. And you only know when you have an agreement by the sense of it, by the feel of it. It is not a case of balancing one item against another item. It is not a case of complete reciprocity with any two items. It is a case of getting the sense of your own concessions as against what you received from the other. I would submit again with all respect that the figure of past trade is not a realistic yardstick at all.

Mr. LAING: Since we have a record of \$13 million or \$14 million, I would be happy to see the agreement now made applied to last year's experience.

Mr. MCKINNON: You mean on the export side?

Mr. SINCLAIR: Yes.

Mr. MCKINNON: Here is another factor. You must take into consideration in connection with particular products, let us say, aluminum, that a very small reduction in the existing rate may mean a very great increase in exports. But in other cases a very much greater reduction in the rate of duty may not appreciably increase the exports or the imports. So much depends on the particular commodity with which you are dealing.

I do not know if Dr. Isbister is prepared to comment on the export side.

Mr. CARROLL: A prophecy was made that the export of Atlantic fish, after this thing got to work, would increase by \$25 million.

Mr. ISBISTER: I was not able to follow Mr. Callaghan's calculation in arriving at the \$14 million. I am not sure what it is based on.

I would like to say that as principal negotiator in relation to the tariffs of other countries, I did not have the statistics in my mind during the progress of the Torquay negotiations. But I did have in mind constantly during that time that we were attempting to open up opportunities for export into other countries.

I would like to give an example which has not yet been mentioned. I would like to refer to it because of the fact that very little publicity has been given to it. It is an obscure concession which was made to us by the United States. It consisted quite simply of binding a particular item for free entry. The item I refer to is the dross or residuum of burnt pyrites. It happens to be a substance which has been thrown on the slag heap. One of our great base metal producing companies for years and years. This company has recently been wondering whether to invest a large sum of money on a plant to process this waste material and produce iron for export.

If this project should go ahead, it would involve millions of dollars in terms of investment in Canada, and it would lead possibly to many millions of dollars of exports over the years. All that we did at Torquay was to obtain the binding of free entry in the United States tariff. In other words, we obtained, for this company, the assurance of knowing that these tariffs will not be increased. Therefore, the company is now free to go ahead with its plant, should they decide to do so. I cannot possibly attach statistics to the value of this concession but it is worth a great deal.

Mr. MCKINNON: You mean you cannot show a dollar in value.

Mr. ISBISTER: Not a single dollar because there never was any trade in it, and we cannot put a value on it. That is the best answer I can give to the question. I am sorry that I cannot provide total statistics.

Mr. MCKINNON: And that was a concession which was specifically requested by that company.

Mr. ISBISTER: Oh, yes.

Mr. ADAMSON: Therefore the company can go ahead and spend, let us say, . . . 6 million or \$7 million, knowing that they are going to have a market for their product.

Mr. ISBISTER: Yes, knowing that the opportunity has been kept open for them.

Mr. ADAMSON: And knowing that if they go ahead and build a plant they will not find themselves thrown out of the market.

Mr. ISBISTER: That is merely one of many examples of what happened.

Mr. GOUR: Mr. Chairman, the people who went over to Torquay on our behalf did not go there to sell out Canada. They went there to create business opportunities for this country. They went there to try to open new markets for goods which we are producing, and which we will produce, if we have the kind of tariffs that these countries have. I am glad to hear what you have had to say. You cannot estimate the future in terms of dollars. If you open new markets for our manufacturers, it may mean more millions of dollars to us in the way of exports, it will certainly create new industries here, and it will be of great assistance to our manufacturers.

I am firmly of the opinion that you have done a good job, and I hope that you will continue to do so. I do not care so much about what it will amount to tomorrow, but rather about what it will bring in over a period of years from now.

The CHAIRMAN: Are there any further general questions?

Mr. ADAMSON: If you find that my question is going to be embarrassing to answer then do not answer it. But did you find there was an inclination on the part of the United States to go further than 50 per cent in the reductions on base metals, lead, copper, zinc, aluminum, and nickel, the major base metals?

Mr. MCKINNON: I would prefer that Dr. Isbister answered your question. When you speak of "inclination on the part of the United States", if by that you mean on the part of the United States' negotiators, my answer would be undoubtedly, yes. But whether or not that would be backed up by the opinion of members of the United States government is another matter. I do not want to bring personal confidences into this, but I do know that in respect to one of the base metals, of which I know you are thinking, it was the opinion—may be what I have to say had better not be included in the record, Mr. Chairman.

Mr. CHAIRMAN: Very well, you may proceed but it will be off the record.

(At this point the proceedings of the committee continued off the record).

Mr. MACDONNELL: We have had certain matters which came up and which were dealt with in relation to the budget. And at that time I asked a question which I shall now ask again. Certain matters were dealt with at Torquay as I understand it. Why would that be? What is the basis of the decision as to what items are negotiated, let us say, at Torquay and what items are negotiated on this side of the water?

Mr. MCKINNON: Dr. Deutsch was in Canada while I was on the other side of the water, so maybe Mr. Deutsch will answer your question.

Mr. DEUTSCH: As Mr. Macdonnell knows, when it comes around budget time we receive a great many requests for adjustment of tariffs. That is normal each year, and this year as in others, we received the usual number of requests for adjustment in the tariff. They had to be dealt with in some way. In the past few years when we have had these requests, we have as far as possible tried to hold them back in anticipation of these negotiations with the United States.

Mr. MACDONNELL: You mean at Torquay?

Mr. DEUTSCH: Yes, at Torquay. And we have said in the last two years when we were approached with requests for adjustments in the tariff: If it is not something which is absolutely urgent and necessary at this time, we would like to hold it for the purpose of negotiation.

This year we received many requests, a great many of which we knew were being discussed at Torquay. So we simply said: Those are matters which are being discussed at Torquay, and we shall deal with them there.

There were a number of things which we knew were not being discussed at Torquay, and therefore we considered them. However, before official decisions

were taken by the minister, the Hon. Mr. Abbott, we referred all the requests we had to him and said: Now, can you, in any way, use any of these to advantage in your negotiations? If so, let us know which ones you can use, which ones you cannot use, and which ones are of no consequence so far as negotiations are concerned. We put in the budget only those items which could not be used to advantage at Torquay. Does that answer your question, Mr. Macdonnell?

Mr. MACDONNELL: Yes, it does.

Mr. ADAMSON: I think it was mentioned yesterday that there was great interest with respect to Germany. What were they anxious to sell? Or what were they particularly anxious to get? Is there any statement on that?

Mr. MCKINNON: I think that Dr. Isbister could tell you about the commodities because he had the most to do with the Germans with regard to exports. Mr. Callaghan can tell you in a word or two what items in the tariff they put the most pressure on.

Mr. ADAMSON: I think you said that Germany was the key to the whole European situation, did you not?

Mr. MCKINNON: I did say that of all the existing contracting parties in Europe with whom we tried to get bigger and better agreements, we singled out France and Germany particularly, because between the two of them they may well provide the key to European commercial policy in the near future. Therefore we were anxious to make a good agreement with Germany, for the first time, and to improve in as large measure as possible the existing agreement with France. Now perhaps Dr. Isbister would speak about the export end.

Mr. ISBISTER: Mr. Chairman since the war we have been well aware of the fact that the Federal German Republic no longer possessed those eastern regions which used to provide the whole of Germany with food and raw materials, and therefore that Germany would probably in the future be a much better complementary partner with Canada than she has ever been in the past. We went to Torquay confidently expecting that it would be possible to obtain from Germany concessions on many of those agricultural and fisheries products and on primary materials which Canada has in great abundance available for export.

As it turned out, we found that our hopes were fulfilled, and that the Germans were most anxious to discuss a broad range of commodities with us. Germany at this time, of course, is short of dollar purchasing power, so that again we were pointing up opportunities for the future rather than for the immediate present. The actual concessions which we received from Germany covered in the agricultural field a range of products such as bacon, processed milks, including cheese, honey, sausage casings, peas, fresh apples, dried apples and pears, white flour, linseed, mustard seed, red clover seed, various varieties of crop seeds, tallow, linseed oil, canned sausage, other types of canned meats, tomato juice, bran, oil cake; and in the fisheries field there was a list of products such as salmon, eels, fish roe, herring, canned lobster, fish meal, stick water which is a by-product of the fisheries industry, and pearl essence, which is another by-product.

In addition to this, Mr. Chairman, there was a diversified list of concessions on manufactured goods including the products of lumber and forestry industries and others.

If the committee is interested, I can very easily submit a list of the concessions received from Germany, to indicate the concessions which we received there.

The CHAIRMAN: Would you like to have that?

Mr. ADAMSON: I do not want to get too much on this, but I am rather interested.

The CHAIRMAN: Are there any further general questions?

Mr. THATCHER: Dr. Isbister has stated that these concessions will probably be of more advantage in the future because of the present German dollar shortage. The question just arises in my mind as to what protection Canada has in the future with respect to some of these countries giving concessions, and then using quotas and exchange regulations and things like that to cancel out those concessions. Is there that danger? Or is there an escape clause in the agreement?

Mr. ISBISTER: This agreement pertains to tariffs. There is no danger that concessions on tariffs will be withdrawn because of currency difficulties. On the other hand, countries in currency difficulty may find it necessary to impose import restrictions or currency controls upon dollar imports and should that type of thing happen, it would be no more possible to avoid it than it has been in the past.

In the recent past, our experience has been that most European countries have been in possession of more dollars to purchase goods than they were shortly after the war and they are increasingly interested in knowing what products we have for export.

Mr. THATCHER: As far as Germany is concerned, whatever they have given to us on these concessions, they may not be immediately able to take advantage of because of their dollar shortage?

Mr. ISBISTER: That is true. The German economy has not been stabilized since the war. The country is very much smaller than it was before the war. Inflation has been a continuing problem with them. Production has also been a continuing problem, and their external trade position has been a most difficult one.

Our attitude at Torquay towards Germany was that we welcomed her back into the world trade and tariff organization, and we shared along with other countries the hope that this was one step in the process by which Germany will achieve stability and a return to the channels of normal trade.

Mr. THATCHER: Would there be any other countries of which the same might be true? I mean countries in which we got concessions but which would not mean very much to us at the present time because of this exchange difficulty? What about Britain or France?

Mr. ISBISTER: We did not negotiate with Britain; but in the case of France, we received concessions on a number of products which we know France is very anxious to import at the present time. And we also know that the dollar position of France has improved considerably during the past year.

Mr. THATCHER: Is Germany the only country for which your statement would hold true?

Mr. ISBISTER: The only way to answer your question is to refer to the general agreement on tariffs and trade, which contains provisions to permit any country, including ourselves, should it get into currency difficulties, to impose emergency controls for a temporary period during which its difficulties persist. But when those difficulties have been overcome, the controls must be removed. Those provisions are in Articles XII to XIV of the General Agreement on Tariffs and Trade which we took advantage of in 1947 when Canada got into difficulties.

All of the countries which are members of the General Agreement on Tariffs and Trade have the privilege of resorting to these provisions should they get into balance of payment difficulties. So the only possible answer to your question is that these provisions do exist and may be taken advantage of by anyone, in a case of need. But they are carefully safeguarded.

Mr. THATCHER: The only country which is taking advantage of them at the moment is western Germany. Is that correct?

Mr. ISBISTER: No, that is not true. There are other countries as well.

Mr. THATCHER: What countries?

Mr. ISBISTER: It would take a long time to go through the list and describe the import controls which exist in all the countries with which we have negotiated, and I do not believe I could do it briefly. They are important in the case of Germany.

Mr. THATCHER: All I wanted was the names of the countries in which we have obtained concession but which may not be able to take advantage of those concessions during the coming year because of exchange difficulty or because of quotas or something of that nature which their governments impose.

Mr. ISBISTER: It would not be possible to answer your question simply by giving the name of the country, because we have to consider whether or not the country needs to obtain the particular product despite the fact of its currency difficulties. I refer to France which has quite a number of import controls in existence. They were imposed to safeguard the general currency position. In spite of this the French have begun to release some of their import controls. These releases apply to a number of products on which they gave us concessions at Torquay. Therefore, an accurate answer to your question in the case of France would involve not only mention of the country but also involve going through a long list and commenting on whether or not Canadian products are being imported in these particular items. It would be a tremendous undertaking.

Mr. THATCHER: All I wanted to know in a general way was whether there were many concessions which we got from many countries which are going to be made ineffective because of quotas and exchange regulations?

Mr. ISBISTER: The largest single negotiation was with the United States, and the question of import controls does not arise there. In relation to the group of agreements negotiated with countries of continental Europe, all of them to a greater or lesser degree have import controls against dollar goods at the present time. The question of how many of these import controls affect products negotiated at Torquay is something which must be examined case by case. In the case of Latin American countries with whom we carried on negotiations at Torquay, the question of import controls is not very serious on the commodities involved. Similarly in relation to countries in the Asiatic hemisphere with whom we carried on negotiations, for the particular product and the particular countries involved, this question did not rise to any great extent.

Mr. LAING: In view of the fact that West Germany has been mentioned, I would like to have some comment on our present position with respect to Japan. Are we not experiencing a rising trade, both export and import, with Japan? And what would be the prospects in the future for working with Japan on the basis on which we formerly worked with her?

Mr. MCKINNON: Since Japan was not present at Torquay and is not a member of the general agreement club, we did not encounter that at all. Possibly Mr. Deutsch, speaking from a purely domestic point of view, might answer your question.

Mr. DEUTSCH: All I can add to what Mr. McKinnon has said is that the question did not come up at Torquay. Japan was not a member of the general agreement on tariffs and trade and was not present at Torquay, so we did not negotiate with Japan. The whole question of what our difficulties would be with Japan is something which has not arisen at the present time.

As you may know, Japan comes under the general tariff, so she does not benefit from any of these reductions which we made at Torquay or at Geneva. She did not get any of the benefits of this trade agreement. She comes under what we call the general tariff. She pays a higher tariff rate and that is her position at the present time.

Mr. LAING: Are Canadian importers at the present time dealing with Japan directly? Or do they have to deal with Japan through the Americans as a third party, or through the American government?

Mr. DEUTSCH: That situation has been changing rapidly in the last few years. The original status of the occupation was that foreign trade was practically under the control of the occupation forces. But that has been modified greatly and increasingly, so that today I understand the Japanese have been gradually becoming autonomous in their foreign trade relations, but not completely autonomous.

It is true that the American control authorities have an ultimate veto over anything they do, and I think that Japan operates under general instruction or general guidance from the occupation forces. And if Japan does anything of which the occupation forces do not approve, the forces have the power to stop it. But to some extent, I think the position there is returning to normalcy. I think they are getting back a good measure of autonomy subject to the over-riding control of the occupation forces.

Mr. LAING: Can we assume that, upon the completion of a peace treaty, we can invite Japan to participate in the "club"?

Mr. DEUTSCH: All we can say is—as you may have seen in a speech delivered by Mr. Dulles, who is negotiating a Japanese peace treaty on behalf of President Truman—that I believe Mr. Dulles has said that one of the objectives of a peaceful settlement with Japan is to bring about her return to the international trade community. So I think under the conditions of the peace treaty there will be an effort made to bring Japan back as a unit.

Mr. LAING: I understand that our exports to Japan on the west coast were in the neighbourhood of \$40 million to \$50 million annually.

Mr. DEUTSCH: Yes.

Mr. LAING: And that they are rising, but all subject to the occupation control.

Mr. DEUTSCH: That is right. I think if a peace treaty is developed, there will be an effort made to bring Japan back into the general community of nations in trading matters. But so far we have not had to deal with the question because Japan is not a member of the general agreement on tariffs and trade and she has not done anything about it since the war. As I have said, Japan is on the general tariff and that is her position at the present time.

Mr. MCKINNON: I think it is pretty safe to assume that Japan will apply for membership. I do not think there is any doubt about that.

Mr. THATCHER: Perhaps I did not follow this too well, but I understood that Canada has not been able to trade with Japan to any great degree during the last five years because of the American occupation authorities preventing it.

Mr. DEUTSCH: No. I do not want to give you that impression.

Mr. THATCHER: My understanding was that they have not been co-operative in that respect.

Mr. DEUTSCH: I think one of the troubles about Japan is that they have to trade with borrowed money. After the war Japan was bankrupt as far as external trade was concerned. So the greatest difficulty with respect to our trade with Japan has been the lack of foreign exchange which Japan would have to pay for imports.

Mr. THATCHER: You think that the American occupation authorities have been quite co-operative?

Mr. SINCLAIR: The Americans have paid the shot for the last five years.

Mr. LAING: \$3 billion.

Mr. DEUTSCH: The Japanese themselves were completely without funds or exchange. Practically all the exchange they got was provided for them by

the United States. In a case of that kind, obviously the Americans who put up the money would have something to say as to how it was used. And while the Americans were in the position where they were putting up large sums of money or exchange, the expenditure of that exchange was pretty much subject to American control.

Of the many exports we sent to Japan from here, a good many of them in fact were paid for out of grants given by the United States. And therefore in our dealings we were influenced, of course, by whatever controls the Americans exercised, and we were bound to be, because they put up the money.

But that situation has been changing. Japanese trade has increased, and they are less dependent today on the United States. To an increasing degree they are coming back to an autonomous position, but not completely so. The occupation authorities still have the right to exercise a veto over their arrangements.

I do not know how often they intervened. Perhaps it was only in a general way. But our trade has been growing with Japan, and in the past five years there has been a very substantial increase.

Mr. THATCHER: Have we got a Trade Commissioner over there in Japan again?

Mr. DEUTSCH: Yes, for some years now, and when we get into difficulties with the American authorities, we have people who are on the spot, both a Trade Commissioner and an official representative of the Canadian government. He is an official representative of Canada. We have a representative on the spot to work with the American occupation authorities, and on many occasions we have had quite a lot of dealings with them in order to straighten out things to explain what was happening, and to put forward our point of view.

Mr. LAING: I think that is reflected in the way that trade has been going up.

Mr. DEUTSCH: Yes. Trade has been going up and it has been possible to develop an increasing amount of trade with them, subject to such control as is exercised by the American authorities.

Mr. MACDONNELL: Is the United States still paying the shot for it?

Mr. DEUTSCH: They are still paying some subsidy, but it is very much smaller than it was a few years ago.

Mr. SINCLAIR: If a merchant lends money to an insolvent farmer, he would not expect that farmer to do his purchasing with another merchant. But once that farmer became solvent again, he then could buy wherever he chose.

Mr. DEUTSCH: We had some difficulty of that kind. The Americans put up the money and there was a tendency for the Japanese to buy in the United States. But we have been able to get in on it increasingly.

Mr. CRESTOHL: Has there been any encounters with respect to dealings with blocked currency countries such as the middle East block or the Arab countries, or were they all largely individual countries?

Mr. MCKINNON: As far as negotiations at Torquay were concerned, they were entirely with individual countries.

Mr. ADAMSON: I wonder if we could have the things Germany wanted—to fill out the other half of the picture.

Mr. CALLAGHAN: Germany submitted a very comprehensive list of requests on Canada. It covered about 150 items—somewhere in that neighbourhood. We gave Germany concessions on about 30 items of interest to that country.

During the negotiations the Germans realized many of their requests were impossible to grant and they agreed to divide them into categories 1, 2 and 3.

No. 1 items were the ones they regard as being most important; No. 2, they were interested; No. 3—well, if we could do something they would appreciate it.

The negotiations dragged on during nearly the whole time we were at Torquay. The German request list was based on their trade with Canada in 1933 and 1934. They kept telling us that they did a substantial business in these products during those years and that they would like to get back into the Canadian market. It was a difficult request list but in the end we satisfied the Germans by giving them concessions on certain items. Those items represent in a general way the nature of the goods that were in the original request list.

There was a duty free binding on tree seeds which is not very important. They asked for a binding on tourist literature issued by national or state governments or departments thereof. It was already duty free so we bound that item.

They asked for a binding of the tariff item covering advertising and printed matter generally, which is a very complicated item. We did not make any reduction but gave them a binding on that item with all its provisos. The bulk of it is ten cents a pound but not less than 25 per cent.

Oxalic acid was previously dateable at 10 per cent, we reduced the rate to $7\frac{1}{2}$ per cent. Formic acid has been reduced from 15 per cent to $12\frac{1}{2}$ per cent. Those were two chief items in the chemical field.

The tariff was reduced from $22\frac{1}{2}$ per cent to $17\frac{1}{2}$ per cent on artists' brushes. They were interested in activated clay, when imported for use in the refining of oils. This product has been 10 per cent since 1939, and we bound the existing rate. The requested tariff concessions on toilet articles of all kinds including atomizers, brushes, buffers, button hooks, combs, cuticle knives, hair receivers, hand mirrors, jewel boxes, manicure scissors, nail files, perfume bottles, puff jars, shoe horns, trays and tweezers, of which the manufactured component material of chief value is sterling silver. We reduced the rate on these articles from 30 per cent to 25 per cent.

Then they discussed clocks, cuckoo clocks, and clocks that stand about a foot high. We gave them a very slight reduction on clocks other than alarm clocks, not being electric. The present tariff is 30 per cent with a minimum duty of not less than 40 cents each. We reduced it to 25 per cent without the minimum duty.

The only concession we gave them on steel products was on chains of iron or steel. The rate was 25 per cent and which we reduced to $22\frac{1}{2}$ per cent.

They were also after concessions on printing machinery. We gave them a binding on item 412d, the item covering offset presses, lithographic presses, printing presses and typemaking accessories therefor.

They put great pressure on Canada for concessions on cutlery of all kinds. We gave them a reduction on penknives, jackknives and pocket knives—from 20 per cent to $17\frac{1}{2}$ per cent, and a reduction on razors and complete parts thereof, and razor blades n.o.p., from $27\frac{1}{2}$ per cent to 25 per cent. These razors referred to are the old fashioned straight razors.

The next item we gave a concession on dealt with photographic cameras and equipment. Item 462a which has been referred to the Tariff Board and reported about the middle of 1950. It was held for the negotiations at Torquay. It was a very valuable concession because it reduced the tariff on certain cameras and parts from various rates to "free". They appreciated that item although the chief beneficiary, regardless, will probably be the United States.

We gave them a reduction from 35 per cent to 30 per cent on woven or braided fabrics not exceeding 12 inches in width, whether with cut pile or not, wholly or in part of wool.

We gave them a reduction on mouth-organs from $17\frac{1}{2}$ per cent to 10 per cent; gramophone needles from 20 per cent to 15 per cent.

They asked for and were interested in a concession on whips of all kinds, including thongs and lashes. We reduced the rate from $27\frac{1}{2}$ per cent to $22\frac{1}{2}$ per cent.

They pressed for concessions on toys of all kinds but the only concession we gave them was on mechanical toys of metal which we reduced from 30 per cent to 25 per cent.

On lead pencils and crayons the reduction was from 30 per cent to 27½ per cent. On crayons of chalk we gave them a binding of 20 per cent.

Another item was cases for cigar and cigarette holders, cigar and cigarette cases, smokers' sets. The reduction on these was from 25 per cent to 22½ per cent.

Lastly we gave them a substantial reduction on an item covering higher fatty alcohols, unsulphated, when imported by manufacturers of synthetic detergents for use exclusively in the manufacture of synthetic detergents. This item is of considerable interest to the United States. We reduced the tariff from 20 per cent ad valorem to one-third of a cent per gallon. One-third of a cent per gallon is very low. The rate of one-third of a cent a gallon was used because benzol products used for the same purpose now carry a rate of one-third of a cent.

That is a complete list of the tariff concessions given to Germany. It represents the nature of the goods Germany was interested in and I must add that the Germans were happy in regard to the tariff concessions they received after many months of negotiations.

By Mr. Laing:

Q. What was done on steel?—A. The only thing on iron and steel was chains.

Q. No plate or structural steel?—A. No, they asked for some of those things, but received the concession just on finished chain.

Mr. ASHBOURNE: I wonder if one of the witnesses would like to make a statement regarding the trade with Spain negotiations. I am thinking particularly of trying to get sales of Newfoundland fish into Spain again. In the past they sold a lot of fish there.

Mr. MCKINNON: We could not negotiate with Spain because Spain was not represented at Torquay.

If I might revert to the list Mr. Callaghan read—some members of the committee may feel that on the exports in which Germany has a traditional interest, the rate of reduction was rather derisory. However, we had to keep in mind that until recently western Germany was paying the general tariff on her goods entering Canada. One result of joining the general agreement is that she goes from the general tariff to the m.f.n. tariff. She has regained a very large instalment of benefit free and gratis. Therefore, we did not feel—in spite of the fact that we got very substantial concessions on the important products Dr. Isbister referred to—that we need give her very much in return.

The CHAIRMAN: It is now nearly 6 o'clock. With respect to our next meeting shall we tentatively say Wednesday afternoon?

Agreed.

I should also like to mention to the representatives of the various parties that I would like to have their names for the agenda committee. Several organizations have submitted representations and I would like the agenda committee to deal with them.

APPENDIX A

TARIFF ITEMS

Number of Items in printed tariff	1927
Number of new items in Torquay Agreement	97
Number of new items in 1951 Budget	14
	<hr/>
Total of items	2038
Items duty free under B.P., M.F.N. and General:	
in printed tariff	433
in Torquay	7
in 1951 Budget	6
	<hr/>
Total	446
Items duty free under B.P. and M.F.N.:	
in printed tariff	125
in Torquay	15
in 1951 Budget	1
	<hr/>
Total	141
Items duty free under the B.P. tariff only:	
in printed tariff	569
in Torquay	6
in 1951 Budget	1
	<hr/>
Total	576

This leaves 875 items dutiable under the B.P., M.F.N. and General Tariffs. This does not mean that only 875 items carry a margin of tariff preference for products of British Commonwealth origin. To this figure should be added the 576 items that are duty free under the B.P. only. It could be safely stated that a preference exists today on about 1,450 items.

W. J. CALLAGHAN,
Commissioner of Tariff.

OTTAWA,
 May 28, 1951.

APPENDIX B

Statement showing the British Preferential and Most-Favoured-Nation Rates of duty in effect prior to and after the Torquay Tariff negotiations

and

the total imports from all countries during the calendar year 1949 of the products listed in Schedule V to the Torquay Trade Agreement

SCHEDULE V—CANADA

PART I—MOST-FAVOURLED-NATION TARIFF

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
8a	Canned pork.....	15 p.c.	15 p.c.	30 p.c.	25 p.c.	*
8f	Canned poultry or game, n.o.p.....	15 p.c.	15 p.c.	20 p.c.	15 p.c.	(a) 139,286
9	Poultry and game, n.o.p.....	12½ p.c.	12½ p.c.	15 p.c.	12½ p.c.	242,180
10	Meats, prepared or preserved, other than canned:—					
	Ex. (a) Salt pork in barrels.....	Free	Free	1¾ cts. lb.	Free	1,160,000
	Ex. (b) Salt beef in barrels.....	Free	Free	2 cts. lb.	Free	4,700,000
Ex. 17	Cheddar cheese.....per pound	3 cts.	3 cts.	3½ cts.	3 cts.	*
18a	Peanut butter.....per pound	4 cts.	3 cts.	6 cts.	5 cts.	*
19	Cocoa shells and nibs.....	7½ p.c.	7½ p.c.	10 p.c.	7½ p.c.	*
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate.....	15 p.c.	10 p.c.	25 p.c.	20 p.c.	743,535
26	Coffee, roasted or ground.....per pound	2 cts.	2 cts.	4 cts.	4 cts.	(a) 99,553

28	(i) Coffee, green, when imported by manufacturers of coffee extract, for use exclusively in the manufacture of coffee extract, in their own factories..... per pound	Free	Free	1 ct.	1 ct.	*
	(ii) Coffee, green, n.o.p..... per pound	Free	Free	2 cts.	2 cts.	(b) 28,584,264
34	Mustard, ground.....	12½ p.c.	12½ p.c.	20 p.c.	15 p.c.	350,633
36	Compressed yeast, in bulk or mass of not less than fifty pounds..... per pound	Free	Free	2½ cts.	2½ cts.	16,305
40	Salt for the use of the sea or gulf fisheries.....	Free	Free	Free	Free	548,032
41	Salt, n.o.p., in bags, barrels and other coverings..... per one hundred pounds	Free	Free	3½ cts.	3½ cts.	240,806
42	Salt, in bulk, n.o.p..... per one hundred pounds	Free	Free	3 cts.	3 cts.	779,034
43	(1) Condensed milk, the weight of the packages to be included in the weight for duty..... per pound	2½ cts.	2½ cts.	3¾ cts.	3 cts.	757
	(2) Evaporated milk, the weight of the packages to be included in the weight for duty..... per pound	2½ cts.	2½ cts.	3¾ cts.	3 cts.	
43a	(1) Dried whey, dried skim milk, and dried buttermilk for animal or poultry feeds..... per pound	2½ cts.	2½ cts.	5 cts.	3½ cts.	80,505
	(2) Powdered milk, n.o.p., the weight of the packages to be included in the weight for duty..... per pound	2½ cts.	2½ cts.	5 cts.	4 cts.	1,297
45	Milk foods, n.o.p.....	20 p.c.	17½ p.c.	20 p.c.	17½ p.c.	80,314
53a	Corn grits for use in the manufacture of corn flour.....	Free	Free	25 cts. per 100 lbs.	Free	40,000
Ex. 54	Corn grits, n.o.p.....	10 p.c.	7½ p.c.	10 p.c.	7½ p.c.	*
69a	Cattle food containing molasses.....	10 p.c.	5 p.c.	15 p.c.	10 p.c.	6,518
Ex. 71b	White clover seed (ladino)..... per pound	Free	Free	2 cts.	2 cts.	40,000
71c	Tree seeds for reforestation purposes only.....	Free	Free	Free	Free	*
72e	Bent grass seed, not to include red-top grass seed.....	15 p.c.	7½ p.c.	22½ p.c.	15 p.c.	60,274

* Not separately recorded.

(a) Included imports of coffee imitations and substitutes.

(b) Includes imports under Item 28(i).

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
Ex. 73	Field seeds, n.o.p., when in packages weighing more than one pound each, viz.:—					
	Orchard grass.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.)	30,000
	Blue grass.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.)	
	Rye-grass.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.)	
	Meadow fescue.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.)	
	Red fescue.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.)	
76g	Seeds, viz.:—Canary, mustard, celery and sunflower, when in packages weighing more than one pound each, imported for use exclusively in manufacturing or blending operations.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.	397,013
77a	Cocoa beans, not roasted, crushed or ground..... per one hundred pounds	Free	Free	\$1.50	\$1.00	10,177,672
77b	Vanilla beans, crude only.....	Free	Free	5 p.c.	2½ p.c.	162,571
85	(b) Mushrooms, dried or otherwise preserved.....	Free	Free	15 p.c.	12½ p.c.	(a) 60,006
89	Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:— (a) Beans, baked or otherwise prepared..... per pound	Free	Free	1½ cts.	1 ct.	1,640
Ex. 90a Ex. 711	Soya bean flour, n.o.p.....	15 p.c.	15 p.c.	20 p.c.	17½ p.c.	137,824
90b	Vegetables, pickled or preserved in salt, brine, oil or in any other manner, n.o.p.....	15 p.c.	12½ p.c.	22½ p.c.	20 p.c.	285,712
90d	Vegetable pastes and hash and all similar products composed of vegetables and meat or fish, or both, n.o.p.....	7½ p.c.	7½ p.c.	25 p.c.	20 p.c.	17,244
Ex. 90d	Pâtés de foie with truffles.....	7½ p.c.	Free	25 p.c.	10 p.c.	*
90e	Vegetables, frozen.....	10 p.c.	10 p.c.	20 p.c.	17½ p.c.	23,578

91	Soups, soup rolls, tablets, cubes, or other soup preparations, n.o.p.....	15 p.c.	15 p.c.	25 p.c.	20 p.c.	3,076
93	Apples, fresh, in their natural state, the weight of the packages to be included in the weight for duty:— May 20 to July 31, inclusive..... August 1 to May 19, inclusive.....per pound	Free Free	Free Free	Free ^(b) $\frac{3}{4}$ ct. ^(b)	Free $\frac{3}{8}$ ct.	451,984
98	Bananas.....per one hundred pounds	Free	Free	50 cts. per stem or bunch	50 cts.	17,033,884
99d	Dates, unpitted, in bulk.....per pound	Free	Free	$\frac{1}{2}$ ct.	$\frac{1}{2}$ ct.	484
99e	(1) Dates, pitted, when in packages or containers weighing not less than ten pounds each.....	Free	Free	Free	Free	2,110,920
	(2) Dates, n.o.p.....per pound When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.	1 ct.	1 ct.	1 $\frac{1}{2}$ cts.	1 $\frac{1}{2}$ cts.	
	Ex. (2) Dates, unpitted, when in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.....per pound	1 ct.	$\frac{1}{2}$ ct.	1 $\frac{1}{2}$ cts.	$\frac{1}{2}$ ct.	*
99f	Figs, dried.....per pound When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.	Free	Free	$\frac{1}{2}$ ct.	1/3 ct.	600,634
101a	Lemons.....	Free	Free	Free	Free	2,220,772
103	Fruits preserved in brandy, or preserved in other spirits, and containing not more than forty per cent of proof spirit in the liquid contents thereof.....per gallon and	\$2.50 30 p.c.	\$2.00 15 p.c.	\$2.50 30 p.c.	\$2.00 15 p.c.	91,495
104	Fruits preserved in brandy, or preserved in other spirits, and containing more than forty per cent of proof spirit in the liquid contents thereof.....per gallon and	\$5.00 30 p.c.	\$3.00 15 p.c.	\$5.00 30 p.c.	\$3.00 15 p.c.	
105a	Lemon, orange, grapefruit and citron rinds, fresh, frozen, dried, sulphured or in brine.....	Free	Free	Free	Free	135,869

*Not separately recorded.

^(a) Includes truffles.

^(b) Free May 20 to July 12; $\frac{3}{4}$ ct. July 13 to May 19.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
105f	Jellies, jams, marmalades, preserves, fruit butters and condensed mince-meats.....per pound	1½ cts.	1¼ cts.	3¼ cts.	3 cts.	178,673
105g	(1) Fruits and peels, crystallized, glacé, candied or drained.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.}	37,024
	(2) Cherries and other fruits of crème de menthe, maraschino or other flavour	20 p.c.	20 p.c.	27½ p.c.	25 p.c.}	
Ex. 109	Walnuts, shelled or not.....	1 ct. lb.	Free	1 ct. lb.	Free	3,655,854
110	Cocoanuts.....per one hundred	Free	Free	50 cts.	50 cts.	118,942
113	Cocoanut, desiccated, sweetened or not.....per pound	2 cts.	2 cts.	3 cts.	3 cts.	2,355,490
113a	Copra or broken cocoanut meat, not shredded, desiccated or prepared in any manner.....	Free	Free	Free	Free	4,681,662
115a	Herring, fresh.....	Free	Free	Free	Free	21,049
Ex. 118b	Crabs in sealed containers.....	17½ p.c.	17½ p.c.	40 p.c.	30 p.c.	*
121	Fish preserved in oil, n.o.p.....	15 p.c.	15 p.c.	25 p.c.	20 p.c.	137,905
Ex. 121	Bonito preserved in oil.....	15 p.c.	15 p.c.	25 p.c.	17½ p.c.	*
123	Fish, prepared or preserved, n.o.p.— (d) Salmon.....	17½ p.c.	15 p.c.	27½ p.c.	15 p.c.	17,045
133	All other articles the produce of the fisheries, n.o.p.....	15 p.c.	12½ p.c.	20 p.c.	17½ p.c.	485,093
Ex. 133	Shrimp, fresh or frozen.....	15 p.c.	12½ p.c.	20 p.c.	12½ p.c.	*
136a	Molasses of cane, testing by polariscope under thirty-five degrees but not less than twenty degrees.....per gallon	Free	Free	1 ct.	1 ct.	675,970

141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied popcorn, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar.....	15 p.c.	12½ p.c.	25 p.c.	22½ p.c.	1,017,877
Ex. 141	Chestnut cream or paste, sweetened or not sweetened.....	15 p.c.	Free	25 p.c.	7½ p.c.	*
142	Tobacco, unmanufactured, for excise purposes under conditions of the Excise Act, subject to such regulations as may be prescribed by the Minister:—					
	(a) Of the type commonly known as Turkish:—					
	(i) Unstemmed..... per pound	20 cts.	12 cts.	30 cts.	22 cts.	252,817
	(ii) Stemmed..... per pound	30 cts.	30 cts.	40 cts.	40 cts.	(a)
	(b) N.o.p.—					
	Ex. (i) Unstemmed, when imported by cigar manufacturers for use exclusively in the manufacture of cigars in their own factories..... per pound	20 cts.	15 cts.	20 cts.	15 cts.	(b) 400,000
	Ex. (ii) Stemmed, when imported by cigar manufacturers for use exclusively in the manufacture of cigars in their own factories..... per pound	30 cts.	22½ cts.	30 cts.	22½ cts.	(b) 10,000
	Provided that the duty under this Item shall be levied on the basis of "Standard leaf tobacco" consisting of ten per centum of water and ninety per centum of solid matter.					
144	Cut tobacco..... per pound	80 cts.	65 cts.	80 cts.	65 cts.	370,403
	And in addition thereto, under all tariffs, 15 cents per pound.					
152	Fruit juices and fruit syrups, n.o.p., viz:—					
	(f) Grapefruit juice.....	Free	Free	15 p.c.	10 p.c.	2,320,637
153a	Grape juice in containers of more than one gallon capacity each:—					
	Testing not more than 1.074 specific gravity at 60 degrees temperature..... per gallon	20 cts.	15 cts.	25 cts.	20 cts.	} (c)
	And in addition thereto, for each increment of 0.01 in specific gravity above 1.074.....	3 cts.	3 cts.	3 cts.	3 cts.	
157c	Isopropyl alcohol..... per gallon	Free	Free	50 cts.	25 cts.	74,406
158a	Methyl alcohol, when imported by manufacturers for use exclusively in the manufacture of formaldehyde, in their own factories, subject to the provisions of the Excise Act, and regulations.....	Free	Free	Free	Free	*

* Not separately recorded.
 (a) No imports since 1939; (b) Estimated.
 (c) No imports since 1948.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
159a	Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, tinctures or medicines, n.o.p..... per gallon and	\$3.00 30 p.c.	\$2.00 20 p.c.	\$3.00 30 p.c.	\$2.00 20 p.c.	} 377,937
160	Alcoholic perfumes:— (a) When in bottles or flasks containing not more than four ounces each	30 p.c.	25 p.c.	30 p.c.	25 p.c.	(a) 171,287
	(b) When in bottles, flasks or other packages, containing more than four ounces each..... per gallon and	\$5.00	\$4.00	\$5.00 30 p.c.	\$4.00 25 p.c.	} (b) 66,349
161	Perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind:— (a) When in bottles or flasks containing not more than four ounces each	30 p.c.	20 p.c.	45 p.c.	30 p.c.	*
	(b) When in bottles, flasks or other packages, containing more than four ounces each:— (1) Valued at not more than \$8.00 per gallon..... per gallon and	\$5.00	\$2.00	\$5.00 30 p.c.	\$2.00 20 p.c.	} *
	(2) Valued at more than \$8.00 per gallon..... per gallon and	\$5.00	\$3.00	\$5.00 30 p.c.	\$3.00 20 p.c.	} *

165	Champagne and all other sparkling wines:—					
	(a) In bottles containing each not more than a quart but more than a pint (old wine measure)..... per dozen bottles And in addition thereto, under all tariffs, \$1.75 per gallon.	\$5.00	\$4.00	\$5.00	\$4.00	
	(b) In bottles containing not more than a pint each, but more than one-half pint (old wine measure)..... per dozen bottles And in addition thereto, under all tariffs, \$1.75 per gallon.	\$2.50	\$2.00	\$2.50	\$2.00	252,600
	(c) In bottles containing one-half pint each or less.... per dozen bottles And in addition thereto, under all tariffs, \$1.75 per gallon.	\$1.25	\$1.00	\$1.25	\$1.00	
	(d) In bottles containing over one quart each (old wine measure)..... per gallon And in addition thereto, under all tariffs, \$1.75 per gallon.	\$2.50	\$2.00	\$2.50	\$2.00	
Ex. 166	Acetone.....	10 p.c.	5 p.c.	30 p.c.	25 p.c.	156,746
Ex. 166	Amyl acetate.....	10 p.c.	10 p.c.	30 p.c.	25 p.c.	6,067
168a	Malt syrup, malt syrup powder, or other starch conversion products produced by the action of enzymes on starch, not including any such products used in the brewing of beer.....	20 p.c.	20 p.c.	25 p.c.	22½ p.c.	236,994
172a	Tourist literature issued by national or state governments or departments thereof, boards of trade, chambers of commerce, municipal and automobile associations, and similar organizations.....	Free	Free	Free	Free	*
178	Advertising and printed matter, viz.:—Advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p.... per pound but not less than	5 cts.	5 cts.	10 cts. 25 p.c.	10 cts. 25 p.c.	3,866,475
	(a) Provided that goods specified in this Item shall be exempt from customs duty when produced in countries entitled to the British Preferential Tariff and relating exclusively to products or services of such British countries, but not relating to Canadian products or services.					

* Not separately recorded.
 (a) Includes imports under Item 161(a).
 (b) Includes imports under Item 161(b).

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
178	<p>(b) Provided that on goods specified in this Item when forwarded to Canada by mail, duties may be prepaid by customs duty stamps, under regulations by the Minister, at the rate specific in the Item, except that on each separate package weighing not more than one ounce, the duty shall be each.....</p> <p>(c) Provided that bona fide trade catalogues and price lists not specially designed to advertise the sale of goods by any person in Canada, when sent into Canada in single copies addressed to merchants therein, and not exceeding one copy to any merchant for his own use, but not for distribution, shall be exempt from customs duty under all Tariffs.</p> <p>(d) Provided that advertising and printed matter, whether imported by mail or otherwise, when in individual packages valued at not more than \$1.00 each and when not imported for sale or in a manner designed to evade payment of customs duties, shall be exempt from customs duty when produced in countries entitled to the British Preferential or the Most-Favoured-Nation Tariff.</p>	1 ct.	1 ct.	2 cts.	2 cts.	\$ *
188a	Decalcomania paper not printed when imported by manufacturers of decalcomania transfers to be used in their own factories in the manufacture of decalcomania transfers	Free	Free	Free	Free	80,840
192e	Gasket stock, wholly or in part of vegetable fibres, coated or impregnated, in sheets or rolls, when imported by manufacturers of gaskets, for use only in the manufacture of gaskets in their own factories.....	Free	Free	Free	Free	475,359
197a	Super-calendered or machine finish grades of book paper, not coated, when used exclusively in the production of magazines, newspapers and periodicals, printed, published or issued regularly, under regulations prescribed by the Minister.....	12½ p.c.	Free	22½ p.c.	Free	158,663
198a	Coated papers, when used exclusively in the production of magazines, newspapers and periodicals printed, published and issued regularly, under regulations prescribed by the Minister.....	17½ p.c.	Free	32½ p.c.	Free	30

198c	Tape or wire, coated or not, for use exclusively in the recording and reproduction of sound:—					
Ex. 198	(1) Of iron or steel.....	17 1/2 p.c.	} 10 p.c.	25 p.c.	} 10 p.c.	} 10,000
Ex. 401(g)		15 p.c.		15 p.c.		
et al	(2) N.o.p.....	5 p.c.	5 p.c.	10 p.c.	10 p.c.	
Ex. 199	Matches of paper.....	17 1/2 p.c.	7 1/2 p.c.	25 p.c.	15 p.c.	10,000
199d	Cigarette papers, gummed or not, in tubes, booklets or packets.....	17 1/2 p.c.	15 p.c.	20 p.c.	15 p.c.	41,206
199e	Caps or hoods of paper, for use exclusively in protecting young plants in field or garden.....	Free	Free	Free	Free	6,183
199i	Trays or pulp or pulp board imported for use exclusively in the packaging of apples in their natural state.....	Free	Free	7 1/2 p.c.	7 1/2 p.c.	21,340
Ex. 205	Ginseng, unground.....	Free	Free	Free	Free	*
205a	Cassava root, unground.....	Free	Free	Free	Free	*
206a	(1) Sera and antisera, toxoids, viruses, toxins and antitoxins; virus and bacterial vaccines, bacteriophage and bacterial lysates; blood plasma or serum of human origin or fractions thereof; allergenics, liver extracts, pituitary extracts, epinephrine and its solutions, insulin, with or without zinc, globin or protamine; all of the foregoing when imported for parenteral administration in the diagnosis or treatment of diseases of man.....	Free	Free	Free	Free	} 1,019,779
	(2) Biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis or treatment of diseases of animals or poultry, when imported under permit of the Veterinary Director General.....	Free	Free	Free	Free	
Ex. 208	Iodine, crude.....	Free	Free	Free	Free	102,080
208q	Oxalic acid.....	Free	Free	10 p.c.	7 1/2 p.c.	119,141
210d	Sodium, sulphate of, crude, or salt cake..... per pound	1/2 ct.	1/2 ct.	1/2 ct.	1/2 ct.	65,722
211b	Kyanite, crude or calcined, but not further processed than ground.....	Free	Free	Free	Free	56,608
Ex. 213	Vinegar:—per gallon of any strength not exceeding the strength of proof.....	10 cts.	10 cts.	12 1/2 cts.	10 cts.	} 21,315
	And in addition thereto, for each degree of strength in excess of the strength of proof.....	1 1/2 cts.	1 1/2 cts.	1 1/2 cts.	1 1/2 cts.	
	Provided that the strength of proof shall be held to be equal to six per cent of absolute acid, and shall be determined in the manner prescribed by the Governor in Council.					

* Not separately recorded.

SCHEDULE V—CANADA—Continued

PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
Ex. 216	Formic acid.....	Free	Free	15 p.c.	12½ p.c.	\$ 62,570
Ex. 216	Chromium trioxide, dihydroxydiphenyl sulphone, monobutyl phenyl-phenol sodium monosulfonate, phenol sulphonic acid and stannous sulphate, imported for use exclusively in the production of tin plate.....	Free	Free	15 p.c.	Free	(a) 100,000
219a	Non-alcoholic preparations or chemicals for disinfecting, or for preventing, destroying, repelling, or mitigating fungi, weeds, insects, rodents, or other plant or animal pests, n.o.p.:—					
	(i) When in packages not exceeding three pounds each, gross weight.	Free	Free	12½ p.c.	12½ p.c.	260,537
	(ii) Otherwise.....	Free	Free	7½ p.c.	Free	1,856,350
219f	Riboflavin (also known as Vitamin B ² , Vitamin G, Lactoflavin) without admixture or mixed only with any necessary carrier or diluent when imported for use only in the manufacture of feeds for livestock, poultry or fur-bearing animals.....	Free	Free	Free	Free	95,422
219g	Yeast, dead or inactive, containing only those vitamins inherent in or developed by the yeast during its culture or propagation in which the Vitamin D does not exceed 1,000 International units per gram, when valued at more than twenty-five cents per pound, under regulations which the Minister may prescribe.....	Free	Free	Free	Free	71,816
220	All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—					
	(i) When dry.....	17½ p.c.	17½ p.c.	20 p.c.	20 p.c.	6,512,423
	(ii) Liquid, when containing not more than two and one-half per cent of proof spirit.....	17½ p.c.	17½ p.c.	22½ p.c.	20 p.c.	
	(iii) All others.....	60 p.c.	25 p.c.	60 p.c.	25 p.c.	
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at..... per gallon and	\$3.00 30 p.c.	\$2.00 20 p.c.	\$3.00 30 p.c.	\$2.00 20 p.c.	

Provided, also, that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian Formulary or the French Codex as official, shall not be held to be covered by this item.

220	Ex. (i) Sulfamethylthiadiazole, in tablet form.....	17½ p.c.	12½ p.c.	20 p.c.	12½ p.c.	*
220a	Chemical preparations, compounded of more than one substance, n.o.p.—					
	(i) When dry, or liquid containing not more than two and one-half per cent of proof spirit.....	15 p.c.	15 p.c.	20 p.c.	20 p.c.	} 21,295,234
	(ii) All others.....	25 p.c.	25 p.c.	25 p.c.	25 p.c.	
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at..... per gallon and	\$3.00 30 p.c.	\$2.00 20 p.c.	\$3.00 30 p.c.	\$2.00 20 p.c.	
220a	Ex. (i) Chemical preparations, dry, compounded of more than one substance when imported by manufactures of fluorescent lamps for use exclusively in coating the inside of fluorescent lamps in their own factories.....	5 p.c.	Free	10 p.c.	5 p.c.	300,000
220c	Gasoline anti-oxidants for use in the production of gasoline.....	15 p.c.	15 p.c.	20 p.c.	20 p.c.	197,458
226	Candles.....	15 p.c.	15 p.c.	22½ p.c.	20 p.c.	125,067
232c	Gelatine, edible.....	10 p.c.	7½ p.c.	25 p.c.	22½ p.c.	1,525,771
234	Perfumery, including toilet preparations, non-alcoholic, viz.:—Hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin.....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	51,329
245	Ochres, ochrey earths, siennas and umbers.....	5 p.c.	5 p.c.	15 p.c.	12½ p.c.	85,171
247a	(2) Artists' brushes; pastels, of a value of one cent per stick, or over; artists' canvas, coated and prepared for oil painting.....	Free	Free	22½ p.c.	17½ p.c.	(b) 316,489
257	Writing ink.....	15 p.c.	15 p.c.	22½ p.c.	20 p.c.	53,186
264	Essential oils, natural, viz.:—					
Ex. 264a	Geranium, rose, ylang-ylang, lemon, bergamot, orange, mandarin, citronella, vetiver, clove and lemon grass.....	Free	Free	Free 7½ p.c.	Free	283,171
Ex. 265a	Menhaden oil.....	12½ p.c.	12½ p.c.	20 p.c.	17½ p.c.	80,000

(a) Estimated.

* Not separately recorded.

(b) Includes imports under Item 247a(1).

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
271	Lubricating oils composed wholly or in part of petroleum:— (a) Valued at less than 25 cents per gallon..... per gallon	1½ cts.	1½ cts.	2½ cts.	2½ cts.	1,725,916
	(b) N.o.p.....	10 p.c.	10 p.c.	12½ p.c.	12½ p.c.	2,943,839
272a	Petroleum greases and lubricating greases, n.o.p.....	12½ p.c.	12½ p.c.	17½ p.c.	15 p.c.	972,014
272b	Paraffin wax, n.o.p.....	15 p.c.	15 p.c.	22½ p.c.	17½ p.c.	1,614,209
272c	Paraffin wax when imported for use exclusively in the manufacture of candles	10 p.c.	Free	12½ p.c.	Free	
280a	Inedible oils, without admixture, obtained from animal fat, for use in the manufacture of soap or oils.....	Free	Free	Free	Free	4,929
284b	Gypsum tile.....	15 p.c.	15 p.c.	20 p.c.	20 p.c.	*
284c	Earthenware tiles, n.o.p.....	15 p.c.	12½ p.c.	25 p.c.	22½ p.c.	944,800
289	Baths, bathtubs, basins, closets, closet seats and covers, closet tanks, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.....	15 p.c.	12½ p.c.	25 p.c.	22½ p.c.	2,642,107
291	White portland cement clinker for use in the manufacture of white portland cement..... per one hundred pounds	2 cts.	2 cts.	3.6 cts.	3½ cts.	131,927
295c	Activated clay, when imported for use in the refining of oils.....	10 p.c.	10 p.c.	10 p.c.	10 p.c.	265,793
296f	Limestone, not further processed than crushed or screened.....	Free	Free	Free	Free	100,000
Ex. 711	.....	15 p.c.		20 p.c.		
296i	Mica, phlogopite and muscovite, unmanufactured, in blocks, sheets, splittings, films, waste and scrap.....	12½ p.c.	10 p.c.	12½ p.c.	10 p.c.	*
313	Plumbago, not ground or otherwise manufactured; plumbago flakes.....	Free	Free	7½ p.c.	5 p.c.	83,301
Ex. 314	Plumbago, ground, and manufactures of n.o.p.....	15 p.c.	15 p.c.	22½ p.c.	20 p.c.	293,267

STANDING COMMITTEE

316	Electric light and arc carbons, pointed or not, and contact carbons, n.o.p. and, per pound	22½ p.c.	22½ p.c.	25 p.c. 10 cts.	22½ p.c. 7½ cts.	60,423
325	Stained or ornamental glass windows	15 p.c.	7½ p.c.	15 p.c.	7½ p.c.	66,935
326	(1) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine- made tumblers of glass, not cut nor decorated, n.o.p.	15 p.c.	15 p.c.	22½ p.c.	20 p.c.	3,413,339
326j	Glass balls or marbles when imported by manufacturers of glass fibres or glass yarn, for use exclusively in the manufacture of such fibres or yarn in their own factories	Free	Free	Free	Free	20,100
327	Spectacles; eyeglasses, and ground or finished spectacle or eyeglass lenses, n.o.p.	20 p.c.	20 p.c.	22½ p.c.	20 p.c.	388,251
Ex. 329	Tungsten ore	Free	Free	Free	Free	34,613
Ex. 329a	Chromite iron ore	Free	Free	Free	Free	1,000,000
346c	Zinc sheets, not planished, ground or polished, coated on one side with acid- resisting material, imported by planishers, grinders or polishers of zinc sheets to be used exclusively in the planishing, grinding, polishing or other processing of such sheets, ready for use by photo engravers	Free	Free	Free	Free	*
348f	Copper covered steel wire not less than one-quarter inch in diameter and rods, when imported by manufacturers of trolley, telegraph and tele- phone wires, electric wires and electric cables, for use only in the manu- facture of such articles in their own factories	Free	Free	10 p.c.	10 p.c.	581,110
352 Ex. 445k	Bells, electronically operated or not, including amplifiers, drivers, repro- ducers, transformers, keyboards, automatic control coders, pealing devices (strikes), and perforated roll players, all specially designed for use with such bells, but not to include separate record players, control cabinets containing record playing devices nor microphones; complete parts thereof; the foregoing when for use in churches only	Free 15 p.c.	Free	Free 22½ p.c.	Free	20,000
352d	Friction material of metal powders, compressed, sintered and welded or fastened to a solid metal or other backing for support, in strips, sheets, discs, rings, slabs, blocks, bars, rods, tubes and other primary shapes . .	Free	Free	10 p.c.	10 p.c.	18,099
353	Aluminum and alloys thereof, crude or semi-fabricated (a) Pigs, ingots, blocks, notch bars, slabs, billets, blooms, and wire bars per pound	Free	Free	2 cts.	1½ cts.	80,698
361	Gold and silver leaf; Dutch or schlag metal leaf; brocade and bronze powders	15 p.c.	12½ p.c.	30 p.c.	25 p.c.	134,145

* Not separately recorded.

SCHEDULE V—CANADA—Continued

PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
362b	Toilet articles of all kinds, including atomizers, brushes, buffers, button hooks, combs, cuticle knives, hair receivers, hand-mirrors, jewel boxes, manicure scissors, nail files, perfume bottles, puff jars, shoe horns, trays and tweezers, of which the manufactured component material of chief value is sterling silver.....	17½ p.c.	15 p.c.	30 p.c.	25 p.c.	24,840
Ex. 362c	Cigar and cigarette lighters, n.o.p., nickel-plated, gilt or electro-plated....	15 p.c.	15 p.c.	22½ p.c.	22½ p.c.	*
365b	Wire or strip, viz.:—Gold, gold-filled, silver, silver-filled, brass or nickel silver, knurled, twisted, figured or with ornamental design rolled or drawn thereon, and wire of nickel silver, plain, in coil or otherwise, when imported by manufactures of jewellery or ornaments for the adornment of the person, for use exclusively in the manufacture of such articles, in their own factories.....	Free	Free	15 p.c.	12½ p.c.	943,422
367	Watch cases, and parts thereof, finished or unfinished.....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	929,173
Ex. 368	Clocks, other than alarm clocks, not being electric.....	15 p.c.	15 p.c.	30 p.c. but not less than 40 cts. each.	25 p.c.	*
375	Ferro-alloys:— (d) Ferro-silicon, being an alloy of iron and silicon containing 60 per centum or more, by weight, of silicon and less than 90 per centum—per pound, or fraction thereof, on the silicon contained therein.....	Free	Free	2½ cts.	1¼ cts.	125,577
376a	Chromium metal and tungsten metal, in lumps, powder, ingots, blocks or bars, and scrap of alloy metal containing chromium and tungsten, when imported by manufacturers for use exclusively for alloying purposes, in their own factories.....	Free	Free	Free	Free	141,531
376b	Materials imported by manufacturers of sintered hard metal compounds of the tungsten carbide type, for use in the manufacture of such compounds in their own factories.....	Free	Free	Free	Free	140,984
378	Bars and rods, of iron or steel; billets, of iron or steel weighing less than 60 pounds per lineal yard:— (b) Not further processed than hammered or pressed, n.o.p.....	10 p.c.	10 p.c.	25 p.c.	20 p.c.	28,473

380	Plates of iron or steel, hot or cold rolled:— (c) Flanged, dished or curved, n.o.p.....	5 p.c.	5 p.c.	25 p.c.	22½ p.c.	240,327
382	Hoop, band or strip, of iron or steel:— (d) Cold rolled or cold drawn, more than .080 inch in thickness, n.o.p.	12½ p.c.	12½ p.c.	27½ p.c.	22½ p.c.	256,450
383 386f	Sheets, plates, hoop, band or strip, of iron or steel:— (g) Corrugated or pebbled, coated or not.....	10 p.c.	10 p.c.	20 p.c.	20 p.c.	546,033
386	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the Minister:— (d) Sheets, hoop, band or strip, coated or not, polished or not, when imported by manufacturers of saddlery hardware and saddles for use exclusively in the manufacture of such articles, in their own factories.....	Free	Free	Free	Free	5,623
386 Ex. 382(c) Ex. 382(d)	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the Minister:— (g) Sheets, plates, hoop, band or strip, not tempered or ground nor further manufactured than cut to shape, without indented edges, when imported for use exclusively in the manufacture of saws or straw cutters..... (b) Sheets, plates, hoop, band or strip, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, when imported for use exclusively in the manufacture of saws.....	Free 7½ p.c. 12½ p.c.	Free	Free 20 p.c. 27½ p.c.	Free	552,143
		Free 7½ p.c. 12½ p.c.	Free	7½ p.c. 20 p.c. 27½ p.c.	7½ p.c.	149,630
388d	Iron or steel angles, beams, channels, columns, girders, joists, piling, tees, zees, and other shapes or sections, punched, drilled or further manufactured than hot rolled or cast, n.o.p.....	20 p.c.	17½ p.c.	30 p.c.	25 p.c.	861,305
388f	Sash, casement or frame sections of iron or steel, hot or cold rolled, coated or not, not punched, drilled nor further manufactured, and similar material formed from hot or cold rolled iron or steel strip, coated or not, when imported by manufacturers of metal window sash, casements or frames for use in the manufacture of such articles, in their own factories per ton	Free	Free	\$7.00	\$7.00	*
391	Castings, of iron or steel:— (a) Being ingot moulds for use in the production of steel..... (b) Being moulds, n.o.p.....	Free Free	Free Free	Free 7½ p.c.	Free 7½ p.c.	1,951,070 80,466
392	Forgings, of iron or steel, in any degree of manufacture, n.o.p.....	17½ p.c.	17½ p.c.	25 p.c.	22½ p.c.	711,444

* Not separately recorded.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
398c	Seamless steel tubing, valued at not less than five cents per pound, when imported by manufacturers of roller bearings for use exclusively in the manufacture of such bearings in their own factories.....	Free	Free	Free	Free	*
401	Wire, of iron or steel:—					
	(a) Barbed fencing, coated or not.....	Free	Free	10 p.c.	10 p.c.	130,873
	(c) Drawn flat or cold rolled flat after drawing, coated or not, n.o.p., not more than .25 inch in width and less than .1875 inch in thickness.	7½ p.c.	7½ p.c.	20 p.c.	20 p.c.	79,271
	(f) Single or several, coated, n.o.p., or covered with any material, including cable so covered.....	15 p.c.	15 p.c.	30 p.c.	25 p.c.	115,621
	(g) N.o.p.....	15 p.c.	15 p.c.	15 p.c.	15 p.c.	1,821,655
	Ex. (g) Wire for baling farm produce.....	15 p.c.	Free	15 p.c.	Free	100,000
Ex. 402a	Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.....	17½ p.c.	12½ p.c.	25 p.c.	20 p.c.	256,910
406	Coil chain, coil chain links, including repair links, and chain shackles, of iron or steel:—					
	(b) Less than one and one-eighth inches in diameter.....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	156,000
407a	Chains, of iron or steel, n.o.p., and complete parts thereof.....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	520,197
410a Ex. 438a Ex. 438e(3) et al.	(iii) Diesel-powered self-propelled trucks, mounted on rubber-tired wheels, side or rear dump, having a rated capacity, by struck volume, of not less than 9½ cubic yards and, by payload weight, of not less than 15 tons and complete parts thereof, for off-highway use in carrying minerals, ores, rock, stone, sand, gravel, and other excavated materials, at mines, quarries, gravel and sand pits or at construction sites.....	Free	Free	10 p.c. 17½ p.c. 30 p.c.	7½ p.c.	(a) 2,488,083
Ex. 410L Ex. 427 Ex. 711	Inserts of tungsten carbide to be brazed to rock drills, when imported by manufacturers for use only in their own factories in the manufacture of hard metal-tipped rock drills.....	5 p.c. 10 p.c. 15 p.c.	5 p.c.	15 p.c. 25 p.c. 20 p.c.	10 p.c.	20,000

412d	Offset presses; lithographic presses; printing presses and typemaking accessories therefor, n.o.p.; complete parts of the foregoing, not to include saws, knives and motive power.....	Free	Free	10 p.c.	10 p.c.	67,553
415a	Refrigerators, domestic or store, completely equipped or not:—					
	(i) Electric.....	20 p.c.	17½ p.c.	22½ p.c.	20 p.c.	96,570
	(ii) Other than electric.....	20 p.c.	17½ p.c.	22½ p.c.	20 p.c.	254,913
422	Street or road rollers and complete parts thereof.....	Free	Free	25 p.c.	20 p.c.	311,185
423	Electric dental engines.....	Free	Free	22½ p.c.	20 p.c.	107,185
424	Fire engines and other fire extinguishing machines and chassis for same; complete parts other than chassis parts.....	Free	Free	25 p.c.	22½ p.c.	263,968
425	Lawn mowers.....	10 p.c.	10 p.c.	25 p.c.	22½ p.c.	594,542
427	All machinery composed wholly or in part of iron or steel, n.o.p., and complete parts thereof.....	10 p.c.	10 p.c.	25 p.c.	22½ p.c.	(b)109,838,336
Ex. 427	Seed and grain cleaning machines of screen and air blast type with a capacity not exceeding 100 bushels per hour; complete parts of the foregoing....	10 p.c.	10 p.c.	25 p.c.	15 p.c.	50,000
427a	All machinery composed wholly or in part of iron or steel, n.o.p., of a class or kind not made in Canada; complete parts of the foregoing.....	Free	Free	10 p.c.	7½ p.c.	(b)
427d	Machines designed for making rigid composite box-ends of wood—consisting of a centre with separate nailing edges attached—from scrap or waste mill stock, and complete parts thereof, not to include motive power....	Free	Free	25 p.c.	22½ p.c.	207
427f	Machines for the manufacture of veneers and plywoods, viz.:—Veneer clippers; veneer clipper knife jointers; veneer glue spreaders; veneer lathes; automatic veneer reelers with supporting trays and hoists; automatic unreelers; veneer conveyors specially designed for use with automatic veneer reelers and unreelers; veneer taping machines; complete parts of all the foregoing.....	Free	Free	10 p.c.	7½ p.c.	247,380
429	Cutlery of iron or steel, plated or not:—					
Ex. 357	Ex. (a) Knife blades or blanks, and table forks of German silver or of iron or steel, in the rough, not handled, ground nor otherwise manufactured; spoon blanks of German silver or of iron or steel, not further manufactured than stamped to shape.....	Free	Free	7½ p.c.	7½ p.c.	*
		15 p.c.		25 p.c.		
429	Cutlery of iron or steel, plated or not:—					
	(c) Penknives, jack-knives and pocket knives of all kinds.....	Free	Free	20 p.c.	17½ p.c.	662,922
	(g) Razors and complete parts thereof; razor blades, n.o.p.....	Free	Free	27½ p.c.	25 p.c.	287,933

*Not separately recorded.

(a) Includes imports under 410a(i) and (ii).

(b) Includes Item 427a.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
430e	Wire nails less than one inch in length, and nails, brads or tacks of all kinds, n.o.p., of iron or steel, coated or not.....	15 p.c.	15 p.c.	30 p.c.	27½ p.c.	\$ 146,793
431b	Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screw-drivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, catdogs, and track tools, picks, mattocks, and eyes or polls for the same.....	10 p.c.	10 p.c.	25 p.c.	22½ p.c.	5,192,741
Ex. 431b Ex. 446a	Web saws and parts thereof.....	7½ p.c.	7½ p.c.	22½ p.c.	20 p.c.	*
Ex. 431d	Slide rules.....	Free	Free	9 p.c.	7½ p.c.	*
431f	Files and rasps.....	Free	Free	25 p.c.	22½ p.c.	335,214
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada....	Free	Free	17½ p.c.	15 p.c.	269,103
431h	Geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following:—Magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; all the foregoing of a class or kind not made in Canada, and repair parts, tripods and fitted carrying cases for any of the foregoing.....	Free	Free	Free	Free	2,053,356
434c	Trucks of welded design with tubular frame, cast steel cross members, rubber mountings and rubber inserted wheels, of a class or kind not made in Canada, and body shells of welded sheet steel, for use in the construction of street railway cars, not to include electric motors or magnetic truck brakes; complete parts of the foregoing.....	Free	Free	10 p.c.	7½ p.c.	1,197,666

434d	Rolled steel wheels in one piece in the rough, not drilled or machined in any manner, for railway vehicles, including locomotives and tenders, when imported for use in the manufacture of steel wheels for use on railway rolling stock.	Free	Free	20 p.c.	20 p.c.	1,707,064
438b	Bearings, clutch release; Bearings, graphite; Bearings, steel or bronze backed, with nonferrous metal lining, parts and materials therefor; Bearings, steering knuckle thrust; Bushings, graphited or oil impregnated; Ceramic insulator spark plugs cores not further manufactured than burned and glazed, printed or decorated or not, without fittings; Collars, crankshaft thrust; Compressors and parts thereof, air; Commutator copper segments; Commutator insulating end rings; Tapered discs of hot rolled steel, with or without centre hole, for disc wheels; Diaphragms for fuel and vacuum pumps; Distributor rotors and cam assemblies; Door bumper shoes; Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, not to include battery terminals; Gaskets of any material except cork or felt, composite or not, parts and materials therefor; Ignition contact points; Keys for shafting; Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof; Lenses of glass for motor vehicle lamps and for light reflectors; Lock washers; Magnetic plugs; Piston ring castings in the rough, with or without gates and fins removed; Propellor shaft tubes of steel bonded by rubber; Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof; Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies; Shift control, electric, for two speed rear axles; Vacuum control assemblies and parts therefor; Vulcanized fibre in sheets, rods, strips and tubings;					

* Not separately recorded.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
438b	Parts of all the foregoing; All of the foregoing for use in the manufacture or repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor:— 1. When of a class or kind not made in Canada..... 2. When of a class or kind made in Canada.....	Free	Free	Free	} 17½ p.c. }	\$ 9,267,167
		Free	25 p.c. 27 p.c. 30 p.c.			
438c	Ammeters; Arm rests and wheel housing lining of indurated fibre, pressed to shape; Axle housings, one piece welded, machined or not, including parts welded thereto; Carburetors; Chassis frames and steel shapes for the manufacture thereof; Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base; Control ventilator gear box; Cylinder lock barrels, with or without sleeves and keys thereof; Dash heat indicators; Engine speed governor units; External ornaments unplated, not including finish or decorative mouldings; Fluid couplings with or without drive plate assemblies; Gasoline gauges; Grilles not plated, polished or not before assembly, and parts thereof not plated or polished, not to include added finish or decorative moulding; Hinges, finished or not, for bodies; Horns; Instrument bezel assemblies, Instrument board lamps, Instrument panel, glove compartment, luggage compartment, hood compartment and door step Lamps and wire assemblies; Locks, electric ignition, steering gear, transmission, or combinations of such locks;					

438c
(cont'd)

Mouldings of metal, with nails set in position, lead filled or not;
 Pipe lines of tubing, rigid, covered or not, with or without fittings and tubing therefor for oil, fuel, air, or liquid for actuating hydraulic brakes;
 Purifiers for gasoline, including brackets and fittings therefor;
 Radiator shutter assemblies, automatic;
 Radiator water gauges;
 Radiator shells not plated nor metal finished in any degree;
 Shackles, bearing spring;
 Speedometers;
 Spring covers of metal and closing strips or shapes therefor;
 Steering wheels, rims and spiders therefor;
 Sun visor blanks of gypsum weatherboard;
 Thermostatic controls;
 Throttle, spark, choke, and hood lock release assemblies, including buttons therefor;
 Torque converters;
 Auxiliary transmission overdrive units and controls therefor;
 Universal joint ball assemblies;
 Windshield and window wipers;
 Parts of all the foregoing, including brackets, fittings and connections therefor;
 Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of metal in the rough, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree;
 All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410a(iii), 424 and 438a, or for use in the manufacture of parts therefor.....

(1) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity of not more than ten persons each) enumerated in tariff item 438a, whose total factory output during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and provided that not less than forty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....

(2) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and provided that not less than fifty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....

Free

Free

20 p.c.
25 p.c.
27 p.c.
30 p.c.

17½ p.c.

49,945,547

Free

Free

Free

Free

Free

Free

Free

Free

Free

SCHEDULE V—CANADA—Continued

PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
438c (Cont'd)	(3) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and provided that not less than sixty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	Free	Free	\$
	(4) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and provided not less than forty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	Free	Free	
	(5) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and provided not less than fifty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	Free	Free	
	(6) Provided, that if the above articles are of a class or kind not made in Canada and are for use in the repair of the goods enumerated in tariff items 410a (iii), 424 and 438a, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be	Free	Free	20 p.c.	Free	

438c
(Cont'd)

(7) Provided, that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

438d

Front and rear axles;
Brakes;
Brake drums;
Clutches;
Fuel pumps for engines of 260 cubic inches and over in displacement.
Hubs;
Internal combustion engines;
Steering gears;
Magnetos;
Rims for pneumatic tires;
Transmission assemblies;
Hydraulic or fluid couplings;
Drive shafts;
Universal joint;
Steel road wheels;
Power dividers or transfer cases;
Parts of the foregoing;

All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same.....

Free

Free

17½ p.c.

17½ p.c.

8,660,155

(1) Provided, that if the above articles are imported for use of original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or of chassis for same, by a manufacturer of the goods enumerated in tariff items 410(a) (iii), 424 and 438a, and provided also that during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....

Free

Free

7½ p.c.

7½ p.c.

(2) Provided, that if the above articles when of a class or kind not made in Canada are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses or of chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be.....

Free

Free

25 p.c.
27 p.c.
30 p.c.

7½ p.c.

SCHEDULE V—CANADA—Continued

PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
438d (Cont'd.)	(3) Provided, that the Governor in Council may make such regulations if any, as are deemed necessary for carrying out the provisions of this item.					\$
438e	(1) Parts, n.o.p., electro-plated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 438a and 424, including engines, but not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber	Free	Free	25 p.c. 27 p.c. 30 p.c.)	25 p.c.	59,845,063
	(2) Brake linings, and clutch facings whether or not including metallic wires or threads:-					
	(a) When made from crude asbestos of British Commonwealth origin	Free	Free	25 p.c.	25 p.c.	860,824
	(b) When made from crude asbestos, n.o.p.....	15 p.c.	15 p.c.	25 p.c.	25 p.c.	(a)
438i	Body bottom cross members and steel shapes for the manufacture thereof; Bumpers, front and rear, and parts thereof, including spring steel bumper plates; Casket tables or platforms for hearses; Destination and route sign assemblies, illuminated or not, and parts thereof; Direction signals, illuminated or not; Door and step mechanism, hand, vacuum or air operated, and parts thereof; Door locks and catches and parts thereof; Electric switches, buzzers, bells, push buttons, fuse assemblies and parts thereof; Forward drive control conversion assemblies and parts thereof; Lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets therefor, assembled or not, but not to include lamp bulbs, sealed beam units, and electric head lamps; Metal stampings, oiled and primed or not, and assemblies thereof; Rubber fenders; Seat operating mechanisms; Ventilators, including motor driven fan type, and grills, and parts thereof; Window operating mechanisms;					

	All of the foregoing when imported to be used only in the manufacture or repair of motor truck bodies, motor bus bodies, electric trackless trolley bus bodies, fire fighting vehicles, ambulances and hearses.....	Free	Free	Free	Free	3,634,695
Ex. 440j	Fish hooks, n.o.p.....	Free	Free	20 p.c.	15 p.c.	*
444	Gas meters, and complete parts thereof.....	15 p.c.	12½ p.c.	30 p.c.	22½ p.c.	378,599
Ex. 445g	Electric motors incorporated in or attached to, or to be incorporated in or attached to, agricultural implements or agricultural machinery; complete parts of the foregoing.....	15 p.c.	Free	22½ p.c.	Free	50,000
446a	Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.....	10 p.c.	10 p.c.	25 p.c.	22½ p.c.	37,417,832
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery).....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	1,000,608
453	Metal parts when imported by manufacturers of covered buttons for use exclusively in the manufacture of covered buttons, in their own factories, under regulations prescribed by the Minister.....	Free	Free	25 p.c.	22½ p.c.	291,976
454a	Materials, including all parts, imported for use only in the manufacture of purse frames.....	Free	Free	Free	Free	*
462a	Photographic cameras and equipment, viz.:—					
Ex. 462(i)	(1) Cameras and parts thereof for making negatives or positives 3¼ inches by 4¼ inches or larger, including carrying cases therefor.....	Free 5 p.c. 7½ p.c.	Free	Free 17½ p.c. 20 p.c.	Free	488,050
Ex. 462(ii) et al	(2) Accessories for cameras:—Exposure meters, range finders, lens hoods, lantern slide attachments, camera stands, camera tripods and tripod tops, vignettes, diffusion discs and holders, colour filters and holders, polarizing screens and holders, backgrounds, flash tubes for high-speed flash apparatus, flash guns; parts of the foregoing.....	Free 2½ p.c. 10 p.c.	Free	Free 15 p.c. 25 p.c.	Free	*

* Not separately recorded.
(a) Included under item 438e(2)(a).

SCHEDULE V—CANADA—Continued]

PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
	(3) Contact printers, projection printers commonly known as enlargers for negatives or positives 4 inches by 5 inches and larger, temperature controls or heaters for photographic solutions, film and print driers, mounting presses, print washers, negative or sheet-film hangers, ferro-type plates, film and paper processors for strip photo-finishing, print straighteners, photographic timing devices, densitometers, tanks or trays for negative and positive processing; parts of the foregoing.....	Free 2½ p.c. 7½ p.c. 15 p.c.	Free	Free 15 p.c. 20 p.c. 22½ p.c.	Free	\$ *
470	Patterns of iron, steel, brass or other metal, not being models.....	20 p.c.	20 p.c.	27½ p.c.	22½ p.c.	65,811
471	Belt pulleys of all kinds, n.o.p., for power transmission.....	15 p.c.	15 p.c.	25 p.c.	22½ p.c.	383,792
474	Stereotypes, electrotypes and celluloids, for almanacs, calendars, illustrated pamphlets, newspaper or other advertisements, n.o.p.; and matrices or copper shells for such stereotypes, electrotypes and celluloids..... per square inch	1 ct.	1 ct.	1½ cts.	1 ct.	171,622
482 Ex. 445d et al	Ear-telephone sets and similar appliances, including batteries and battery chargers therefor, for use by deaf persons; electronic ear-training apparatus, including microphones, headsets, record-turning devices and tone arms, specially designed for use by, or for the training of, the deaf; parts of the foregoing; under regulations prescribed by the Minister.....	Free	Free	Free 20 p.c.	Free	1,275,342
Ex. 497	Rattans, not manufactured.....	Free	Free	Free	Free	(a) 40,993
498 752 503	Cane, reed or rattan, not further manufactured than split.....	Free	Free	Free	Free	(a)
	Planks, boards, clapboards, laths, plain pickets and other timber or lumber of wood, not further manufactured than sawn or split, whether creosoted, vulcanized, or treated by any other preserving process, or not.....	Free	Free	Free	Free	(b) 6,843,503

Ex. 503 Ex. 505	California redwood lumber (<i>Sequoia Semper Virens</i>), not further manufactured than planed, dressed, or jointed.....	Free 10 p.c.	} Free	Free 10 p.c.	} Free	*
504a	Ponderosa pine lumber (<i>pinus ponderosa</i>) and California sugar pine lumber (<i>pinus Lambertiana</i>), not further manufactured than planed, dressed, or jointed.....	Free	Free	Free	Free	1,399,599
Ex. 505	Mahogany lumber, including Philippine mahogany lumber, not further manufactured than planed, dressed, or jointed.....	10 p.c.	Free	10 p.c.	Free	30,000
Ex. 506	Matches of wood.....	17½ p.c.	7½ p.c.	20 p.c.	10 p.c.	15,472
506c	Staves and heading of wood, finished or unfinished, for use in the manufacture of tight barrels or kegs.....	Free	Free	Free	Free	570,587
Ex. 507c	Plywood imported by manufacturers of picker sticks for use in the manufacture of such articles in their own factories.....	17½ p.c.	10 p.c.	20 p.c.	10 p.c.	10,000
Ex. 507c	Plywood of okoumé.....	17½ p.c.	10 p.c.	20 p.c.	10 p.c.	40,000
Ex. 511	Golf clubs and finished parts thereof.....	20 p.c.	17½ p.c.	30 p.c.	25 p.c.	81,305
Ex. 511	Racquets and racquet frames.....	20 p.c.	20 p.c.	30 p.c.	30 p.c.	(c) 189,456
Ex. 511	Golf balls.....	20 p.c.	15 p.c.	30 p.c.	25 p.c.	106,567
Ex. 511	Tennis balls.....	20 p.c.	15 p.c.	30 p.c.z	25 p.c.	64,838
Ex. 511	Balls of all kinds, n.o.p., for use in sports, games or athletics.....	20 p.c.	20 p.c.	30 p.c.	25 p.c.	129,346
511c	Skis.....	20 p.c.	20 p.c.	22½ p.	20 p.c.	*
511d	Ski fittings.....	15 p.c.	15 p.c.	22½ p.c.	20 p.c.	*
511e	Ski poles.....	20 p.c.	20 p.c.	22½ p.c.	20 p.c.	*
515	Show-cases, of all kinds, and metal parts thereof.....	22½ p.c.	22½ p.c.	30 p.c.	25 p.c.	118,065
519	House, office, cabinet or store furniture of wood, iron, or other material, and parts thereof, not to include forgings, castings, and stampings of metal, in the rough:— (1) Substantially of wood.....	15 p.c.	15 p.c.	27½ p.c.	25 p.c.	1,529,198

(a) Includes Items Ex. 497, 498 and 752.

(b) Includes imports under Item 504.

(c) Includes skis; racquets and racquet frames and baseball bats.

*Not separately recorded.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
519	Ex. (1) Rattan furniture.....	15 pc.	15 p.c.	27½ p.c.	25 p.c.	*
519a	(1) Wire screens, wire doors and wire windows.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	8,589
	(2) Cash registers.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	102,444
	(3) Window cornices and cornice poles of all kinds.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	805
	(4) Hair, spring and other mattresses.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	9,304
	(5) Curtain stretchers.....	20 p.c.	15 p.c.	27½ p.c.	15 p.c.	8,927
	(6) Furniture springs.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	1,864
	(7) Carpet sweepers.....	20 p.c.	20 p.c.	27½ p.c.	25 p.c.	4,129
520	Ex. (1) Raw cotton and cotton linters not further manufactured than ginned.	Free	Free	Free	Free	67,036,315
523e	Woven fabrics wholly of cotton with cut pile, n.o.p..... and, per pound.....	15 p.c.	15 p.c.	25 p.c. 3½ cts.	22½ p.c. 3½ cts.	641,385
529a	Lace and embroideries, wholly of cotton, not coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories.....	7½ p.c.	7½ p.c.	10 p.c.	10 p.c.	1,677,875
Ex. 532	Doilies, made from woven fabrics, composed wholly of cotton.....	25 p.c.	22½ p.c.	25 p.c.	22½ p.c.	*
532b	Woven fabric, wholly of cotton, for covering books.....	15 p.c.	12½ p.c.	27½ p.c.	25 p.c.	88,202
532d	Fabrics wholly of cotton, coated or impregnated, n.o.p.....	22½ p.c.	20 p.c.	27½ p.c.	25 p.c.	960,537
535	Grasses, seaweed, mosses and vegetable fibres other than cotton, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted; oakum of flax, hemp, or jute; coir and coir yarn.....	Free	Free	Free	Free	2,024,157

Ex. 535	Manila fibre, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted.....	Free	Free	Free	Free	*
Ex. 535	Sisal fibre, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted.....	Free	Free	Free	Free	*
535a	Grasses, seaweed, mosses and vegetable fibres other than cotton, n.o.p.; bagasse of sugar cane, whether or not dried, cleaned, cut to size, ground or sifted.....	Free	Free	10 p.c.	10 p.c.	38,168
536	Batts, batting and wadding of wool, cotton or other fibre, n.o.p.....	12½ p.c.	12½ p.c.	22½ p.c.	20 p.c.	245,099
Ex. 537 Ex. 537a	Hemp yarns, single or plied, for use in the manufacture of fishing twine or rope, not exceeding one and one-half inches in circumference, or for the construction or repair of fishing nets.....	12½ p.c. 15 p.c.	} Free	17½ p.c. 20 p.c.	} Free	20,000
537e	Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.....	20 p.c.		20 p.c.		25 p.c.	25 p.c.	28,405
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool.....	22½ p.c.	20 p.c.	27½ p.c.	25 p.c.	523,285
Ex. 547	Bags or sacks of jute.....	15 p.c.	12½ p.c.	17½ p.c.	15 p.c.	862,001
Ex. 548	Doilies made from woven fabrics, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.....	25 p.c.	22½ p.c.	25 p.c.	22½ p.c.	*
Ex. 548	Tablecloths, centre-pieces and doilies of Manila hemp and pineapple fibre..	22½ p.c. 25 p.c.	} 20 p.c.	22½ p.c. 25 p.c.	} 20 p.c.	*
549a	Wool, not further advanced than scoured, not including wool of the sheep of the type commonly known as karakul, when imported by carpet manufacturers for use exclusively in the manufacture of carpets, in their own factories.....	Free		Free		Free	Free	6,693,875
549b	(1) Hair of the camel, alpaca, goat or other like animal.....	Free	Free	Free	Free	184,914
551f	Silver strands in warp form, wholly or in part of wool or hair, imported by manufacturers of braided mats and rugs, for use in the manufacture of such articles in their own factories.....	Free	Free	Free	Free	*
552	Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven or other fabric or material.....	15 p.c. 5 cts.	12½ p.c.	20 p.c. 17½ cts.	17½ p.c. 12½ cts.	119,746

* Not separately recorded.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVOURLED-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
553	Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles:— (3) Blankets, n.o.p..... and, per pound	20 p.c. 5 cts.	20 p.c. 5 cts.	30 p.c. 25 cts.	25 p.c. 20 cts.	\$ *
554d	Woven or braided fabrics not exceeding twelve inches in width, whether with cut pile or not, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal.....	27½ p.c.	22½ p.c.	35 p.c.	30 p.c.	18,285
557	Silk cocoons; raw silk, not more advanced than singles, not to include material wholly or partially degummed; rags and waste wholly of silk or of synthetic textile fibres or filaments, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics.....	Free	Free	Free	Free	*
558b	Rovings, yarns and warps wholly of synthetic textile fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch, under such regulations as the Minister may prescribe:— (a) Produced from cellulose acetate..... Provided that, in no case, shall the duty under the Most-Favoured-Nation Tariff be less than..... per pound	5 p.c.	5 p.c.	25 p.c. 24 cts.	22½ p.c. 22 cts.	2,124,504
	(b) N.o.p..... Provided that, in no case, shall the duty under the Most-Favoured-Nation Tariff be less than..... per pound	20 p.c.	20 p.c.	25 p.c. 24 cts.	22½ p.c. 22 cts.	2,571,949
558c	(i) Rovings, yarns and warps, wholly or in part of silk, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes.....	15 p.c.	12½ p.c.	22½ p.c.	20 p.c.	24,227

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
570a	Ex. (1) Carpeting, rugs, stair pads, mats and matting of jute.....	15 p.c.	12½ p.c.	20 p.c.	17½ p.c.	*
	Ex. (1) Carpeting, rugs, mats and matting of Manila hemp fibre.....	15 p.c.	12½ p.c.	20 p.c.	17½ p.c.	*
	Ex. (1) Carpeting, rugs, stair pads, mats and matting of straw.....	15 p.c.	12½ p.c.	20 p.c.	17½ p.c.	*
571a	(1) Mats with cut pile, of cocoa fibre..... per square foot	2¼ cts.	2 cts.	3 cts.	2¼ cts.	61,712
	(2) Mats, n.o.p., rugs, carpeting and matting of cocoa fibre. per square yard	6¼ cts.	6¼ cts.	7½ cts.	7 cts.	67,810
572	Oriental and imitation Oriental rugs or carpets and carpeting, carpets and rugs, n.o.p..... and, per square foot	25 p.c.	25 p.c.	25 p.c. 5 cts.	25 p.c. 5 cts.	10,848,242
Ex. 572	Carpets of Manila hemp and cocoa fibre.....	25 p.c.	17½ p.c.	25 p.c. 5 cts. sq. ft.	20 p.c.	*
586	Coal, anthracite, n.o.p.....	Free	Free	Free	Free	(a) 47,148,929
587	Coke, n.o.p.....	Free	Free	Free	Free	6,185,941
588c	Bituminous coal which enters into the cost of manufacture of synthetic rubber, when imported for use exclusively in the production of synthetic rubber.....	Free	Free	Free	Free	1,921,575
588d	Coal, including screenings and coal dust of all kinds, imported to be converted into coke.....	Free	Free	Free	Free	*
597a	(1) Musical instruments of all kinds, n.o.p.....	15 p.c.	15 p.c.	17½ p.c.	17½ p.c.	1,079,356
597a	Ex. (1) Mouth organs.....	15 p.c.	7½ p.c.	17½ p.c.	10 p.c.	*
	Ex. (2) Gramophone needles.....	15 p.c.	10 p.c.	20 p.c.	15 p.c.	*
601	Fur skins of all kinds, not dressed in any manner.....	Free	Free	Free	Free	16,294,489

608a	East India kip leather, not further finished than tanned.....	Free	Free	10 p.c.	10 p.c.	}	816,555
608b	Sheepskin and goatskin leather, not further finished than tanned, when imported by tanners for processing in their own factories.....	Free	Free	10 p.c.	10 p.c.		
609	Belting of leather.....	10 p.c.	7½ p.c.	22½ p.c.	20 p.c.		108,637
611a	Ex. (1) Boots, shoes and slippers of Manila hemp fibre with cork, Manila hemp fibre, leather or rubber soles.....	20 p.c.	15 p.c.	27½ p.c.	20 p.c.		*
611a	Ex. (1) Sandals, Oriental type, embroidered with gold or silver thread.....	20 p.c.	17½ p.c.	27½ p.c.	25 p.c.		*
611a	(3) Boots, shoes and slippers of sisal with cork, sisal, leather or rubber soles.....	17½ p.c.	15 p.c.	25 p.c.	20 p.c.		*
612a	English type saddles.....	10 p.c.	10 p.c.	27½ p.c.	25 p.c.		10,000
613	Manufactures of leather, including manufactures of rawhide, n.o.p.....	17½ p.c.	17 p.c.	22½ p.c.	22½ p.c.		798,449
615	Whips of all kinds, including thongs and lashes.....	20 p.c.	17½ p.c.	27½ p.c.	22½ p.c.		8,203
616	(1) Rubber, crude, caoutchouc or India-rubber, unmanufactured, n.o.p.	Free	Free	5 p.c.	5 p.c.		13,488,672
	(2) Powdered rubber and rubber or gutta percha waste or junk.....	Free	Free	Free	Free		71,292
618a	Comb blanks of hard rubber, not further manufactured than pressed and vulcanized, when imported by manufacturers of hard rubber combs, for use exclusively in the manufacture of hard rubber combs, in their own factories.....	Free	Free	Free	Free		20,683
618b	Tires of rubber for vehicles of all kinds, fitted or not.....	22½ p.c.	20 p.c.	25½ p.c.	22½ p.c.		1,113,137
619	Rubber or gutta percha hose, and cotton hose lined with rubber; rubber mats or matting and rubber packing.....	20 p.c.	17½ p.c.	22½ p.c.	20 p.c.		1,292,553
622	Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.....	12½ p.c.	12½ p.c.	22½ p.c.	22½ p.c.		728,860
623	Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books and parts thereof.....	12½ p.c.	12½ p.c.	22½ p.c.	22½ p.c.		2,012,062
Ex. 623	Handbags of pineapple fibre, with or without lining.....	12½ p.c.	7½ p.c.	22½ p.c.	17½ p.c.		*
Ex. 624	Ornaments of amber.....	17½ p.c.	17½ p.c.	17½ p.c.	17½ p.c.	(b)	204,295

* Not separately recorded. (a) Includes briquettes of coal or coke. (b) Includes imports of alabaster, spar, amber, terra cotta or composition ornaments.

SCHEDULE V—CANADA—Continued
PART I—MOST-FAVoured-NATION TARIFF—Continued

Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
Ex. 624	Statues and statuettes of any material, n.o.p.....	17½ p.c.	17½ p.c.	17½ p.c.	17½ p.c.	164,651
624a	(3) Mechanical toys of metal.....	10 p.c.	5 p.c.	30 p.c.	25 p.c.	1,383,473
647	Jewellery of any material, for the adornment of the person, n.o.p.....	22½ p.c.	10 p.c.	32½ p.c.	30 p.c.	572,756
648	Precious stones and imitations thereof, not mounted or set; and pearls and imitation thereof, pierced, split, strung or not, but set or mounted.....	7½ p.c.	7½ p.c.	10 p.c.	10 p.c.	1,396,914
655a	Lead pencils and crayons, n.o.p.....	10 p.c.	10 p.c.	30 p.c.	27½ p.c.	(a) 375,958
655b	Crayons of chalk or chalk-like material, coloured or not.....	10 p.c.	10 p.c.	20 p.c.	20 p.c.	*
656	(a) Tobacco pipes of all kinds.....	17½ p.c.	15 p.c.	22½ p.c.	20 p.c.	(b) 732,732
	(c) Cases for cigar and cigarette holders, cigar and cigarette cases, smokers' sets and cases therefor, and tobacco pipe mounts.....	17½ p.c.	17½ p.c.	25 p.c.	22½ p.c.	*
657	Mouthpieces in the rough, screws, aluminum pipe fittings, pipe bowls moulded from briarwood dust, bowls of wood not further processed than frazed, corn cobs and corn cob bowls not further processed than shaped, when imported by manufacturers of tobacco pipes for use in the manufacture of such pipes, in their own factories.....	Free	Free	Free	Free	33,863
658a	Motion picture film, of 16 millimetre width and over, when imported by recognized processors of motion picture film having duly equipped laboratories for processing motion picture film in Canada, for the sole purpose of having reproductions made therefrom, and provided that the original is re-exported within six months from the date of importation, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	334,425
659	Photographic dry plates.....	15 p.c.	12½ p.c.	25 p.c.	22½ p.c.	91,029
663	Fertilizers, compounded or manufactured, n.o.p.....	Free	Free	5 p.c.	5 p.c.	2,998,433
674	Ivory and ivory nuts, piano key ivories and veneers of ivory unmanufactured.	Free	Free	Free	Free	*

Ex. 682	Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2-0, not to include fish hooks used for sportsmen's purposes.....	Free	Free	Free	Free	107,303
691 Ex. 624b	Communion sets of metal, glass, wood or other material; oil stocks; crosiers; benitiers; sprinklers; incensers; incense boats; baptismal shells or fonts; missels, scapulars; chapelets; rosaries; religious statues, statuettes, medals and crosses.....	Free	Free	Free 17½ p.c.	Free	895,705
Ex. 711	Higher fatty alcohols, unsulphated when imported by manufacturers of synthetic detergents for use exclusively in the manufacture of synthetic detergents in their own factories.....	15 p.c.	¼ ct. per gal.	20 p.c.	¼ ct. per gal.	360,974
Ex. 711	Dead burned dolomite.....	15 p.c.	15 p.c.	20 p.c.	15 p.c.	100,000
Ex. 711	Manufactures of ivory, n.o.p.....	15 p.c.	15 p.c.	20 p.c.	20 p.c.	*
Ex. 711	Ivory carvings.....	15 p.c.	10 p.c.	20 p.c.	15 p.c.	*
Ex. 711	Lime.....	15 p.c.	15 p.c.	20 p.c.	15 p.c.	173,653
Ex. 711	Marble, crushed and ground, including marble dust.....	15 p.c.	Free	20 p.c.	Free	*
Ex. 711	Micronized talc, dolomite and mica.....	15 p.c.	Free	20 p.c.	5 p.c.	*
Ex. 711	Peanut cake and peanut cake meal.....	15 p.c.	Free	20 p.c.	5 p.c.	*
Ex. 711	Synthetic wax.....	15 p.c.	15 p.c.	20 p.c.	15 p.c.	20,000
Ex. 711 Ex. 208t <i>et al</i>	Mono-glyceride emulsifiers.....	15 p.c.	Free	20 p.c. 15 p.c.	5 p.c.	*
712	Coal tar base or salt, for use in the manufacture of coal tar dyes.....	Free	Free	Free	Free	949,572
723	Metallic elements and tungstic acid when imported by manufacturers for use only in their own factories in the manufacture of metal filaments for electric lamps.....	Free	Free	Free	Free	374,138
729	Sodium hexametaphosphate when imported by tanners for use exclusively in the tanning of leather, in their own factories.....	Free	Free	Free	Free	*
735	Crude glycerine, when imported by manufacturers for use only in their own factories in the manufacture of refined glycerine.....	Free	Free	Free	Free	248,760

* Not separately recorded.
(a) Includes imports under 655b.
(b) Includes imports under 656(c).

SCHEDULE V—CANADA—*Concluded*
PART I—MOST-FAVOURLED-NATION TARIFF—*Concluded*

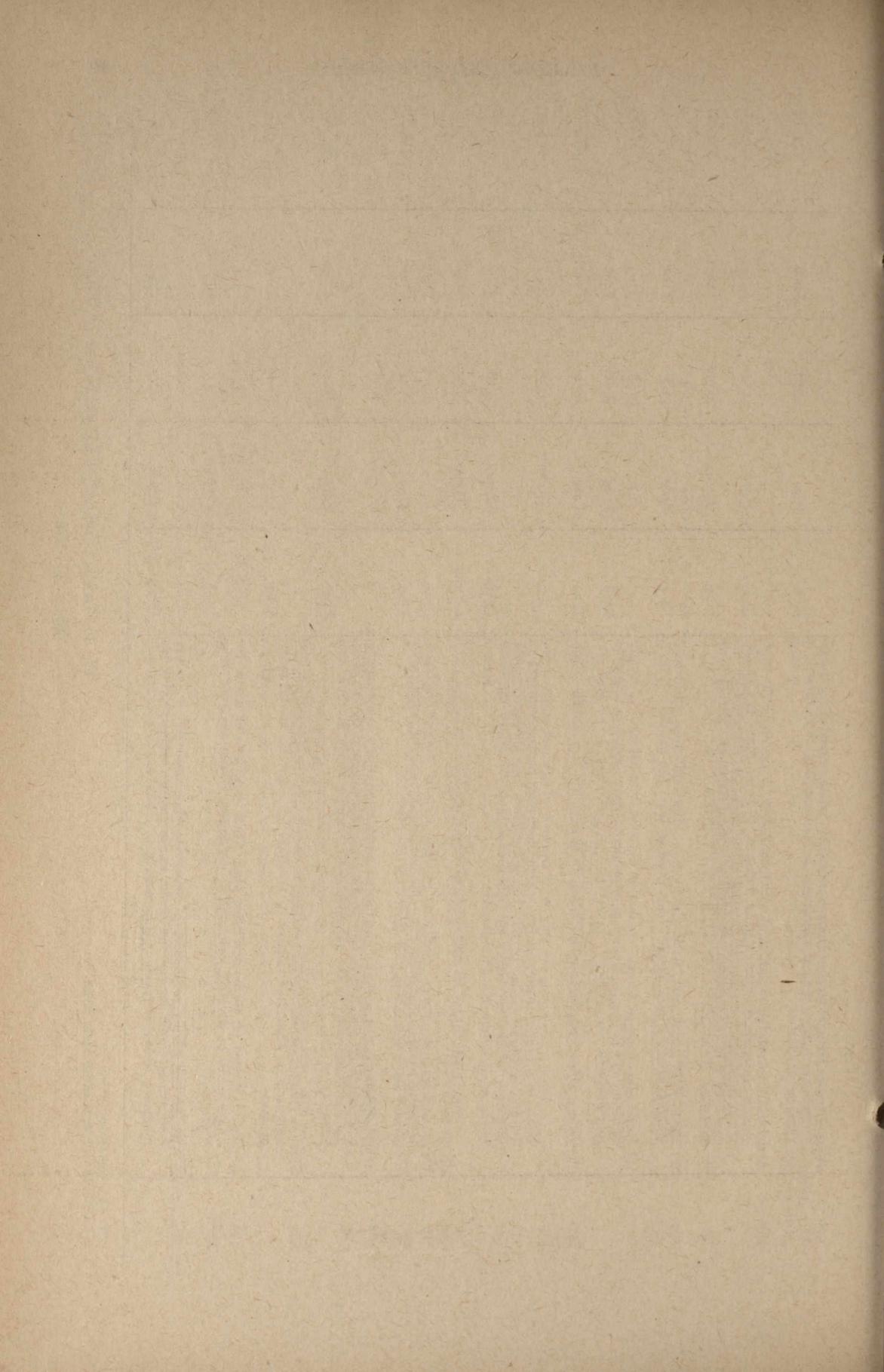
Tariff Item	Description of Products	British Preferential Tariff		Most-Favoured-Nation Tariff		Imports from all countries during 1949
		Before Torquay	After Torquay	Before Torquay	After Torquay	
						\$
738	Ground coke, when imported by manufacturers of electric batteries for use only in their own factories in the manufacture of such batteries.....	Free	Free	Free	Free	11,297
741	Wood handles, when imported by manufacturers of D shovel handles, for use only in the manufacture of such D shovel handles in their own factories.....	10 p.c.	10 p.c.	12½ p.c.	10 p.c.	(a) 255,267
743	Articles of chinaware, when imported to be mounted by manufacturers of silverware in their own factories.....	15 p.c.	12½ p.c.	20 p.c.	17½ p.c.	*
759	Glass plates or discs, rough cut or unwrought, for use in the manufacture of optical instruments, when imported by manufacturers of such optical instruments.....	Free	Free	Free	Free	532,654
771	Battery jars of glass and articles of hard rubber when imported by manufacturers for use only in their own factories in the manufacture of electric storage batteries.....	12½ p.c.	12½ p.c.	20 p.c.	12½ p.c.	465,892
789	Wood shafts for handles of golf clubs not further manufactured than rough turned and wood golf heads not further manufactured than rough turned, when imported by the manufacturers of golf clubs and golf sticks for use only in the manufacture of golf clubs and golf sticks in their own factories.....	5 p.c.	5 p.c.	7½ p.c.	5 p.c.	47,731
800	Complete parts of cash registers, when imported by manufacturers of cash registers for use exclusively in the manufacture of such registers in their own factories.....	15 p.c.	15 p.c.	20 p.c.	15 p.c.	1,186,378
808	Mixtures of methyl alcohol and other ingredients, when imported by tanners for use exclusively as a solvent for dyes for the dyeing of leather in their own factories.....per proof gallon	20 cts.	5 cts.	20 cts.	5 cts.	20,000

*Not separately recorded.

(a) Includes imports under Items 741, Ex. 506 and Ex. 501.

815	Hoop, band or strip, of steel of Bessemer quality, when imported by manufacturers of hinges, for use exclusively in the manufacture of hinges, in their own factories. per ton	Free	Free	\$4.00	\$4.00	34,346
819	Articles of iron, steel or nickel, or of which iron, steel or nickel are the component materials of chief value, of a class or kind not made in Canada, when imported by manufacturers of electric storage batteries for use exclusively in the manufacture of such storage batteries, in their own factories.	12½ p.c.	10 p.c.	20 p.c.	10 p.c.	299,661
823 823a	(1) Metal alloy slugs, cast, with diamonds or diamond chips embedded therein, of any size or shape, in condition as from the mould.	Free	Free	Free	Free	1,913,828
	(2) Metal alloy strip or tubing, containing not less than 33¼ p.c. by weight of nickel and 12 p.c. by weight of chromium, when for use in Canadian manufactures.	Free	Free	Free	Free	
829	Tungsten carbide, encased in metal tubes, for use in Canadian manufactures.	Free	Free	Free	Free	36,283
840	Grog, produced by calcining fire clay, or in the form of calcined dobbies, fire brick, or other refractory shapes, which have been broken, crushed, or ground, screened to size or not, but not further manufactured, when imported for use exclusively by manufacturers of refractory materials in the manufacture of such materials. per ton	60 cts.	60 cts.	\$1.00	\$1.00	89,460
	Provided, that in no case shall the duty exceed.	12½ p.c.	12½ p.c.	20 p.c.	20 p.c.	
844	Woven fabrics, open mesh, wholly or in chief part by weight of cotton, imported by manufacturers of bags for use exclusively in the manufacture of fruit and vegetable bags in their own factories.	Free	Free	Free	Free	(a) 3,251,273
857	Acetylsulphamerazine, acetylsulphadiazine, acetylsulphathiazole and acetyl sulphamethyl thiodiazole imported by manufacturers of sulph drugs for use exclusively in the manufacture of sulph drugs in their own factories.	Free	Free	5 p.c.	Free	300,000
858	Smelter refinery or rolling mill residue or revert (not being scrap metal) imported by Canadian refiners or smelters for recovery of the metal content.	Free	Free	Free	Free	*
859	Blanks or shapes of uncoloured clear glass when imported for use in the manufacture of silvered, coloured or decorated Christmas tree ornaments.	Free	Free	5 p.c.	Free	60,000
861	Woven fabrics, wholly or in part of asbestos, when imported by manufacturers of clutch facings and brake linings for use exclusively in the manufacture of such goods in their own factories.	10 p.c.	10 p.c.	12½ p.c.	12½ p.c.	*

* Not separately recorded.
(a) Includes imports under Item 523m.



SESSION 1951

HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TORQUAY NEGOTIATIONS

WEDNESDAY, JUNE 6, 1951

WITNESSES:

- Mr. H. B. McKinnon, Chairman, Canadian Tariff Board;
- Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance;
- Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce;
- Dr. E. A. Richards, Principal Economist, Department of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
HARVEY AND MARY
GARDNER

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES

HELD AT CHICAGO, ILLINOIS

ON WEDNESDAY, JANUARY 12, 1905

At a meeting of the Board of Trustees of the University of Chicago, held at Chicago, Illinois, on Wednesday, January 12, 1905, the following business was transacted:

1. The minutes of the meeting of the Board of Trustees, held at Chicago, Illinois, on Wednesday, December 14, 1904, were read and approved.

2. A report of the Secretary, dated December 14, 1904, was read and approved.

3. A report of the Treasurer, dated December 14, 1904, was read and approved.

4. A report of the Committee on the Proposed Constitution of the Board of Trustees, dated December 14, 1904, was read and approved.

5. A report of the Committee on the Proposed Constitution of the Board of Trustees, dated December 14, 1904, was read and approved.

6. A report of the Committee on the Proposed Constitution of the Board of Trustees, dated December 14, 1904, was read and approved.

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9. A report of the Committee on the Proposed Constitution of the Board of Trustees, dated December 14, 1904, was read and approved.

10. A report of the Committee on the Proposed Constitution of the Board of Trustees, dated December 14, 1904, was read and approved.

WITNESSED AND APPROVED:

MINUTES OF PROCEEDINGS

WEDNESDAY, June 6, 1951.

The Standing Committee on Banking and Commerce met at 4.00 p.m. o'clock. Mr. Cleaver, chairman, presided.

Members present: Adamson, Ashbourne, Balcom, Blackmore, Breithaupt, Cannon, Carroll, Fulford, Fulton, Gingras, Gour (*Russell*), Hellyer, Helme, Laing, Leduc, Sinclair, Smith (*Moose Mountain*), Welbourn.

In attendance: Mr. Hector B. McKinnon, Chairman of Tariff Board; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance; Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; Dr. E. A. Richards, Principal Economist, Department of Agriculture; Mr. J. J. Deutsch, Director, International Economic Relations Division, Department of Finance.

On motion of Mr. Breithaupt:

Resolved—That Mr. Cannon be vice-chairman of the Committee.

The Committee resumed its study of the Torquay negotiations.

Dr. Isbister tabled for distribution copies of a document entitled, "Tariff concessions of interest to Canada granted by other countries at Torquay, 1951".

On motion of Mr. Breithaupt:

Ordered—That the document tabled by Dr. Isbister be printed as an appendix to today's proceedings. (See Appendix A)

There being no further general questions on the Torquay negotiations, on motion of Mr. Ashbourne:

Resolved—That the documents embodying the results of the Torquay negotiations be approved. (*For documents see Appendix A to Minutes of Proceedings and Evidence, No. 1, Tuesday, May 29, 1951.*)

It was agreed that the Committee proceed to a detailed study of Mr. Callaghan's statement entitled: "Statement showing the British Preferential and Most-Favoured-Nation Rates of duty in effect prior to and after the Torquay Tariff negotiations and the total imports from all countries during the calendar year 1949 of the products listed in Schedule V to the Torquay Trade Agreement", which appears as *Appendix B to the Minutes of Proceedings and Evidence, No. 2, Wednesday, May 30, 1951.*

The Committee commenced a page by page study of the above document, during the course of which Mr. Callaghan, Mr. McKinnon, Dr. Isbister and Dr. Richards answered questions specifically referred to them.

At 4.10 p.m., the division bells having rung, the proceedings were interrupted and resumed at 4.30 p.m. The vice-chairman, Mr. Cannon, in the chair.

Study of pages 1 to 4 inclusive, and pages 6 to 22 inclusive, was completed. Further study of page 5 was deferred.

At 5.50 p.m. the chairman, Mr. Cleaver, resumed the chair.

At 6.00 o'clock p.m. the committee adjourned to meet at 4.00 p.m. Thursday, June 7, 1951.

R. J. GRATRICK,
Clerk of the Committee

EVIDENCE

HOUSE OF COMMONS,

JUNE 6, 1951.

The Standing Committee on Banking and Commerce met this day at 4 p.m. The Chairman, Mr. Hughes Cleaver, presided.

The CHAIRMAN: Gentlemen, we have a quorum. It was moved by Mr. Breithaupt that Mr. Cannon be vice-chairman of this committee. All those in favour please signify.

Carried.

Mr. Isbister has now handed to the Clerk of the Committee a statement of the "Tariff Concessions of Interest to Canada Granted by Other Countries at the Torquay Conference, 1951". Will someone move that this statement be printed as an appendix to our evidence?

Mr. BREITHAUPT: I so move.

The CHAIRMAN: All in favour please signify.

Carried.

(See Appendix A)

The CHAIRMAN: Gentlemen, in order to have proper continuity in the records of our proceedings I suggest at this time that the committee should move that the documents embodying results of the Torquay negotiations should now be adopted. I believe you have concluded all of the general questions that you wish to ask of Mr. McKinnon and if someone will move now that the document be adopted.

Mr. BREITHAUPT: I so move.

The CHAIRMAN: It is moved by Mr. Breithaupt that the document be adopted.

Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance, recalled:

Now, in regard to the further work we should do, on looking at these two long tables that have been handed to us by Mr. Callaghan and Mr. Isbister, I would suggest that we take them not an item at a time but a page at a time, the number of individual items is so great. If committee members would go over these two tables at their leisure, if you have any, and mark the items that you are specifically interested in then when we reach, say, page 10 and somebody is interested in alcoholic perfumes then they will ask their questions on alcoholic perfume and so on. Is it satisfactory that we should take it up in that way?

Agreed.

Well, then, we will start with Mr. Callaghan's statement entitled Annex A, Schedule 5, Canada, part one, Most-Favoured Nation Tariff. That page starts with canned pork and ends with preparations of cocoa or chocolate.

Any questions on page 1?

Mr. SMITH: We have not got the right one, Mr. Chairman, at least I do not think we have.

The CHAIRMAN: Gentlemen, have you found the page we are dealing with? Are there any questions on page 1? Shall page 1 carry?

Carried.

Page 2, from coffee to evaporated milk.

Any questions on page 2?

Upon resuming.

The VICE-CHAIRMAN: Gentlemen, we have a quorum, so I shall call the meeting to order. Page 2 beginning with item 26, "Coffee, roasted or ground" and ending with item 43. Has anybody any questions to ask about page 2?

Mr. BREITHAAPT: I notice that the most-favoured nation tariff on coffee is four cents. Does not the major part of the coffee come from outside the British Commonwealth?

The WITNESS: That item of four cents is for roasted or ground. We import very little roasted or ground coffee.

Mr. BREITHAAPT: And further down I notice that coffee is imported free under the British preferential tariff. I take it that the amount of ground coffee that we import is very small?

The WITNESS: Almost infinitesimal.

The VICE-CHAIRMAN: Are there any other questions? Shall page 2 carry?

Mr. LAING: Mr. Chairman, will not the effect on chocolate be to reduce the advantage that has been restored to our Canadian chocolate manufacturers by the dropping of the excise tax, because you are giving an advantage of a 5 per cent reduction?

The VICE-CHAIRMAN: There is no item for chocolate on page 2.

Mr. LAING: I am referring to item 23 on page 1, Mr. Chairman.

The VICE-CHAIRMAN: Page 1 was adopted before we adjourned for the vote.

The WITNESS: The advantage given at Torquay will be offset by the increased excise tax.

Mr. LAING: No. We reduced the excise tax from 30 to 15, offsetting against that the restoring of the advantage to a certain extent.

Mr. MCKINNON: You will be coming to an item later on in the schedule where we have reduced the duty on cocoa beans. We reduced it from \$1.50 a hundred to \$1 a hundred, which is a definite advantage to the Canadian chocolate industry.

Mr. LAING: Thank you.

The VICE-CHAIRMAN: Shall page 2 carry?

Carried.

Page 3, beginning with item 43 (a) "Dried whey. . ." and ending with item 73 "Field seeds. . ."

Mr. LAING: Item 73 seems a very small amount in view of the amount of seeds which we must import into Canada. I would expect the sum to be much larger than that. I would suppose that the Pacific coast imports would be greater than that amount.

The WITNESS: Orchard grass, blue grass, rye-grass, meadow fescue and red fescue are the kinds of grass covered by this concession.

Mr. LAING: That is right. That seems to be a very small sum of money. I would think it would be much larger than that. We get them from New Zealand principally, do we not? And then, item 72e, Bent grass seed; that is used largely in eastern Canada; it seems to be a very small sum.

The WITNESS: That is an estimated figure because statistics group imports under items 72 and 73 and a dozen other items altogether.

Mr. LAING: That business is a very large one.

The WITNESS: The whole figure may be too low or it may be too high.

Mr. LAING: It is an estimated figure?

The WITNESS: Yes, an estimated figure and it is very hard to separate the statistics. I worked it out at Torquay. This is just an estimate on these particular types of seed. There are dozens of other types as well.

Mr. BREITHAUP: It is not the usual custom to sow bent grass seed. It is usually stolons cut up, that is cut up grass that they spread on the earth and that takes a root. It looks to me like a small quantity. Is stolon cut grass admitted into Canada? Is there a special duty on it?

The WITNESS: Bent grass?

Mr. BREITHAUP: It is an especially suited bent grass seed. There is very little bent grass ever grown from seed. It is grown from stolons. They cut up the grass and spread it on the earth and then it takes root.

The WITNESS: These are the figures which are shown in our statistics under the heading of bent grass seed. The total figure was \$60,000 of which \$45,000 came from New Zealand, and about \$15,000 from the United States.

Mr. LAING: They use it in eastern Canada too.

The VICE-CHAIRMAN: Are there any more questions on page 3? Shall page 3 carry?

Carried.

Page 4, beginning with item 76g "Seeds, Canary, mustard, celery and sunflower. . ." and ending with item 90e "Vegetables, frozen". Shall page 4 carry?

Carried.

Page 5 beginning with item 91 "Soups, soup rolls, tablets, cubes, or other soup preparations, n.o.p." and ending with item 99F "Figs, dried". Shall page 5 carry?

Mr. LAING: Mr. Chairman, I would like to hear a comment on item 93 "Apples, fresh . . .".

The WITNESS: Mr. Chairman, I think Dr. Richards should deal with this question.

Mr. RICHARDS: Mr. Chairman, the Canadian duty on apples up to today was $\frac{3}{4}$ of a cent per pound or $37\frac{1}{2}$ cents a bushel. During the period from May 20 to July 12, apples were admitted into Canada free of duty.

The United States duty on apples is $12\frac{1}{2}$ cents a bushel. That is, during the marketing season, the Canadian duty is three times the American duty.

The United States negotiators pointed out this disparity to us and placed a great deal of importance on a concession from Canada on apples. The United States apple growers have made persistent complaints to the United States government about the competition which they received from Canadian apples.

They asked for an increase in the United States duty, or some control on imports. Their main point of attack has been the wide disparity in the duty between the Canadian and the United States tariffs.

The United States market has now become Canada's best market. In 1950 we exported something like $2\frac{1}{2}$ million bushels of apples to the United States valued at $\$5\frac{1}{4}$ million.

On the other hand, Canada imported approximately 100,000 bushels of apples from the United States valued at approximately \$300,000.

The United States negotiators were most insistent that we do something to remove that wide disparity in the duty. The Canadian negotiators felt that it would be in the interests of Canadian apple growers and in Canada's interest to reduce the rate. So we cut the rate by 50 per cent which reduced it from $\frac{3}{4}$ of a cent to $\frac{3}{8}$ of a cent per pound and extended the free entry period from July 12 to July 31.

Mr. HELLYER: Could one of the gentlemen present tell us where we buy most of our bananas?

Mr. LAING: Could we stay on the apple business for a while, because I have a question or two?

The VICE-CHAIRMAN: Certainly.

Mr. FULTON: May I be brought up to date?—Is the witness describing only the results of the Torquay conference, or is he giving us a summary of the changes made from and including Geneva?

Mr. RICHARDS: I was describing only the negotiations at Torquay.

Mr. LAING: With respect to the $2\frac{1}{2}$ million bushels which we shipped to the United States, as far as I can work it out, the value comes to about \$2.60 a bushel, the f.o.b. value, which is a very high value.

Mr. RICHARDS: Yes. I thought it would be about \$2; these are approximate figures.

Mr. LAING: What would be the average domestic sale per bushel of Canadian apples valued f.o.b. point?

Mr. RICHARDS: The sales value, domestic and export are quoted on f.o.b. basis Okanagan.

Mr. LAING: Yes. But the domestic f.o.b. basis of sale would be much lower than this figure; I think it is around \$2.60 per bushel on f.o.b. shipping point basis; and domestic sales would be very much lower than that, probably \$1 a bushel less.

Mr. RICHARDS: Some of these apples moved from the 1949 crop in 1950. I think I can get you the exact value of those exports.

Mr. LAING: The export f.o.b. shipping price at that time was much higher than it is in this current season. It was over \$3. It is a very highly preferred market that we ship to in the United States.

Mr. MCKINNON: That is right.

Mr. LAING: All the highest grades of apples.

Mr. RICHARDS: I have it here exactly. Our apples going to the United States in the calendar year 1950 amounted to 2,362,000 bushels. That was the quantity of the apples; and the value was \$5,258,000.

Mr. LAING: The effect of this advantage we have given to the Americans will insure us for the next three years of this entry into the United States. We have bound them to accept Canadian apples on the basis which they have now for at least three years?

Mr. RICHARDS: Yes.

Mr. LAING: It seems a very small advantage to have given for a very large guarantee, because this is manifestly a very highly preferred market.

Mr. MCKINNON: That was our feeling as negotiators, particularly because of the fact that British Columbia appears to have opened up in the last few years a premium market in the United States for a first class product.

Yet every time—as probably you know, coming from British Columbia—that our people went down to negotiate a big bulk sale, they met resistance because the disparity in the duties was so great, and the fact that a pressure group was working very earnestly down there to have import restrictions

imposed. Their argument was that the Canadian duty on apples was so high in comparison with the United States' duty. Yet, as Dr. Richards has said, the trade was almost twenty to one in our favour. We left the Canadian duty at 18½ cents a bushel against the American duty of 12½ cents a bushel. So, after this concession, our duty is considerably higher than the United States' duty. Nevertheless, the fact that we went as far as we did will probably take the edge off the complaint of the United States' growers, that they were under a very unfair competitive situation.

Mr. LAING: We have satisfied that pressure group pretty cheaply.

Mr. FULTON: That is a matter of opinion.

Mr. MCKINNON: If it does not satisfy them cheaply, it does take some of the steam out of their argument that there was a tremendous disparity in the rates of duty.

Mr. LAING: Surely there is a terrific advantage in our having a guaranteed entry for the next three years?

Mr. MCKINNON: That is right.

Mr. LAING: The trade is largely in certain markets such as New Orleans, New York, and Chicago, where we have built up a tremendous level which is going to be assured in the future.

Mr. FULTON: Did you, in negotiating, bargain on the basis that the Americans apply an off-shore subsidy, which is in effect a subsidy on the export of apples to a foreign market?

Mr. RICHARDS: Yes.

Mr. FULTON: What use was made of that fact in the negotiations which you describe? Did you reply to them that maybe this off-shore subsidy was contrary to Geneva, therefore our higher tariff position might well be offset against their subsidy? What use did you make of that bargaining position?

Mr. RICHARDS: We pointed out that fact to them, but it was hardly the subject for negotiation.

Mr. FULTON: Why do you say that "it was hardly the subject for negotiation?" What do you mean by that?

Mr. RICHARDS: We were negotiating tariff reductions.

Mr. FULTON: But within the frame work of the Geneva agreement.

Mr. RICHARDS: They may be taken up within it, with the contracting parties where general principles of all the agreements are discussed and complaints are placed before the contracting parties. But in the tariff negotiations group, we were negotiating tariff reductions mainly.

Mr. ISBISTER: May I add a word to that, Mr. Chairman? Under the General Agreement on Tariffs and Trade, if apples are dumped, the country in which they are dumped has grounds for complaint. Canada on the other hand would not be able to complain under the provisions of the General Agreement in Tariffs and Trade merely because United States apples were being dumped in some third country.

We might not like it, but the General Agreement would not provide us with a basis for complaint.

Mr. FULTON: Is it not a fact, Dr. Isbister, that the availability to American apple producers of foreign markets is brought about by payment of this subsidy, thus making those markets—which would not otherwise be profitable—profitable to the American apple producers, and enabling them during this year or 1950 to ship apples into eastern Canada, as they did, at prices much lower than they would have been able to ship them had they not received the advantage of the subsidies? Those subsidies made markets elsewhere, overseas markets,

attractive and profitable to United States apple producers, so that they could afford to take less in the Canadian market because of the fact that their government made up to them what would have been a loss to them in the overseas markets? Is that not what actually happened?

Mr. ISBISTER: I believe it is, as far as my knowledge of the case goes. But the fact remains that if they are dumping in Canada they are breaking the Canadian regulations on this subject but the mere fact that they are selling abroad in this fashion is not a contravention of any trade agreements between Canada and the United States.

There was a further point that arose when this subject was discussed with the United States. They pointed out to us that Canadian apples had been shipped on some occasions free of charge, and in some cases at low cost to the United Kingdom, something which they felt was open to criticism on our side.

Mr. FULTON: The shipment to the United Kingdom of course was not a subsidized shipment in any way at the time it was actually made or later. Surely they did not try to make it appear to be a government subsidized shipment, because it certainly was not.

Mr. ISBISTER: I do not mean to argue their case, but merely to point out that there was no basis in the trade agreement on either side for establishing this as a negotiable subject in the Torquay framework.

Mr. FULTON: I cannot argue as to the fact. If you say that in fact that was the basis under which negotiations were carried on, I must accept it. But I do think you had a bargaining point there in saying: You do apply an off-shore subsidy which has enabled your growers to enter our markets at lower prices than would otherwise have been the case. May I ask you this: Did they simply say: That is not a bargaining point which we can take into consideration in discussing the tariff? Or, did you actually raise the point?

Mr. ISBISTER: This point was used in connection with a number of agricultural products. The only remark to be made about it is that the amount of leverage which it gave to us was rather small for the reasons I mentioned. But we used it to the extent it could be used.

Mr. FULTON: I presume you pointed out to them, when you discussed the tariff as such at Torquay, that we had already given up completely our preferential position in the British market?

Mr. MCKINNON: That is right. We gave that up at Geneva.

Mr. FULTON: What use was made of that point in bargaining?

Mr. RICHARDS: That fact was pointed out to them; but it was water under the bridge, and we were starting from a new base at Torquay.

Mr. FULTON: So at Torquay we were definitely in a weaker bargaining position with respect to Canadian and American rates and tariffs on apples than we would have been if we had not given up the British preferential? Is that correct?

Mr. RICHARDS: I would not like to say that was the case. The United Kingdom granted us a preference on apples. They consulted us and we agreed to relinquish it. But they felt that they gave it up for a mutually advantageous agreement between themselves and the United States.

Mr. FULTON: My recollection of the evidence given by Mr. McKinnon at the earlier inquiry into Geneva before this committee, was that we raised no objection at all when the British approached us on the abandonment by them, or the reduction by them of the preference on our apples. Is that not true?

Mr. MCKINNON: That is in accord with the general position that the delegates took at both Geneva and Torquay. I think I said here the other day

in connection with the Torquay negotiations, that our position was that we would not refuse to accommodate any part of the commonwealth if it wished to bargain away a preference, seeing that we ourselves, as regards the United Kingdom, have the right to give up a margin of preference or to impair a margin of preference, after consultation.

Mr. FULTON: That was your statement, as I recollect it, on the earlier inquiry into Geneva. Our position then, is that in two successive conferences, first at Geneva and later at Torquay, one, by action of the United Kingdom, to which we took no objection, and two, by an agreement on our part with the United States, we gave up two concessions to the prejudice of our own apple growers in Canada with respect to the tariff position which they previously enjoyed.

Mr. MCKINNON: I would have to agree with the first part of your remarks, that we have given two concessions on apples. Whether or not in the long run it is to the prejudice of the Canadian apple grower is, as was said earlier, a matter of opinion.

Mr. FULTON: During that period—I do not recollect, I am simply asking for information—how many concessions with respect to apples have the Americans given to us?

Mr. MCKINNON: Do you mean: What did we get at Geneva?

Mr. RICHARDS: At Geneva the duty was reduced from 15 cents to 12½ cents a bushel.

Mr. FULTON: Including Geneva, they have made only the one reduction in our favour?

Dr. RICHARDS: That is true. They kept the American market open, I might say, to Canadian apples.

Mr. LAING: Might I ask, Dr. Richards, is it not a fact that Americans have a surplus of short storage apples and we have a surplus of long storage apples, and as they were anxious to get their short storage apples out that is why they paid a subsidy.

Dr. RICHARDS: I would say they have a surplus of both types of apples, and they have extended the subsidy quite recently to the end of this month, so they have a surplus of long storage apples.

Mr. LAING: What would be the effect if instead of paying a subsidy for offshore shipments they paid a subsidy for consumption in the United States.

Dr. RICHARDS: I think if you look at the supplies of apples in the North American continent, you will agree it is in our interest to get surpluses cleared out of the North American continent because it makes more room for our apples to be sold on the domestic and nearby markets, and that is what is happening. The United States have cleared the North American market of surplus apples through their export subsidy program. Since 1948 we, it is true, have lost some of our export markets.

Mr. FULTON: Particularly in Brazil where we won the market; and they took it away from us by their export subsidy.

Dr. RICHARDS: Trade figures show we have lost approximately 500,000 bushels. Now, there may be other factors which may come in but that is what the trade figures show. We have gone down by that amount to countries which come under the export subsidy program of the United States, but during that same period we have increased our sales to the United States by 800,000 bushels.

Mr. MCKINNON: We have not only held a premium market in the United States but we have actually increased our participation in the United States markets.

Mr. FULTON: Quite, but there are two or three things which arise out of that. While I know that—and here Mr. Laing will agree—all the apples which are exported from British Columbia are premium grade, the fact is when you concentrate on the United States market you surely are looking to a market where the demand for grade and quality are extremely high, which in that sense makes it a difficult market. Is it not the case therefore that if you ship your apples to a market which demands the best quality apples then you are left in the position where you must market your lower grade apples domestically? It seems to me the one offsets the other.

Mr. MCKINNON: Although we may be concentrating on a market that you say demands—I would prefer to say, accepts—in large volume our best grade apples, nevertheless I should think that that same market should offer an outlet for apples of Canadian production that are not necessarily of premium quality. After all, $12\frac{1}{2}$ cents a bushel—even if we are considering apples that are not of the very finest quality such as some that come from the Okanagan Valley—is not a barrier they couldn't overleap.

Mr. CARROLL: You apparently, Mr. McKinnon, do not agree with the two members from British Columbia that all export apples from British Columbia are premium quality.

Mr. FULTON: Mr. McKinnon, what you say with regard to $12\frac{1}{2}$ cents tariff would surely apply almost equally to a tariff of 15 cents so that, to come back to my point, for a concession of $2\frac{1}{2}$ cents a bushel—I do not wish to thrash the point too much, but it is not such a large concession based on your last statement—for the comparatively small concession of $2\frac{1}{2}$ cents at Geneva, we have made two quite substantial concessions.

Mr. MCKINNON: We certainly have made two substantial concessions, Mr. Fulton; there is no doubt about that, but on the other hand our tariff situation is still such that our rate is higher than the United States rate of $18\frac{3}{4}$ cents.

Mr. GOUR: $18\frac{3}{4}$ cents?

Mr. MCKINNON: $18\frac{3}{4}$ cents a bushel is the new Canadian rate after Torquay. The American rate is $12\frac{1}{2}$ cents a bushel.

Mr. GOUR: That means a reduction of $2\frac{1}{2}$ cents to $12\frac{1}{2}$ cents. That is $2\frac{1}{2}$ cents on 15 cents. If we reduce that to a percentage basis you will find it is a sizable percentage of increase in the tariff. If it were $2\frac{1}{2}$ cents reduction on one dollar the percentage would not be as much.

Mr. FULTON: May I follow this up? One further question. Can I take it from the answers which you have given and which Dr. Richards gave that the thought of the negotiators has been to concentrate, put it that way, to accept the abandonment of overseas markets in favour of concentration on American markets in respect to apples. Is that the policy which you are following?

Mr. MCKINNON: No, I do not think that would be quite a fair statement, Mr. Fulton. It would be true to the extent that we agreed to give up the preference in the United Kingdom but you will remember that at Geneva and again at Torquay we got fair, and in some cases quite substantial, reductions in the duties on apples in various European countries.

Mr. FULTON: Have you any figures to show what has been the result by way of any increase in exports to those countries?

Mr. MCKINNON: Have you, Dr. Richards, figures for any of the countries either at Geneva or Torquay?

Dr. RICHARDS: I have in general. In 1950, Mr. Fulton, we exported apples to twenty-one countries in spite of the United States export subsidy and these included the United Kingdom, South America, Central America, Oceania, Africa, Asia, and North America. There were very few apples sold to Europe in 1950 but we did, at Geneva, negotiate tariff concessions, or at least we obtained tariff concessions on apples from twenty-five countries.

Mr. FULTON: Have you any quantitative figures which would show volume pre-Geneva to any of these countries, and the volume post-Geneva in exports to those countries so that we could assess the benefit of the tariff reduction?

Dr. RICHARDS: I can obtain those figures for you.

Mr. FULTON: I would appreciate it if you would. Could I ask whether you also have figures showing what is the American average quantity available for export per year?

Mr. LAING: It depends on the frost.

Dr. RICHARDS: Last year, the 1949 crop, I think, produced a surplus of possibly 15 million bushels.

Mr. FULTON: Do you recall whether that is exceptional?

Dr. RICHARDS: Yes, that was an exceptionally big crop.

Mr. FULTON: I do not want to ask you to guess—but would you be able to produce an average figure or would it be just a guess?

Dr. RICHARDS: I can do that and I can get figures on all apples shipped to countries under their export subsidy program. From the 1949 crop the United States exported only two million bushels and from the 1950 crop, to date they have exported about two million bushels, so they have not gained a great deal under that program.

Mr. FULTON: When did they bring that program into effect?

Dr. RICHARDS: I would say early in 1949.

Mr. FULTON: After Geneva?

Dr. RICHARDS: Yes. Production has been stepped up in European countries. In the United Kingdom, the 1935-39 average production was about ten million bushels annually; in the last four years it has been twenty million bushels. The production in Denmark, Belgium, Netherlands, Switzerland, during the last four years has been increased by almost sixty per cent over 1935-39.

Mr. FULTON: Dr. Richards, do you know of the visit that was paid by officials of British Columbia Tree Fruits Limited to England recently? Have you had a consultation with them following that?

Dr. RICHARDS: No, I have not, Mr. Fulton.

Mr. FULTON: Then I cannot question you on that, but arising out of that statement you made just before that question, surely I am not to take it that you mean there is not a market for Canadian apples in the United Kingdom provided currency difficulties were overcome?

Dr. RICHARDS: I think our Canadian apples will sell in any market in the world if they can enter on a competitive basis.

Mr. FULTON: My impression is they would like to have our apples if they could overcome currency difficulties.

Dr. RICHARDS: That is quite true. Our Canadian apples topped the market when they were offered for sale in the United Kingdom.

Mr. MCKINNON: I think that was the case this year, and we can testify from personal observations that all through southern England, and in some of the best apple growing counties, we saw the ground literally covered with apples of their own production; and yet, in spite of that fact, Canadian apples brought a premium price in the United Kingdom market to the extent that the British could buy them at all.

Mr. FULTON: The point I would like to establish there is that the preferential position that we used to enjoy in the United Kingdom market would still be a substantial consideration to Canadian apple growers if it were not for their difficulties arising out of currency.

Mr. LAING: Surely we are not going to have our negotiators criticized for failing to make an agreement with a country that has no money to spend. On the other hand, our negotiators should be praised for having made an agreement with the countries having cash to spend.

Mr. FULTON: I am not suggesting that the negotiators are to be criticized for not securing more substantial sales in the British market for Canadian apples just lately. My criticism is that the United Kingdom is a potential market for Canadian apples, and that the abandonment of the preference has a substantial bearing on the availability of that market, leaving aside the question of currency difficulties.

Mr. MCKINNON: Well, there is this qualification to that, Mr. Fulton, that the abandonment of preference on our part was at the request of the United Kingdom authorities, to enable them to make an agreement with the United States at Geneva. They wished that we give up the preference; they asked us to do so; and we concurred.

Mr. FULTON: And you raised no objection whatsoever?

Mr. MCKINNON: No.

Mr. LAING: You concurred because you considered that our apples did not need that preference?

Mr. MCKINNON: I think our apples can compete with any apples in most countries of the world, on even terms.

Mr. FULTON: I think that is so, too, but when you encounter the policies being pursued by the Americans I would like to see us do what we can to give our apples to preferential position in any market where you can do so on a proper basis.

Mr. LAING: Probably the policy being pursued by the Americans today is of assistance to us, because it is clearing the way for our apples to go down there. Apples are being produced in the Okanagan Valley today, as Mr. Fulton and I have been informed, at a loss. They are being sold at an f.o.b. shipping price to the United States for \$2.60, and the domestic price is \$1.52 per bushel. Both of us have been informed of that. What would have been our loss if we had to sell them on the domestic market? It seems imperative to me that that avenue to the U.S. should be kept open.

Mr. FULTON: Of course, I do not know whether the Americans threatened to put their tariffs back up again, but what I take from the evidence is that we have secured a reduction of $2\frac{1}{2}$ cents in their tariff at Geneva for which we then made a concession, and we now give a concession to the Americans with respect to tariffs by reducing our tariff on their apples, so we do not get a *quid pro quo* on this deal, as I see it now. Was there any threat on the part of the Americans—I do not know whether that is the right term to use when you are negotiating—that they were going to put their tariffs back up to 15 cents?

Mr. MCKINNON: No, not a threat in that sense, Mr. Fulton, but in the many hours that we spent on the apple situation they kept impressing on us the difficulty they faced in making any concession on apples because of the disparity in the rates; and, indeed, that unless we could do something to redress that disparity they might find it very difficult to justify continuance of the concession. Now, that is not to say that our duty position was not bound. It was bound, for three years. But, if a strong pressure group down there were to establish that the import of Canadian apples at the concession rate was doing a great injury to the United States apple growing industry, it would have been within the power and the right of the United States authorities to withdraw the concession. Had they done so, we in all probability might have withdrawn some concession in return. We would then have been entering upon a trade war based upon apples. I think, though, that by making another concession in our admittedly high rate we have

forestalled any such probability. We have the present situation bound for another three years, which should give assurance of a stabilized market in the United States for Canadian apples. I would like to add, too, that we did continually impress upon the negotiators the adverse effect upon our trade of their subsidy policy and not only in respect of apples; another illustration lies in oranges and orange juice, in respect of which we pointed out to them they were subsidizing the export of this citrus product. But, having in mind our own high rate on apples, we felt we could help to stabilize the position in the United States for the Canadian grower.

Mr. FULTON: Did you attempt, Mr. McKinnon, to negotiate separately on the question of the period during which their apples would be admitted free and the question of a general reduction in our tariff, or did they insist on both those things being considered together?

Mr. McKINNON: No, they were not completely separate at any time, Mr. Fulton. We canvassed among ourselves many different propositions and variations. We finally agreed upon this as being the one that might cost us the least and at the same time retain for us the United States market: namely, a reduction to 18½ cents per bushel in the general rate and an extension of their free-entry period into Canada by two weeks. The former free-entry period was from May 20th to July 12th; we extended that to July 31st.

Mr. FULTON: Did you obtain or did you have any representations from the British Columbia Fruit Growers Association or from the British Columbia Tree Fruits Limited, prior to going to Torquay?

Mr. McKINNON: Yes, the Department of Agriculture had from either one, or both.

Dr. RICHARDS: Yes, we had representations.

Mr. FULTON: Do you recall which one, or was it both?

Dr. RICHARDS: From the British Columbia Tree Fruits Limited, I believe.

Mr. McKINNON: Perhaps I should add to Dr. Richards' reply: to my knowledge, since the Torquay results have been published we have not had one word of criticism or objection from either of the associations you mentioned. I have not heard a word from any of the apple growers or from the Horticultural Council.

Mr. ADAMSON: You did see in the United Kingdom a lot of waste in apples? What would be done with them?

Mr. McKINNON: A lot of them were cider apples.

Mr. ADAMSON: The British government in order to improve the operation of their bulk buying of meat, commandeered apple storage facilities and stored meat in these places. I know one of the fruit growers over there who told me that.

Mr. McKINNON: We certainly saw a lot of fruit going to waste.

Mr. ADAMSON: Frightful waste, owing to the deliberate policy of the British government. I do not mind that being on the record.

Mr. FULTON: Mr. Chairman, just before you leave that page, will it be permitted to come back to this question when Dr. Richards produces the figures that I have asked him for?

The VICE-CHAIRMAN: Yes, when those figures are produced we can come back to this item.

Mr. FULTON: I understand we will be allowed to come back to item 93 if desired after Dr. Richards has produced those figures.

Mr. LAING: If at the same time Dr. Richards is looking up his figures could he go back to the original so-called Chicago agreement by which these apples first entered the United States in 1942 irrespective of government action at that time?

Mr. McKINNON: It was purely a commercial transaction.

Mr. LAING: Yes, a commercial operation. Would Dr. Richards show the exports into the United States since, if these figures could be obtained.

Dr. RICHARDS: Yes, I will obtain that.

The VICE-CHAIRMAN: Did you have a question on bananas, Mr. Hellyer?

Mr. HELLYER: I just wondered where we bought most of our bananas?

The WITNESS: In 1949 we imported almost three million stems valued at about \$17 million. From Honduras we imported 1,170,000 stems valued at \$6,750,000.

Mr. ADAMSON: That is from British Honduras?

The WITNESS: No. From Guatemala we imported about 748,000 stems valued at \$4,260,000; from Panama, 341,000 stems, valued at \$2,267,000; from Costa Rica, 247,000 stems valued at \$1,687,000; and we had smaller imports from Ecuador, Colombia, Mexico, and Haiti.

Mr. HELLYER: Generally speaking, most of the imports were from the most favoured nation countries and not from British preference countries.

Mr. McKINNON: Almost entirely.

By Mr. Hellyer:

Q. Does this 50 cents a stem duty represent a substantial reduction?—
A. A substantial reduction. Honduras is a general tariff country, and the general tariff rate of \$1 per stem or bunch still applies.

Q. From Honduras?—A. Yes. This is a complicated matter which will have to be straightened out in the next budget because most favoured nation countries are paying duties of fifty cents per one hundred pounds while general tariff countries are paying a duty of \$1 per stem or bunch.

Mr. MACKINNON: The explanation being that Honduras is not in the General Agreement and does not get most-favoured-nation treatment.

The WITNESS: The weight of a stem or bunch runs from thirty-five to sixty-five pounds. It varies with different countries. The reduction is fairly substantial although on paper it does not appear to be much. A reduction from fifty cents per stem or bunch to fifty cents per hundred pounds is fairly substantial.

Mr. LAING: Most people are concerned about this item because bananas are selling at eighteen cents a pound whereas formerly they were two pounds for fifteen cents.

Mr. McKINNON: That is right. That arises partly from the situation that Honduras, which is by far the biggest supplier is not a favoured nation and does not get advantage of this concession.

Mr. ADAMSON: Do we then buy a lot from Guatemala?

Mr. McKINNON: Yes.

The VICE-CHAIRMAN: Shall page 5 carry?

Carried, except item No. 93 which will stand.

Mr. CARROLL: I do not quite understand, Mr. Chairman, what this committee means by carrying these items. What have we got to do with carrying it?

The VICE-CHAIRMAN: We have to approve the changes that are made.

Mr. CARROLL: It does not make any difference whether we approve them or not here. They are now a negotiated treaty. Approving them might give rise to complications.

The VICE-CHAIRMAN: The items were referred to the committee by the House. If anybody has any questions to ask he asks them, and we use the word carried because we usually use it in committee. Have you another expression to suggest, Mr. Carroll?

Mr. LAING: It was said this is an educational committee. We should say we understand the item.

Mr. CARROLL: It might give rise when some time in the future Mr. McKinnon goes down for further negotiations with these countries that he will be met with the statement you people did not consider this a treaty at all, you had it before a committee, you had it before parliament, and you carried the things we had agreed on, taking the position that you had the right to carry it.

The VICE-CHAIRMAN: After we examine it page by page we will adopt the whole report.

Mr. CARROLL: I do not want to be critical of this.

Mr. ADAMSON: We might use the word approved, or accepted.

The VICE-CHAIRMAN: Is page 5 accepted then?

Accepted.

Mr. HELLYER: One thing I would like to mention here, Mr. Chairman, in passing. It seems the British Columbia people are making tremendous inroads in the Ontario apple sauce market.

Mr. SINCLAIR: Good apples, good salesmanship.

The VICE-CHAIRMAN: We are on page 6, items 101 (a), lemons, to 105 (e), cherries and other fruits.

Mr. ADAMSON: The only large item here is lemons. Presumably that is an American product or where does the bulk come from. It is all free.

Mr. MCKINNON: It is simply a binding of the free entry; it was actually negotiated with the Dominican Republic.

The VICE-CHAIRMAN: Shall page 6 be accepted?

Accepted.

Mr. ADAMSON: Where do the lemons come from?

The WITNESS: Mainly from Italy. 1,420,000 came from Italy in 1949; 764,000 from the United States during that same year 1949.

Mr. ADAMSON: Almost entirely from those two countries?

The WITNESS: Yes.

The VICE-CHAIRMAN: Shall page 6 be accepted?

Accepted.

Page 7, beginning with item 109, walnuts and ending with item 136 (a) molasses.

Mr. GOUR: I see here you have a one cent duty on molasses.

The VICE-CHAIRMAN: What did you say, Mr. Gour?

By Mr. Gour:

Q. I say there is a one cent duty shown here on molasses.—A. Molasses covered by this item is commonly known as blackstrap molasses.

Q. Blackstrap molasses is used for livestock feed used mainly on the farm. I do not see why there should be a one cent duty on that, taxing the farmer to that extent.—A. At Anney we reduced the most favoured nation rate from 1½ cents to 1 cent.

Q. You could have reduced it to zero. It is also a food used in poor families. I know a lot of you people like to eat maple syrup.

Mr. FULTON: I know quite a lot of wealthy people who are using blackstrap molasses as a health tonic.

Mr. GOUR: Maybe in your constituencies but not our people, we use blackstrap molasses as a food.

The WITNESS: The reduction made at Anney was bound to the Dominican Republic at Torquay. It is just a binding of the existing rate of one cent.

The VICE-CHAIRMAN: Is page 7 accepted by the committee?

Accepted.

Page 8, item 141, sugar candy to item 142, tobacco. Any questions?

Mr. LAING: Is that the entire tobacco import in Canada?

Mr. SINCLAIR: Cut tobacco is listed on the next page.

Mr. FULTON: Does item 141 include the sweet biscuits, like Peak Frean biscuits, those special biscuits?

The WITNESS: No, they come under item No. 66 or 66a, the items covering sweetened biscuits.

Mr. LAING: I would like to point out that the total tobacco import is very, very small. We must produce a large percentage of our tobacco today.

The WITNESS: Practically all.

Dr. RICHARDS: We are on an exporting basis; we produce more than we consume:

Mr. LAING: I understand for blending purposes we bring in a modest quantity.

Mr. MCKINNON: That is right, Mr. Laing, imports of tobacco are very small.

The VICE-CHAIRMAN: Is page 8 accepted by the committee?

Accepted.

Page 9, beginning with item 144, cut tobacco, and finishing with item 159 (a) spirits and strong waters of any kind.

By Mr. Adamson:

Q. I have one question to ask about grapefruit juice. Why does not this come under the general item of citrus fruits? That is a fairly large item, item 152?—A. Item 152 reads: "fruit juices and fruit syrups n.o.p. viz. (a) lime juice; (b) orange juice; (c) lemon juice; (d) passion fruit juice; (e) pineapple juice; (f) grapefruit juice; (g) blended orange and grapefruit juices; (h) fruit juices n.o.p.; (i) fruit syrups n.o.p."

Q. The only one that an agreement was made on was grapefruit juice?—A. Yes.

Q. I thought orange juice came in free.

Mr. MCKINNON: No, ten per cent.

The WITNESS: Orange juice is free under the British preferential tariff. The rate of ten per cent applies to imports of all fruit juices from most-favoured-nations countries at the present time.

The VICE-CHAIRMAN: Is page 9 accepted by the committee?

Mr. FULTON: Item 159 (a).

The VICE-CHAIRMAN: Have you any questions on it?

Mr. FULTON: I take it from the volume of imports there, Mr. Chairman, that it does not include Scotch.

The WITNESS: No, it does not include Scotch whisky.

The VICE-CHAIRMAN: Is page 9 accepted?

Accepted.

Now, we are on page 10, item 160, alcoholic perfumes to item 161, perfumed spirits. Any questions on that?

Mr. FULTON: I have a question on item 161. These rates, Mr. McKinnon, would they be mainly for revenue purposes or are they for protection purposes? We do not have much of a perfume industry in Canada, do we?

Mr. MCKINNON: They are to some extent protective, but they are chiefly for revenue—and, indeed, sumptuary, because of the nature of the product. You will notice that the duties prior to Torquay were very very high on some of these products, 45 per cent, and in another case \$3 a gallon plus 30 per cent. They are quite high duties and apply to commodities which normally would pay a high rate of duty, on sumptuary grounds.

Mr. FULTON: Would the concessions made benefit France or the United States?

Mr. MCKINNON: France. They were given to France. I think every item on this page was negotiated with France. They represent those essentially French products upon which France desired concessions.

Mr. ADAMSON: I imagine the tourists would be interested in this sort of product. Does this mean that perfumes may be bought more cheaply in Canada than in the United States?

The WITNESS: The reduction is substantial. It might be possible.

Mr. MCKINNON: On the other hand the United States has been making quite substantial reductions for the same type of product.

Mr. SINCLAIR: They still have a twenty per cent retail tax on that sort of thing in the United States?

Mr. MCKINNON: Yes?

Mr. FULTON: There is not much production of this type of product in the United States.

Mr. MCKINNON: In any event, the United States has been prepared to give concessions to France on this type of thing. In making our agreement with France, Mr. Callaghan found it not very easy to find products which were essentially French in nature but this particular includes page four or five items that France was especially interested in.

The VICE-CHAIRMAN: Is page 10 accepted?

Accepted.

Page 11, items 165, champagne, to item 168a, malt syrup.

Mr. ADAMSON: How much is this likely to reduce the price of a bottle of champagne? Not very much I suppose?

The WITNESS: It is equivalent to a dollar per dozen bottles containing each not more than a quart but more than a pint.

By Mr. Fulton:

Q. This sort of general rate or subsidiary rate that you have at the bottom, "and in addition thereto, under all tariffs, \$1.75 per gallon." Is that a sort of a surtax duty?—A. No, it is not in reality. It should not be in the trade agreement. The history of these additional duties on cigars, tobaccos, cigarettes, wines, goes back to September 1939. When the war broke out parliament

enacted what we call additional duties on these products for revenue purposes. They are under a separate section in a separate Act. These duties were increased substantially in 1940 and 1941, but this one has never been reduced. At one time these additional duties applied on tea, tobacco, and coffee.

Q. Tobacco?—A. They were taken off tea and coffee during the war years. They were put on mainly for purpose of obtaining additional revenue and they are still on.

Q. And they were not the subject of negotiations at all?—A. No, they were not the subject of negotiations. We thought in 1947 that they would never go any higher. Last year the additional duty on liquor was increased from \$7 to \$8.

Q. It did not just happen, it was put there!—A. It is possible that when we consolidate the Torquay, Annecy and Geneva trade agreements these additional duties will be left out altogether. There may be some objections raised if they are left out. We never bound these duties and we put them in the schedule for information only.

By Mr. Adamson:

Q. You would like to have these taken out?—A. We would not like to have them bound against increase in a trade agreement.

Q. It was originally put on as an excise tax?—A. Yes, but it was put on under the Customs Tariff Act.

The VICE-CHAIRMAN: Is page 11 accepted?

Accepted.

Page 12, beginning with item 172*a*, tourist literature, to item 178, advertising and printed matter.

Is this page accepted?

Accepted.

Page 13, item 178 continued.

Is this page accepted?

Accepted.

Page 14, items 188*a*, Decalcomania paper, to 401 (*g*), tape or wire.

By Mr. Adamson:

Q. Apparently there has been a big reduction in coated papers. Does the Canadian industry consider itself secure to have a complete reduction of 22½ per cent to free, and from 32½ per cent to free on coated papers being brought into Canada?—A. On items 197*a* and 198*a* we reduced the tariff from the prevailing rates to free, but overriding those two items we have drawback item 1,060 which provided for a drawback of 75 per cent of the duty on paper of all kinds when used by a publisher or printer in Canada in the production of periodical publications enjoying second class mailing privileges, the pages of which are regularly bound, wire stitched or otherwise fastened together. Due to this drawback item the actual rate of duty was only 25 per cent of that shown in the tariff. The publishers of magazines and books have repeatedly requested some relief for the reason that their publications enter Canada duty free. The United States were after some concessions on paper and we figured out that these were the cheapest concessions we could give them.

Q. That is on high grade coated paper?—A. Yes.

By Mr. Laing:

Q. Going back to item 192*e*, I see this gasket stock is free. We have built up a gasket plant in Canada now to supply our own needs?—A. These are mostly for gaskets which are made in Canada, but this item has been in the tariff for some time duty free by order of council. This is the paper for making gaskets.

Q. Do we not make them all here now in Canada?—A. Practically all. There may be a gasket for a peculiar type of motor such as an Essex 1920 that has to be imported. Anybody wanting that gasket would have to import it.

The VICE-CHAIRMAN: Is page 14 accepted?

Accepted.

Page 15, items 199, matches of paper, to item 206a, sera and antisera.

Mr. HELLYER: Mr. Chairman, this is supposed to be an educational committee. I wonder if members know that ginseng was perhaps the first export from this area to the Orient some three or four hundred years ago?

The VICE-CHAIRMAN: Is page 15 accepted?

Accepted.

Page 16, items 208, iodine, to 216, chromium trioxide.

Mr. HELLYER: If anybody has stomach ulcers either before or after this committee it will also cure them.

VICE-CHAIRMAN: Is page 16 accepted? Any questions?

Accepted.

Page 17, items 219a, non-alcoholic preparations to item 219g, yeast, dead or inactive.

Is page 17 accepted?

Accepted.

Page 18, item 220, all medicinal and pharmaceutical preparations.

Mr. ADAMSON: Who was interested in these medical preparations being imported into Canada, European countries?—A. The United States requested a substantial reduction on these large items. They had their eye on them because the trade is \$6 million. They wanted the British preferential rate. The only reduction we made on this item was in connection with products having more than 2½ per cent alcoholic content which carried a rate of 60 per cent without any preference. We reduced this rate to 25 per cent.

Q. It still gives fairly sufficient protection to our own industry?—A. Yes; one of the chief products that had to pay 60 per cent, because it had more than 2½ per cent alcohol in it, is embalming fluid.

Q. What is that, formaldehyde?—A. I do not know what is in it but I know it contains a considerable quantity of alcohol.

The VICE-CHAIRMAN: Is page 18 accepted?

Mr. FULTON: What is the reason for exempting from the negotiations those items mentioned at the bottom of the page, or are they exempt from this tariff item? Is that your meaning or were they exempted from the negotiations?

The WITNESS: They have been there for thirty or forty years; that is the way that tariff item is worded.

The VICE-CHAIRMAN: It has always been worded that way?

The WITNESS: It has always been worded that way.

The VICE-CHAIRMAN: Is page 18 accepted?

Accepted.

Page 19, item 220, sulfamethylthiadiazole, to item 234, perfumery.

Mr. ADAMSON: Would you give us an explanation on this \$21 million item?

The WITNESS: Yes. This would be the large one as far as statistics show, but you cannot separate them.

The VICE-CHAIRMAN: Is page 19 accepted?

Accepted.

Page 20, from item 245, others, to item 280*a* inedible oils.

Accepted.

Page 21, from item 284*b*, gypsum tile, to item 325, stained or ornamental glass windows.

Any questions on page 21?

Is page 21 accepted by the committee?

Accepted.

Page 22, from item 326, demijohns or carboys, to item 348*f*, copper covered steel wire.

By Mr. Fulton:

Q. On item 326, who would be the main beneficiary of the reduction there, the United States?—A. It is the United States. It is one of the items they pressed for until the last day—for a reduction on this one.

Q. I did not quite hear you? Did you say they pressed for it on the last day or until the last day?—A. Until the last day they pressed for a reduction on this item—mainly on account of the amount of trade involved.

Mr. BLACKMORE: Which item?

The WITNESS: 326(1). The total trade in that item is shown here as \$3,400,000, of which the United States supplied \$3,277,000.

The VICE-CHAIRMAN: Is page 22 accepted by the committee?

Carried.

Would you like to take over again, Mr. Chairman?

Mr. Cleaver resumed the chair.

Mr. BLACKMORE: Would it be in order to ask why we are not taking any more of that market ourselves?

Mr. MCKINNON: There is a very large production in Canada of bottles of the type that come in under this item. There are two very big plants in particular, with the most modern equipment, highly automatic machinery, and very big production.

Mr. BLACKMORE: Yet the United States wants to sell in the market against us?

Mr. MCKINNON: Yes, they are selling, to the extent of \$3½ million over a duty of 22½ per cent.

The CHAIRMAN: Now, we are nearing the hour of adjournment and looking over the list of committees which are going to sit tomorrow I do not think it would be wise for us to attempt to meet in the morning. Would it suit members of the committee if we met tomorrow afternoon at 4 o'clock?

Mr. FULTON: Is there any chance of being able to get the report of today's proceedings printed by that time?

The CHAIRMAN: No, we are running about a week late.

Mr. FULTON: Well, Dr. Richards undertook to produce some figures, but I do not suppose there is any chance of completing our work tomorrow anyway.

The CHAIRMAN: No, so we will meet again at 4 o'clock tomorrow.

APPENDIX "A"

TARIFF CONCESSIONS OF INTEREST TO CANADA GRANTED BY
OTHER COUNTRIES AT TORQUAY, 1951INTERNATIONAL TRADE RELATIONS DIVISION
DEPARTMENT OF TRADE AND COMMERCE

M A Y 1 9 5 1

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IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
 RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
 AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
	CHEMICALS, OILS AND PAINTS			
1	Acetic or pyroligneous acid containing by weight; more than 65% acetic acid.....	3¢ lb.	3¢ lb.	591,322
1	Chloroacetic acid.....	2½¢ lb.	1½¢ lb.	8,542
1	Citric acid.....	17¢ lb.	8½¢ lb.	—
1	Phosphoric acid.....	2¢ lb.	1¢ lb.	2
1	Naphthenic acid.....	25%	6¼%	2,776
1	Acids and acid anhydrides, N.S.P.F.....	25%	12½%	110
2	Acetylene derivatives:			
	Acetaldehyde.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Aldol or acetaldol.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Butyraldehyde and crotonaldehyde.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Paracetaldehyde or paraldehyde.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Homologues, polymers, ethers, esters, salts and mixtures of one or more acetylene derivatives, n.s.p.f.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
2	Butylene, ethylene, and propylene derivatives:			
	Butylene, chlorohydrin, dichloride, glycol and oxide.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Ethylene, chlorohydrin, diamine, dichloride, glycol and oxide.....	6¢ lb. plus 30%	3¢ lb. plus 15%	58
	Glycol monacetate.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Propylene chlorohydrin, dichloride, glycol and oxide.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Ethanamine, mono-, di-, tri-, and all other hydroxy alkyl amines and alkylene diamines	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Allyl, crotonyl, vinyl, and other olefin or unsaturated alcohols.....	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	All other glycols, or dihydric alcohols, n.e.s..	6¢ lb. plus 30%	3¢ lb. plus 15%	—
	Homologues, polymers, ethers, esters, salts, and nitrogenous compounds and mixtures of one or more butylene, ethylene or propylene derivatives, n.s.p.f.....	6¢ lb. plus 30%	3¢ lb. plus 15%	150,198
3	Acetone, ethyl methyl ketone, and their homologues, and acetone oil.....	20%	10%	—

IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—Continued

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
5	Salts derived from vegetable oils, animal oils, fish oils, animal fats and greases, n.e.s. or from fatty acids thereof.....	25%	12½%	—
5	Fatty alcohols and fatty acids sulphates, n.e.s. and salts or fatty acids sulphated n.e.s.....	12½%	12½%	—
5	Nicotine and nicotine sulfate.....	25%	12½%	—
5	All alkaloids, salts, and derivatives, n.e.s.....	25%	12½%	25
5	Derivatives of barbituric acid, n.e.s.....	25%	12½%	—
5	Ergot derivates.....	25%	12½%	—
5	Medicinal preparations of vegetable origin.....	25%	12½%	1,058
5	Medicinal preparations, n.s.p.f. not containing alcohol (except of animal, vegetable, or coaltar origin and except haarlem oil and vitamins)..	25%	12½%	45,386
5	Salts and compounds of gluconic acid and combinations and mixtures of any of the foregoing; ergotamine tartrate, n.s.p.f.....	15%	12½%	—
5	Ammonium compounds, n.e.s.....	25%	12½%	—
5	Barium sulfide.....	25%	12½%	—
5	Sodium compounds: alginate.....	20%	12½%	—
	Other n.s.p.f.....	25%	12½%	20,163
5	Laundry sour containing not less than 20% of sodium silicofluoride and not less than 10% of oxalic acid n.s.p.f.	15%	12½%	—
5	Beryllium: oxide or carbonate.....	12½%	12½%	—
5	Other chemical elements, compounds, mixtures, salts, n.s.p.f., not containing alcohol (except textile assistants).....	25%	12½%	2,034,927
5	Medicinal preparations of animal origin.....	12½%	12½%	57,821
7	Ammonium phosphate (not fertilizer).....	1½¢ lb.	¾¢ lb.	—
10	Fir of Canada.....	5%	2½%	18,076
21	Chemical compounds, mixtures, and salts, of which gold, platinum, rhodium, or silver are chief value.....	25%	12½%	139
23	Preparations in capsules, pills, tablets, lozenges, troches, ampoules, jubes, or similar forms, including powders, non-coal-tar.....	12½% or 25%	12½%	152,102
24	Extracts for dyeing, coloring, or staining alcohol: 20% or less.....	20¢ lb. plus 25%	20¢ lb. plus 12½%	—
	over 20% and not over 50%.....	40¢ lb. plus 25%	40¢ lb. plus 12½%	—
	over 50%.....	80¢ lb. plus 25%	80¢ lb. plus 12½%	—
24	Brewers' yeast, containing 20 per cent or less alcohol.....	20¢ lb. plus 25%	20¢ lb. plus 12½%	900

IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—Continued

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
26	Chloral hydrate.....	20%	17½%	—
27(a)	Coal-tar intermediates, n.e.s.....	7¢ lb. plus 45%	3½¢ lb. plus 22½%	10,986
28(a)	Coal-tar products, not specially provided for, suitable for medical use.....	7¢ lb. plus 45%	3½¢ lb. plus 25%	—
28(a)	Styrene.....	7¢ lb. plus 45%	3½¢ lb. plus 22½%	1,073
28(a)	Synthetic phenolic resin and all resinlike products prepared from any article provided for in paras. 27 and 1651.....	7¢ lb. plus 45%	3½¢ lb. plus 22½%	26,826
28(a)	Vanillin.....	7¢ lb. plus 45%	3½¢ lb. plus 22½%	—
29	Cobalt oxide.....	10¢ lb.	5¢ lb.	159
31(a)	Cellulose acetate, and compounds, combinations, or mixtures, except of acrylic resins, not made into finished or partly finished articles: Sheets, powder, flakes or waste, and blocks, rods, tubes, briquets, or other forms, n.e.s.	25¢ lb.	12½¢ lb.	—
31(b)	(1) All compounds of cellulose (except cellulose acetate, but including pyroxylin and other cellulose esters and ethers), and all compounds, combinations, or mixtures: Transparent sheets over 0.003 but not over 0.032 inches thick.....	25¢ lb.	22½¢ lb.	—
	In blocks, sheets, rods, tubes, powder, flakes, briquets, or other forms, whether or not colloided, not made into finished or partly finished articles.....	30¢ lb.	20¢ lb.	—
31(b)	(2) Smokeless powder.....	60%	30%	—
34	Fish oils, n.e.s. (except shark, dog-fish, fish liver, cod, herring and whale oil).....	5% plus 1-4/5¢ lb. I.R. tax	5% plus 1½¢ lb. I.R. tax	54,871
34	Halibut-liver oil.....	10%	5%	69,979
34	Drugs of animal origin, n.e.s.....	5%	5%	641,897
37	Ethers and esters containing not more than 10% alcohol: Ethyl chloride.....	15¢ lb.	7½¢ lb.	—
	Ethylether.....	4¢ lb.	2¢ lb.	—
38	Chlorophyll extract.....	15%	7½%	—
40	Formaldehyde, solid or paraformaldehyde.....	8¢ lb.	4¢ lb.	—
40	Formaldehyde solution or formalin.....	1¼¢ lb.	7/8¢ lb.	—
41	Pectin.....	25%	12½%	10
41	Casein glue.....	30%	15%	170

IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—Continued

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
43	Ink and ink powders, n.s.p.f.:			
	Printing and lithographic.....	10%	5%	2,722
	Writing and copying.....	10%	5%	8
	Other.....	10%	5%	6,864
	Drawing.....	15%	7½%	—
46	Lead acetate, brown, gray or yellow.....	2¢ lb.	1¢ lb.	—
46	Lead acetate, white.....	2½¢ lb.	1¼¢ lb.	—
46	Lead arsenate, lead resinate.....	3¢ lb.	1½¢ lb.	—
49	Carbonate of magnesia: manufactures of.....	2¢ lb.	1¢ lb.	—
52	Seal oil.....	3¢ gal. plus 2.7 lb. I.R. tax	3¢ gal. plus 1½¢ lb. I.R. tax	1,883
52	Marine-animal and fish oils, n.s.p.f. (except shark and dogfish oil and shark-liver and dogfish liver oil).....	20% plus 3¢ lb. I.R. tax	10% plus 1½¢ lb. I.R. tax	2,899
52	Animal oils, n.s.p.f. inedible.....	10% plus 2.7¢ lb. I.R. tax	10% plus 1.5¢ lb. I.R. tax	—
52	Animal, oils and fats, n.e.s., edible.....	20%	10%	8
52	Animal fats and greases, n.s.p.f.....	10% plus 2.7¢ lb. I.R. tax	10% plus 1.5¢ lb. I.R. tax	—
53	Rapeseed oil, n.e.s.....	6¢ gal. plus 4½¢ lb. I.R. tax	5¾¢ gal. plus 2¼¢ lb. I.R. tax	—
53	Expressed or extracted vegetable oils, n.s.p.f.....	20%	10%	—
63	Phosphorus.....	8¢ lb.	4¢ lb.	3
63	Phosphorous oxychloride.....	6¢ lb.	3¢ lb.	530
66	Mineral earth pigments, n.s.p.f.....	25%	12½%	—
67	Barytes ore:			
	Crude.....	\$3.50 ton	\$3.50 ton	60,429
	Ground or manufactured.....	\$7.50 ton	\$6.50 ton	—
72	Litharge.....	2¼¢ lb.	1¼¢ lb.	34,379
72	White lead.....	2-1/10¢ lb.	1-1/20¢ lb.	73,244
73	Synthetic iron-oxide and iron hydroxide pig- ments, n.s.p.f.....	15%	10%	108,687
86	Strychnine alkaloid, sulphate, and salts, n.s.p.f. .	20¢ oz.	19¢ oz.	4
88	Tin bichloride, tin tetrachloride, and other chemical compounds, mixtures, and salts, tin chief value.....	25%	12½%	242
95	Azides, fulminates, fulminating powders and like articles.....	12½¢ lb.	10¢ lb.	—
97	Tar and pitch of wood and tar oil from wood.....	1¢ lb.	1¢ lb.	—

IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
 RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
 AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—Continued

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
	EARTHS, EARTHENWARE, AND GLASSWARE			
201(b)	Brick, n.s.p.f., not glazed, enamelled, etc.....	\$1.00 M	\$0.50 M	92,873
204	Magnesite, dead-burned or grain, and periclase...	23/40¢ lb.	23/60¢ lb.	133,518
205	Manufactures of plaster of Paris.....	35%	17¼%	519
207	Feldspar, crude.....	25¢ ton	12½¢ ton	107,925
207	Silica, crude, n.s.p.f.....	\$3.50 ton	\$1.75 ton	—
207	Fluospar, containing above 97% of calcium fluoride.....	\$5.60 ton	\$2.10 ton	361,623
207	Bentonite:			
	Unwrought and unmanufactured.....	75¢ ton	37¼¢ ton	—
	Wrought or manufactured.....	\$1.625 ton	81¼¢ ton	—
207	Clays or earths artificially activated.....	¼¢ lb. plus 30%	¼¢ lb. plus 15%	—
208(g)	Phlogopite, waste and scrap, valued not more than 5¢ lb.....	15%	12½%	2,666
208(h)	Mica, ground or pulverized.....	15%	12½%	16,941
209	Talc, steatite, or soapstone, ground, washed, powdered, or pulverized, (except toilet preparations) valued not over \$14 per ton.....	10%	8¼%	40,453
212	China and porcelain sanitary articles: Closets, bowls, lavatories, sinks, etc.:			
	Plain white, not painted, colored.....	60%	35%	83
	Decorated, coloured, etc.....	70%	35%	—
214	Crushed or ground stone, n.s.p.f.....	10%	7½%	5,204
214	Feldspar, ground.....	15%	7½%	—
217	Unfilled vials and ampoules:			
	Holding less than ¼ pint.....	50¢ gross	25¢ gross	—
	Holding not less than ¼ pint and not more than 1 pint.....	1½¢ lb.	¾¢ lb.	—
	Holding more than 1 pint.....	1¢ lb.	½¢ lb.	—
	METALS AND MANUFACTURES OF			
301	Molybdenum content in excess of 2/10% contained in any article provided for in para. 301—additional duty on molybdenum content.....	65¢ lb.	35¢ lb.	—
301	Pig Iron:			
	Containing not more than 0.04% phosphorus...	75¢ ton	60¢ ton	206,461
	Containing more than 0.04% of phosphorus...	75¢ ton	60¢ ton	290,379
302(d)	Ferromanganese containing not less than 4% carbon.....	11/16¢ lb. on metallic manganese content	¾¢ lb. on metallic manganese content	4,762,495

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 AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—Continued

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
302(e)	Manganese silicon: containing not over 45% manganese.....	1½¢ lb on manganese content plus 15%	15/16¢ lb. on manganese content plus 7½%	—
302(f)	Ferromolybdenum, molybdenum metal and powder, calcium molybdate, and other compounds and alloys of molybdenum.....	50¢ lb. on on molybdenum content plus 15%	25¢ lb. on molybdenum content plus 7½%	—
302(i)	Ferrosilicon, containing.....	1½¢ lb. on silicon content	1¢ lb. on silicon content	18,707
	Silicon: 30% and less than 60%.....	2¢ lb. on silicon content	1½¢ lb. on silicon content	21,867
	60% and less than 80%.....	2½¢ lb. on silicon content	2¢ lb. on silicon content	—
	80% and less than 90%.....			
302(i)	Silicon metal.....	8¢ lb. on silicon content	4¢ lb. on silicon content	12
302(j)	Silicon aluminum and aluminum silicon.....	5¢ lb.	2½¢ lb.	35,927
302(k)	Chrome metal or chromium metal.....	25%	12½%	—
302(l)	Chromium carbide, vanadium carbide.....	25%	12½%	—
302(l)	Chromium nickel, chromium silicon and chromium vanadium.....	25%	12½%	—
302(l)	Manganese copper.....	25%	12½%	—
302(m)	Ferrophosphorus, ferrozirconium, zirconium ferrosilicon, ferroboron, ferroaluminum vanadium, ferromanganese vanadium, ferrosilicon vanadium, and ferrosilicon aluminum vanadium....	25%	12½%	—
302(n)	Titanium.....	25%	20%	—
302(n)	Barium, boron, strontium, thorium, vanadium..	25%	12½%	1,958
302(n)	Calcium metal.....	25%	17½%	4,736
302(n)	Alloys of two or more of the metals calcium, titanium, barium, boron, strontium, thorium, vanadium and zirconium.....	25%	12½%	—
302(n)	Calcium silicide (calcium silicon) and zirconium silicon.....	25%	12½%	—
302(o)	Alloys, n.s.p.f. used in the manufacture of steel or iron and containing not less than 28% of iron, not less than 18% aluminum, and not less than 18% silicon, and not less than 18% manganese.	12½%	6¼%	—
304	Hollow bars and hollow drill steel:			
	Valued above 5 and not above 8 cents per lb...	¾¢ lb. plus 15%	¾¢ lb. plus 10%	—
	Valued above 16¢ lb.....	¾¢ lb. plus 15%	¾¢ lb. plus 12½%	—

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
305	All steel or iron in the materials and articles enumerated or described in paragraphs 303, 304, 307, 308, 312, 313, 315, 316, 317, 318, 319, 322, 323, 324, 327 and 328 containing more than .2 per cent molybdenum—additional duty on molybdenum content.....	65¢ lb.	35¢ lb.	\$ N.A.
316(a)	Wire composed of iron, steel, or other metal, not specially provided for (except gold, silver, platinum, tungsten, or molybdenum).....	15%	12½%	14,239
316(b)	Ingots, shot, bars, sheets, wire, or other forms, n.s.p.f. or scrap, containing over 50% of tungsten, tungsten carbide, molybdenum, or molybdenum carbide, or combinations thereof: Ingots, shot, bars, or scrap..... sheets, wire, or other forms.....	30% 40%	25% 30%	— —
318	Woven-wire cloth, gauze, fabric, or screen, made of any metal or alloy, not specially provided for: With meshes finer than 30 but not finer than 90 wires to the lineal inch in warp or filling. With meshes finer than 90 wires to the lineal inch in warp or filling.....	3¢ sq. ft. 12% min. 24% max. 30%	2½¢ sq. ft. 10% min. 20% max. 25%	3,541 32
322	Rail braces and bars for railways.....	1/10¢ lb.	1/20¢ lb.	590
322	Rails.....	1/10¢ lb.	1/20¢ lb.	2,647
326	Blacksmith's tools.....	1⅓¢ lb.	11/16¢ lb.	604
327	Sadirons, tailors' and hatters' irons, not electric, andirons, plates, stone plates, castings, and vessels of cast iron.....	10%	5%	1,166
327	Castings or cast-iron plates, machined or advanced, not made into articles.....	10%	5%	921
328	Welded cylindrical furnaces, and tubes or flues of plate metal, corrugated, ribbed, or reinforced.....	25%	12½%	5,470
328	Rigid tubes or pipes for electrical conduits.....	30%	15%	
329	Chains of iron or steel and parts: Not less than ¾ inch in diameter..... Less than ¾, not less than 5/16 inch in diameter.....	½¢ lb. 1¢ lb.	7/16¢ lb. ¾¢ lb.	492 128
331	Cut nails and spikes over 2 inches long.....	3/10¢ lb.	2/10¢ lb.	1,799
334	Steel wool.....	10¢ lb. plus 30%	5¢ lb. plus 15%	—
340	Circular saws.....	20%	10%	3,711
341	Steel plates, stereotype plates, electrotype plates, half-tone plates, photogravure plates, photo-engraved plates and plates of other materials, engraved or otherwise prepared for printing, and plates of iron or steel engraved or fashioned for use in the production of designs, patterns, or impressions on glass in the process of manufacturing plate or other glass.....	15%	12½%	—
341	Lithographic plates of stone or other material engraved, drawn, or prepared.....	15%	12½%	—

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
343	Latch needles.....	\$2.00 per M plus 60%	\$1.00 per M plus 30%	\$ 2,297
343	Spring-beard needles.....	\$1.50 per M plus 50%	75¢ per M plus 25%	250
352	Tools of steel for cutting metals, n.s.p.f.....	50%	25%	5,213
353	Transformers and parts.....	15%	12½%	7,599
353	Radio apparatus and parts.....	15%	12½%	216,021
353	Sockets, attachment plugs, and switches not over 10 amperes, cutouts, and fuses not over 30 amperes, and other wiring devices such as are used in house wiring.....	35%	17½%	564
353	Articles having as an essential feature an electrical element or device, n.s.p.f.:			
	Motors, stationary, railway, vehicle, and other, n.e.s.....	15%	12½%	361,211
	Parts of above named motors.....	15%	12½%	21,765
	Internal combustion engines, carburetor type and parts.....	10%	8¾%	38
	Electric furnaces, heaters and ovens, and parts.....	15%	12½%	89,790
	Batteries, other than storage.....	35%	17½%	779
	Steam boilers operating with water under forced circulation at least 8 times the rate of evaporation, etc., and parts.....	15%	13¾%	—
	"Other" machines and parts which would be dutiable under para. 372 if of a kind which could be designed to operate without an electrical element.....	15%	13¾%	97,220
	"Other" articles and parts, having as an essential feature an electrical element or device, n.s.p.f.....	15%	13¾	104,315
353	Electrical goods and parts, n.s.p.f.....	15%	12½%	22,770
359	Dental burs.....	35%	25%	5,263
368(g)	Taximeters and parts.....	45%	42½%	—
370	Pleasure boats, valued not more than \$15,000 each:			
	Motor propelled.....	15%	7½%	174,982
	Other.....	15%	7½%	24,114
370	Internal combustion motor boat engines:			
	Carburetor type.....	15%	8¾%	12,595
	Other.....	15%	8¾%	91
372	Bookbinding machinery and parts.....	25%	12½%	—
372	Paper box machinery and parts.....	20%	12½	1,807
372	Apparatus for generation of acetylene gas from calcium carbide, and parts.....	15%	10%	3,327

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
372	Carburetor type internal combustion engines and parts.....	10%	8 $\frac{1}{4}$ %	38,512
372	Cash registers and parts.....	15%	12 $\frac{1}{2}$ %	21,071
372	Compressors, air and gas, and parts.....	15%	13 $\frac{3}{4}$ %	26
372	Brewing machines and parts.....	15%	13 $\frac{3}{4}$ %	—
372	Mining machinery and parts.....	15%	13 $\frac{3}{4}$ %	56,605
372	Machines for making paper pulp or paper, and parts of.....	15%	10%	354,737
372	Wrapping and packaging machinery and parts, n.e.s.....	15%	13 $\frac{3}{4}$ %	32,285
372	Sawmill and Other Wood-working Machines and Parts:			
	Reciprocating gang-saw machines and parts..	15%	13 $\frac{3}{4}$ %	4,994
	Other saw-mill and wood-working machines and parts.....	15%	13 $\frac{3}{4}$ %	367,590
372	Machinery and parts, n.e.s.....	15%	13 $\frac{3}{4}$ %	1,717,480
372	Cream separators, valued over \$100 each.....	25%	12 $\frac{1}{2}$ %	29,776
372	Printing machinery.....	25%	12 $\frac{1}{2}$ %	43,232
372	Looms (including hand looms).....	40%	20%	N.S.S.
374	Aluminum metal and alloys, crude.....	2¢ lb.	1 $\frac{1}{2}$ ¢ lb.	18,750,932
380	German silver or nickel silver, unmanufactured..	20%	10%	—
382(a)	Bronze powder not of aluminum.....	14c lb.	10¢ lb.	11,670
389	Nickel tubes or tubing:			
	Not cold-rolled, cold-drawn, or cold worked...	12 $\frac{1}{2}$ %	6 $\frac{1}{4}$ %	—
	Cold-rolled, cold-drawn, or cold worked.....	17 $\frac{1}{2}$ %	8 $\frac{3}{4}$ %	—
391	Lead-bearing ores, flue dust, and mattes of all kinds.....	1 $\frac{1}{2}$ ¢ lb. on lead content	$\frac{3}{4}$ ¢ lb. on lead content	5,313,450
392	Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, Babbit metal, solder, all alloys or combinations of lead not specially provided for.....	2-1/8¢ lb. on lead content	1-1/16¢ lb. on lead content	18,065,627
392	Lead in sheets, pipe, shot, glazier's lead, and lead wire.....	2-3/8 lb. on lead content	1-5/16¢ lb. on lead content	39,430
393	Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc.....	$\frac{3}{4}$ ¢ lb. on zinc content	3/5¢ lb. on zinc content	5,067,452
396	Mechanics' hand tools.....	45%	22 $\frac{1}{2}$ %	—
397	Heating and cooking stoves, n.s.p.f., and parts...	22 $\frac{1}{2}$ %	12 $\frac{1}{2}$ %	5,372

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
397	Styluses.....	22½%	11¼%	\$ —
393	Zinc in blocks, pigs or slabs, and zinc dust.....	7/8¢ lb. on zinc content	7/10¢ lb. on zinc content	26,161,497
WOOD AND MANUFACTURES OF				
405	Plywood, Douglas fir.....	40%	20%	*104,018
405	Plywood, Birch.....	20%	15%	1,921,843
405	Plywood, other, except birch, alder, red pine, Douglas fir, Parana pine, Spanish red cedar, okume, baboon, and except plywood with face ply of western or red cedar.....	40%	20%	*
406	Blocks or sticks, heading and stave bolts, hubs for wheels, rough hewn, shaped, sawed or bored	5%	2½%	225,313
407	Beer barrels or kegs, empty.....	15%	7½%	—
407	Packing boxes and shooks, n.s.p.f.....	15%	3¾%	253,027
412	Paint Brush handles.....	15%	10%	196,790
412	Broom and mop handles, not less than ¾ inch in diameter, not less than 38 inches long.....	15%	10%	111,678
412	Canoes and paddles.....	15%	10%	7,517
412	Carriages, drays, trucks and other vehicles, horse drawn.....	16-2/3%	10%	1,628
412	Ice hockey sticks.....	15%	10%	23,874
412	Toboggans.....	15%	10%	2,558
AGRICULTURAL AND FISHERY PRODUCTS AND PROVISIONS				
701	Beef and mutton tallow:			
	Edible.....	¼¢ lb. plus 1½¢ lb. I.R. Tax	1/8¢ lb. plus ¾¢ lb. I.R. Tax	434
	Inedible.....	¼¢ lb. plus 1½¢ lb. I.R. Tax	1/8¢ lb. plus ¾¢ lb. I.R. Tax	103,524
702	Sheep and lambs.....	\$3.00 head	75¢ head	790,000
706	Meats, fresh, chilled or frozen, n.s.p.f. except edible offal.....	6¢ lb.; 20% min.	3¢ lb.; 10% min.	7,385
707	Cream, fresh:			
	On annual quota of 1.5 million gallons.....	20¢ gal.	15¢ gal.	—
	On excess of quota.....	56-6¢ gal.	56-6¢ gal.	
708(c)	Malted milk and compounds or mixtures of or substitutes for milk or cream.....	35%	17½%	8
710	Cheese, cheddar, not processed.....	3¼¢ lb.; 17½¢ min.	3¢ lb.; 15% min.	673,856

*Imports for plywood, other, included in figure of \$104,018 shown for Douglas fir.

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
710	Cheese, not elsewhere provided for.....	5¢ lb. 25% min.	5¢ lb. 20% min.	\$ 37,269
714	Horses, not for breeding or immediate slaughter:			
	Valued not over \$150 per head.....	\$10 head	\$7.50 head	149,753
	Valued over \$150 per head.....	15%	8½%	40,397
717(a)	Mackerel, fresh, whole or beheaded or eviscerated or both.....	¾¢ lb.	½¢ lb.	64,143
718(a)	Sardines, not skinned or boned, but smoked before canning, packed in oil, valued over 18 but not over 23¢ lb.....	20%	15%	149,347
718(b)	Herring, in cans, not in oil, including kippered snacks.....	12½%	6¼%	N.S.S.
718(b)	Fish cakes, balls, and puddings, canned, not in oil	12½%	6¼%	2,868
718(b)	Sardines, canned, not in oil, weighing not over 8 oz.....	12½%	10%	299,256
718(b)	Salmon, canned.....	25%	15%	241,388
719(4)	Herring, pickled or salted:			
	In containers, not airtight, weighing not more than 15 lbs. each.....	15%	12½%	237
	In containers, not airtight, weighing more than 15 lbs. each.....	½¢ lb.	¾¢ lb.	7,723
720(a)	Fish, smoked or kippered, not in oil, not canned, weighing not more than 15 lbs. each:			
	Herring (except hard dry smoked).....	1¢ lb.	¾¢ lb.	8,132
	Other: (except salmon, herring, cod, haddock, hake, pollock and cusk).....	10%	6¼%	5,389
721(b)	Razor clams, canned.....	10%	7½%	10,099
721(b)	Clam chowder, clam juice, and juice in combination with other substances.....	35%	17½%	1,398
721(d)	Caviar and other fish roe (except sturgeon):			
	Boiled and canned.....	15%	7½%	8,884
	Not boiled nor canned.....	10¢ lb.	5¢ lb.	30,348
724	Corn or maize: certified hybrid seed corn.....	25¢ bu.	12½¢ bu.	N.S.S.
726	Oats, unhulled, ground.....	25¢/100 lbs.	12½¢/100 lbs.	4,263
726	Oatmeal, rolled oats, oat grits, etc.....	10% min. 40¢ max. 80¢/100 lbs.	10% min. 20¢ max. 80¢/100 lbs.	5,243
728	Rye malt.....	30¢/100 lbs.	22½¢/100 lbs.	—
728	Rye flour and meal.....	30¢/100 lbs.	22½¢/100 lbs.	—
730	Mixed feeds.....	5%	2½%	51,447
730	Dog food, canned, containing grain products.....	5%	2½%	40

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
732	Cereal breakfast foods, n.s.p.f.	10%	5%	\$ 22,701
736	Blueberries:			
	Frozen.....	10%	8½%	399,152
	Otherwise prepared or preserved (not including in brine or dried desiccated or evaporated)....	10%	8½%	862
742	Grapes, other than hothouse, July 1 to February 14.....	17½¢ cu. ft.	12½¢ cu. ft.	220,419
752	Cantaloups, August 1 to September 15.....	25%	20%	1,551
753	Tulip bulbs.....	\$3 per M.	\$2 per M.	7,578
753	Lily bulbs.....	\$6 per M.	\$4.50 per M.	10,609
753	Other bulbs, roots, rootstocks, etc.....	10%	7½%	29,060
762	Sunflower seed.....	2¢ lb.	1¢ lb.	15,323
763	Vetch seed other than hairy.....	1½¢ lb.	1¢ lb.	—
764	Cauliflower seed.....	25¢ lb.	12½¢ lb.	43
764	Flower seeds.....	3¢ lb.	1½¢ lb.	22,985
764	Carrot seed.....	3¢ lb.	1½¢ lb.	157
764	Parsnip seed.....	3¢ lb.	2¢ lb.	4
764	Garden and field seeds n.s.p.f.....	2¢ lb.	1½¢ lb.	12,756
766	Beets, fresh (other than sugar).....	10%	5%	27,861
770	Onion sets.....	2½¢ lb.	1¼¢ lb.	10
774	Cauliflower, August 6 to October 15.....	25%	12½%	13,421
774	Radishes, September 1 to June 30.....	25%	12½%	33
775	Cucumbers, pickled.....	25%	17½%	38,234
781	Mustard seed, whole.....	1¼¢ lb.	¾¢ lb.	455,134
	SPIRITS, WINES AND OTHER BEVERAGES			
802	Whiskey, (except scotch and scotch type and Irish and Irish type).....	\$1.50 pf. gal.	\$1.25 pf. gal.	25,182,045
805	Liquid malt, malt sirup, and fluid malt extracts, n.e.s.....	\$1.00 gal.	50¢ gal.	—
805	Malt extract, solid or condensed:.....	60%	30%	—
	Grape juice, sirup, and similar grape products:			
806(a)	Containing or capable of producing less than 1% alcohol.....	70¢ gal.	45¢ gal.	—
	Containing or capable of producing 1% or more alcohol.....	70¢ gal. plus \$5 p.f. gal. on contained alcohol or that can be produced	45¢ gal. plus \$2.50 p.f. gal. on contained alcohol or that can be produced	—

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
	TEXTILES			\$
912	Loom harness, healds and collets of vegetable fibre.....	35%	17½%	—
923	Manufactures of cotton, n.s.p.f.:	40%	30%	39,186
1001	Flax straw.....	\$1.50 ton	75¢ ton	20,592
	Flax tow.....	½¢ lb.	¼¢ lb.	159,413
1105	Wool wastes:			
	Noils, carbonized.....	17¢ lb.	16¢ lb.	958
	Thread or yarn waste.....	11½¢ lb.	10¢ lb.	340,083
	Card or burr waste, not carbonized.....	10½¢ lb.	9¢ lb.	26,335
1107	Yarns of wool.....	30¢ lb. plus 20%	30¢ lb. plus 15%	91,276
1116(a)	Oriental, Axminster and other carpets, etc., not made on a power loom.....	15¢ sq. ft. 22½% min.	12½¢ sq. ft. 11½% min.	20,452
1203	Thrown silk, not more advanced than singles, tram or organzine.....	20%	10%	349,024
1204	Sewing silk, twist, floss, and silk threads or yarns, n.s.p.f.....	40%	20%	8,731
	PAPER AND BOOKS			
1402	Leather board or compressed leather, counter board, and solid fiber shoe board, not processed.....	10%-7½%	127,536	
1404	Tissue and papers similar to tissue, stereotype, copying, condenser, carbon, bibulous, pottery, waxing, india and bible papers, valued not over 15 cents pound:			
	Weighing not over 6 pound to the ream.....	3¢ lb. and 10%	1½¢ lb. and 5%	—
	Weighing over 6 and less than 10 pounds.....	2½¢ lb. and 7½%	1¼¢ and 3¼%	—
1405	Surfaced coated paper embossed or printed otherwise than lithographically.....	4½¢ lb. and 10%	2½¢ lb. and 10%	6,873
1405	Gummed papers.....	5¢ lb.	2½¢ lb.	241
1405	Boxes of paper or papier mache, etc.; covered or lined			
	With cotton or other vegetable fibre.....	5¢ lb. plus 10%	2½¢ lb. plus 5%	23,424
	With paper.....	5¢ lb. plus 5%	2½¢ lb. plus 5%	7,525
1406	Labels and flaps printed in metal leaf.....	60¢ lb.	30¢ lb.	21,574
1409	Hanging paper not printed, lithographed, dyed or colored.....	7½%	5%	1,522
1410	Printed matter not of bona fide foreign authorship (except books, pamphlets, music and tourist literature).....	15%	10%	21,355
1413	Pulpboard in rolls for wallboard, surface stained, lined or plate finished.....	10%	7½%	1,344,137
1413	Ribbon fly catchers or fly ribbons of paper.....	27½%	20%	—

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U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
	MISCELLANEOUS:			\$
1502	Lacrosse sticks.....	10%	7½%	17,157
1502	Ice skates and parts.....	15%	12½%	177,810
1502	Roller skates and parts.....	15%	10%	270
1513	Toy games, containers, favours and souvenirs...	70%	50%	19
1513	Toys having a spring mechanism.....	70%	50%	—
1513	Miscellaneous toys and parts.....	70%	35%	5,089
1514	Manufactures of artificial abrasives.....	10%	5%	1,154
1517	Percussion caps.....	30%	15%	—
1527	Stampings, galleries, etc., of metals other than gold or platinum.....	80%	40%	211,385
1530(b)	(4) Cattle side upper leathers: grains.....	12½%	10%	60,512
1530(b)	Glove and garment leather, bovine in the rough..	15%	10%	104,826
1503(c)	Glove and garment leather, other than bovine...	15%	10%	70,471
1530(e)	Men's or boys' leather footwear n.e.s.....	20%	10%	262,997
1530(e)	Boots, shoes and other footwear, with uppers and soles in chief value of wool felt..... *Includes all textile shoes, n.e.s.	35%	17½%	*17,869
1530(e)	Skating boots and shoes, McKay sewed, attached to ice skates.....	15%	12½%	62
1537(b)	Rubber heels and soles.....	25%	12½%	1,062
1539(b)	Laminated products and manufactures having a synthetic resin or resinlike binder: Sheets or plates.....	15¢ plus 25%	7½¢ lb. plus 12½%	81
	Manufactures, n.e.s.....	50¢ lb. plus 40%	25¢ lb. plus 20%	275
1539(b)	Manufactures of non-laminated plastics having a synthetic resin or resinlike binder.....	35¢ lb. plus 30%	25¢ lb. plus 20%	1,073
1541(a)	Organs and parts (except pipe organs).....	40%	20%	295
1541(a)	Pianos and parts.....	40%	20%	2,222
1541(a)	Pipe organs and parts.....	15%	10%	201,509
1541(a)	Tuning pins.....	\$1 m plus 35%	50¢ m plus 17½%	—
1548	Peat moss, poultry and stable grade.....	50¢ ton	25¢ ton	890,230
1555	Waste, n.s.p.f.....	7½	4%	260,441
1558	Brewers' yeast, non-alcoholic.....	20%	10%	—
1558	Other yeast.....	20%	10%	2,261
1558	Fatty acids: Linseed oil.....	15% plus 4½¢ lb. I.R. tax	10% plus 4½¢ lb. I.R. tax	—
	Cottonseed oil.....	15%	10%	10,579
	Soybean oil.....	15%	10%	—
	Fatty acids of other vegetable, animal or fish oils.....	15%	10%	40,184

IMPORTS INTO THE UNITED STATES OF PRINCIPAL ITEMS OF INTEREST TO CANADA
RESPECTING WHICH CONCESSIONS WERE OBTAINED UNDER THE GENERAL
AGREEMENT ON TARIFFS AND TRADE, TORQUAY, 1950-1951—*Concluded*

U.S. Tariff Para.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	U.S. Imports From Canada 1949
				\$
1558	Manufactured dutiable articles, n.e.s.....	20%	10%	71,679
	Free List:			
1610	Antitoxins, serums, vaccines, viruses, and bac- terins for therapeutic purposes.....	Free	Free	5,392
1643	Shoe machine and parts.....	Free	Free	87,983
1664	Metallic mineral substances, crude such as dios- ses, skimmings, residues.....	Free	Free	136,068
1669	Fish oils, n.e.s.....	Free plus 1-4/5¢ lb. I.R. tax	Free plus 1½¢ lb. I.R. tax	
1671	Eggs of birds, fish and insects.....	Free	Free	22,582
1685	Limestone, crude, crushed, or broken, ground or pulverized, imported for use in the manufac- ture of fertilizer.....	Free	Free	56,038
1695	Horse and mules for immediate slaughter.....	Free	Free	417,374
1700	Dross or residium from burnt pyrites.....	Free	Free	27,601
1719	Vanadium or ore concentrates.....	Free	Free	—
1722	"Other" moss, seaweed and vegetable substances	Free	Free	—
1732	Rapeseed oil for mechanical or manufacturing purposes.....	Free plus 4½¢ lb. I.R. tax	Free plus 24¢ lb. I.R. tax	110,721
1791	Typewriters.....	Free	Free	1,776,782
1803(3)	Evergreen Christmas trees.....	Free	Free	2,089,238

TARIFF CONCESSIONS MADE BY OTHER COUNTRIES
WHICH ARE OF INTEREST TO CANADA

NOTE:—It was not possible to use the trade statistics of the various countries concerned since in many cases the statistics are not yet available for 1949. Therefore, the statistics shown in the final column of the accompanying tables are Canadian exports for 1949. Since the Canadian statistical classifications do not necessarily correspond exactly with the tariff classifications of the various countries which made concessions, the figures are only intended to be illustrative. In a number of cases the Canadian statistics do not separately show the trade in items respecting which there are tariff concessions, thus it has not been possible to indicate statistically the trade involved in these instances.

Concessions Accorded by AUSTRIA on Principal Items of Interest to Canada

Specific rates shown in gold crowns are payable in paper schillings converted at the rate of
1 gold crown equals 6.96 schillings.

Item No.	Brief Description	Pre-Torquay Rate	Agreement Rate	Exports from Canada to Austria
		(Gold Crowns)		1949 \$
ex 23	Seed wheat.....100 kg	16	Free	—
ex 24	Seed rye.....100 kg	10	Free	—
ex 25	Seed barley.....100 kg	10	Free	—
ex 26	Seed oats.....100 kg	6	Free	—
ex 27	Seed corn.....	Free	Free	—
39b 1	Seed potatoes.....100 kg	3	Free	—
42	Clover seed.....100 kg	20	10	—
43	Grass seed.....100 kg	10	5	—
44	Seeds, n.s.m.....100 kg	10	5	282,159
52 ex b	Cattle for breeding.....	150	Free	—
64 ex b	Dried eggs.....100 kg	40	30	—
107 ex b	Canned salmon and other canned fish...100 kg	85	15%	—
ex 254	Synthetic rubber.....	Free	Free	15,753
261	Tires for road vehicles and aircraft:			
a1	Casings for motor vehicles.....100 kg	350	200	75,503
a2	Other casings.....100 kg	250	160	26,708
b1	Tubes for motor vehicles.....100 kg	350	150	6,798
b2	Other tubes.....100 kg	150	150	—
275	Raw hides and skins.....	Free	Free	966,271
365 c2	Ferro-chromium.....	Free	Free	277,816
412a	Aluminum, crude, old, and scrap.....100 kg	40	20	—
452 ex a	Carbon electrodes for manufacture of alumi- num more than 5 kg. per lineal meter.....	Free	Free	—
439b ex 1	Thrashing machines weighing each 3,000 kilograms or more.....100 kg	25	20	—
439c	Cream separators.....	Free	Free	288
439 d2 ex A	Reaper binders, sheaf binders.....100 kg	45	12	80,366
439 d2 ex A	Disc harrows, seed drills, hay-tedders 100 kg	45	30	5,750
439 d2 ex A	Manure spreaders, reaping and moving machines, chaffcutters, seed cleaning machines.....100 kg	45	45	n.s.s.
439 d2 ex B	Parts of ploughs.....100 kg	30	30	25,012 (Including ploughs)
	Total.....			\$1,763,424

Concessions by BENELUX on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Benelux
				1949 \$
3	Bovine cattle for breeding purposes.....	9%	Free	—
49 ex (b)	Seed potatoes October 1 to last day of February	10%	5%	—
51 ex (a)	Beans, dried except horse beans.....	Free	Free	2,413
75 ex-(a)	Wheat flour.....	Free entry of 50,000 tons	Free entry of 65,000 tons	895,533
117 ex (b)	Meat soups up to 20 per cent meat.....	30%	25%	} 27,068
148 ex (a)	Tomato and pea soups.....	30%	25%	
279(b) 1	Artificial thermoplastic materials, including chemically modified rubber less than 0.75 mm. thick, in rolls or in sheets.....	20%	20%	232,265
375(c) 2	Rubber tire casings except bicycle.....	24%	24%	703,949
384(a) 2	Coniferous wood simply sawn lengthwise, less than 76.2 millimetres thick, 279.4 millimetres wide and 7.01 metres long.....	3% (Temporarily suspended)	3%	674,662 (all sizes)
581 ex (a) 3	Stockings and socks of nylon.....	24%	24%	} 20,813
581 ex (b) 3	Stockings and socks of part nylon.....	24%	24%	
634	Grindstones, whetstones and polishing stones, of natural or artificial abrasives.....	10%	8%	38,295
730 ex (c)	Needles for hosiery and knitting machines.....	10%	10%	3,190 (all kinds)
982	Fountain pens and propelling pencils.....	18%	15%	39,345
	Total.....			2,637,533

Concessions by BRAZIL on Principal Items
of Interest to Canada

Cruzeiro = 5.8 cents

Item No.	Brief Description	Unit	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Brazil
			(Cruzeiros)		1949 \$
ex 234	Oats, husked or pounded.....	Ton	742	530	N.S.S.
716	Zinc ingots and pigs.....	Ton	182	120	121,384
1157	Cobalt oxides:				
	Blue.....	KN	20.72	18.20	—
	Black.....	KN	8.40	7.30	—
982	Accelerators for rubber vulcanizing.....	KL	3.84	3.25	N.S.S.
	Total.....				121,384

Concessions by CHILE on Principal Items
of Interest to Canada

Chilean Gold Peso=22.7 cents

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Chile
				1949 \$
17	Lead and alloys, containing more than 80% of lead, in ingots.....	Free	Free	—
19	Zinc in ingots.....	Free	Free	—
ex 1209	Zinc, in bars..... KG	0.20	0.10	—
1055	Pharmaceutical products..... KG	8.00	4.50	12,102
	Total.....			12,102

Concessions by CUBA on Principal Items
of Interest to Canada

Cuban peso = U.S. dollar

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Cuba
				1949 \$
156-F	Transparent cellulose sheeting, plain..... kg.	\$0.175	\$0.15	n.s.s.
207-H	Radio and television sets, complete..... ad val.	34%	29.8%	97,532 97,532
207-I	Chassis for same..... ad val.	34%	27.3%	
223-A	Electric washing machines..... ad val.	15%	11.75%	458
247-A	Codfish and stockfish..... 100 kg.	4.125	4.00	2,341,409
302-A	Synthetic resins, in bulk..... kg.	0.18	0.10	
	Total.....			2,439,399

Concessions by DENMARK on Principal Items
of Interest to Canada

Krone = 15·4 cents

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Denmark
				1949 \$
ex 4	Calcium chloride.....	Free	Free	—
41 ex c	Fish meal.....	Free	Free	260,279
ex 52	Carbon black..... per kg.	0·03	0·01	842
ex 54	Fish oils for manufacture of animal or human food.....	Free	Free	201
139 ex g	Barley.....	Free	Free	54,250
139 ex g	Oats.....	Free	Free	—
ex 222	Combines, combined with dynamos, generators or electric motors.....	7½%	Free	n.s.s.
ex 224	Combines.....	5%	Free	n.s.s.
ex 225	Parts of combines.....	5%	Free	n.s.s.
307 ex e	Tomato puree, canned, weighing at least, 5 kilos..... per kg.	0·40	0·20	—
ex 54	Whale oil, veterinary oil, cod-, herring- and seal oil.....	Free	Free	97,000
	Total.....			421,572

Concessions by DOMINICAN REPUBLIC on Principal Items
of Interest to Canada

Dominican \$ = U.S. \$

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Dominican Republic
				1949 \$
272(c)	Electric refrigerators..... ad val.	45%	35%	2,519
ex 331(b)	Aluminum bars, sheets and wire..... KN	0·25	0·20	—
ex 331(h)	Aluminum foil..... KN	0·30	0·25	11,668
869	Phonographs..... ad val.	25%	20%	—
870	Radio and television receivers ad val.	25%	20%	5,536
ex 908	Smoked herring and alewives..... KN	0·0225	0·02	263,226
ex 909	Codfish, hake, pollock, cusk, haddock, dry or salted..... KN	0·0225	0·02	501,213
ex 910	Herring, mackerel, alewives in brine.....	0·015	0·01	3,500
ex 1009	Fruit, canned.....	0·12	0·10	—
ex 1035	Sardines, canned..... KN	0·15	0·12	51,781
1046(b)	Tires and tubes for trucks..... ad val.	15%	10%	68,799
	Total.....			908,302

Concessions Accorded by FRANCE on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to France
				1949 \$
ex 69-B	Dried whole beans.....	12%	6%	41,666
93	Wheat.....	30%	*	—
94	Rye.....	50%	30%	—
ex 98	Hybrid seed corn.....	30%	15%	n.s.s.
ex 162-B	Canned pork.....	50%	35%	—
ex 164	Canned salmon.....	25%	20%	—
168-A	Maple sugar and syrup.....	30%	20%	—
ex 195-A	Canned fruit and vegetable juices.....	18%	15%	—
296	Zinc ore.....	Free	Free	369,532
349	Selenium:			
	Crude.....	10%	Free	
	Other.....	25%	Free	70,401
404	Artificial iron oxides.....	15%	15%	12,235
700-A	Polyvinyl acetate.....	35%	20%	
700-D	Other polyvinyl esters and vinylic copolymers....	35%	30%	416,854
700-I	Polystyrene.....	35%	30%	
ex 724-C	Aircraft tires.....	22%	18%	n.s.s.
ex 766-A	Planed props, conifers, not injected, impregnated or coated.....	10%	5%	n.s.s.
ex 784	Douglas fir veneer or plywood panels.....	20%	10%	—
ex 791	Assembled and unassembled packing cases and crates.....	15%	12%	—
825-D	Grease proof paper.....	20%	18%	n.s.s.
825-E	Tracing paper.....	25%	22%	n.s.s.
ex 830	Kraft paper or cardboard creped or crinkled.....	35%	25%	—
ex 949	Binder twine.....	20%	15%	934,576
ex 1057	Printed linoleum.....	35%	30%	3,835
1071-D	Men's and boy's work clothes.....	22%	20%	12,964
1347	Aluminum ingots, billets, pellets, and scrap waste	21%	20%	727,794
1353-A	Alloys of aluminum, raw.....	35%	21%	n.s.s.
1366	Zinc ingots, cathodes, powder and dust.....	15%	12%	1,164,780
1376	Lead ingots, blocks, pigs and rods.....	10%	8%	464,666
1377	Lead bars, wire, and shapes.....	20%	15%	—
1381	Lead tubes:			
	In S for siphons.....	25%	18%	—
	Other tubes and pipes.....	20%	18%	—

Concessions Accorded by FRANCE on Principal Items
of Interest to Canada—*Concluded*

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to France
				1949 \$
1415	Endless copper wire cloth.....	20%	18%	—
1527	Automobile and motorcycle engines.....	30%	25%	n.s.s.
ex 1539	Parts for car and motorcycle engines.....	30%	25%	n.s.s.
1551	Unfitted refrigerator cabinets, and ice boxes.....	30%	18%	—
1553	Air conditioning apparatus.....	30%	18%	n.s.s.
1612	Machinery for paper and cardboard making.....	20%	18%	1,433,715
1631-B	Sewing machine tables, furniture and parts.....	20%	16%	n.s.s.
1660-B	Bascules and sack filling weighing machinery....	30%	20%	n.s.s.
1676	Balls and needles for bearings.....	32%	28%	—
1708	Storage battery plates.....	25%	20%	—
1797	Passenger automobiles.....	35%	30%	55,699
1798-A	Trucks.....	35%	30%	—
1801	Automobile and truck bodies.....	30%	25%	n.s.s.
1802 and 1804	Automobile parts except shock absorbers.....	30%	25%	52,763
1828	Aircraft weighing:			
	Over 1,500 kilogs.....	25%	20%	—
	1,500 kilogs or less.....	35%	20%	—
1960	Shaving brushes.....	50%	35%	—
1961	Painting or drawing brushes.....	50%	30%	—
	Total.....			5,761,480

* No change in rate but the note negotiated at Geneva has been amended. The Geneva Agreement provided that the resale price of wheat imported by the Government Agency, exclusive of internal taxes and expense of distribution, shall not exceed by more than 15% the average landed cost, duty paid, of wheat imported during the previous quarter. Under the Torquay Agreement the average price to be considered in this regard is that of the previous harvest year instead of the previous quarter and it is provided further that it shall not be obligatory to reduce, during the course of a harvest year, the internal sale price of imported wheat by more than 20% of the internal sale price of the previous harvest.

Concessions Accorded by FRENCH OVERSEAS TERRITORIES
on Principal Items of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada
				1949 \$
	GUADELOUPE AND DEPENDENCIES			
ex 25-A	Herring, salted, dried, smoked, kippers.....	30%	20%	—
	MARTINIQUE			
ex 25-A	Herring, salted, dried, smoked, kippers.....	30%	20%	—
ex 25-B	Codfish and halibut fillets.....	35%	10%	24,114
	FRENCH GUIANA			
ex 25-A	Herring, salted, dried, smoked, kippers.....	30%	20%	79
	REUNION			
ex 25-A	Herring, salted, dried, smoked, kippers.....	30%	20%	N.A.
	Total.....			24,193

Concessions by GERMANY on Principal Items
of Interest to Canada

Deutsche mark (D.M.) equals 25·3 cents

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports Canada to Germany
				1949 \$
01·02	Cattle for breeding.....	Free	Free	—
02·01A ex 1	Horse meat, fresh, chilled or frozen.....	25%	20%	—
02·06 ex C	Bacon.....	30%	26%	1,019 (includes hams, shoulders, sides)
03·01A1	Salmon, fresh or frozen.....	15%	12%	—
03·01A ex 3	Eels fresh or frozen: November 1 to April 30.....	10%	5%	—
	May 1 to October 31.....	10%	10%	—
03·02A ex 1	Salmon, salted or dried.....	12%	3%	—
02·02A ex 1	Fish roes, salted or dried.....	12%	Free	5,558
03·02B ex 2	Salmon, smoked.....	20%	18%	—
04·02 ex B	Milk Powder.....	25%	20%	202,453
ex 04·04	Cheese, including cheddar but no other hard cheese.....	30%	25%	—
04·06	Honey for manufacture of ginger bread in industrial plants.....	Free	Free	—

Concessions by GERMANY on Principal Items
of Interest to Canada—Continued

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports Canada to Germany
				1949 \$
ex 05-04	Sausage casings.....	5%	Free	—
07-05 O 1	Peas, whole, dried.....	10%	10%	28,575
08-06 A 2	Apples, fresh:			
	August 16 to November 30.....	25%	25%	—
	But not less than per 100 kg.....	—	6 D.M.	—
	December 1 to March 15.....	25%	20%	—
	But not less than per 100 kg.....	—	6 D.M.	—
	March 16 to August 15.....	25%	10%	—
	But not less than per 100 kg.....	—	3 D.M.	—
08-12 A	Dried apples and pears.....	10%	10%	—
10-01	Wheat, spelt and meslin.....	20%	20%	1,057,193
10-05	Corn.....	Free	Free	—
11-01 ex A	Wheat flour.....	Rate on wheat plus 15%	Rate on wheat plus 13%	1,587,747
12-01 F	Linseed.....	Free	Free	285,638
12-01 G	Mustard seed.....	Free	Free	—
12-03 B 1*	Red Clover seed.....	10%	2%	1,068,764
12-03 B 2	Lucerne seed.....	10%	5%	—
12-03 B ex 3	Other grass and clover seeds:			
	White clover seed.....	15%	2%	258,002
	Rye grass seed.....	15%	10%	—
	Meadow grass seed.....	15%	5%	—
15-02	Inedible tallow.....	12%	Free	13,793 (includes all tallow)
15-04	Fats and oils of fish and marine animals:			
	A. Cod liver oil:			
	1 Crude.....	10%	5%	—
	2 Refined:			
	Mechanically refined.....	20%	10%	—
	Other, including pharmaceutical.....	20%	15%	2,850
	ex B. Whale oil.....	Free	Free	—
	ex B. Other fish oils crude or refined.....	Free	Free	634,468
15-07 A ex 1	Linseed oil, crude.....	8%	6%	2,611,889
16-01 B	Canned sausage, other than liver.....	25%	22%	—
16-01 A 2	Canned meats, other than liver.....	25%	22%	539,217
16-03 A	Meat extracts in containers weighing gross 25 kilos or more.....	5%	3%	—
16-04 C 1a	Canned salmon.....	30%	25%	—
16-04 ex E	Canned herring, not over 16 centimetres in length.....	30%	20%	1,796
ex 16-05	Canned lobster.....	40%	30%	—
20-07 A 5	Tomato juice.....	15%	10%	—
23-01 A	Fish meal.....	10%	Free	—

Concessions by GERMANY on Principal Items
of Interest to Canada—*Concluded*

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports Canada to Germany 1949 \$
23-02	Bran, sharps and similar milling products..	35%	18%	—
23-04	Oil cake and similar residues.....	10%	Free	458,576
ex 23-07	Condensed stickwater.....	25%	5%	—
25-26	Mica, split or not in irregular slabs and mica waste.....	Free	Free	—
25.31 A	Feldspar: 1 Crude.....	Free	Free	—
	2 Powdered.....	5%	5%	—
25-31 B	Fluospar.....	5%	5%	—
28-02 F 1	Carbon black and acetylene black.....	15%	15%	1,565
28-33 C	Artificial corundum.....	15%	15%	—
ex 32-12	Pearl essence.....	25%	20%	—
39-02 C	Polystyrene.....	20%	20%	25,905 (includes all synthetic resins)
40-11 B	Inner tubes for tires.....	35%	30%	6,370
40-11 D	Tire casings.....	35%	30%	65,069
43-01 ex C	Fur skins, raw, other than of Persian lamb, fox or marten.....	Free	Free	—
44-04 A ex 2	Pit props, coniferous.....	Free	Free	—
44-06 A	Sawn boards, coniferous.....	5%	5%	4,969
44-08 ex B	Railway sleepers, not impregnated, coniferous, more than 3 metres long, 30 centimetres wide and 18 centimetres thick...	Free	Free	—
44-20 B1a1	Birch plywood.....	12%	12%	—
44-20 B1a ex 2	Plywood of beech, alder or coniferous wood except pine.....	20%	20%	—
44-26 B2 b1	Box shooks.....	18%	15%	—
47-01 B2	Chemical wood pulp: a. Unbleached: 1 Sulphate.....	13%	2%	1,745,180
	2 Other.....	13%	9%	—
	b. Bleached.....	13%	7%	3,349,479
	Total.....			12,956,075

Concessions by GREECE on Principal Items
of Interest to Canada

Duties are expressed in metallic drachmae, but for purposes of assessing import duties they are converted into paper drachmae by means of a "coefficient of increase" which varies according to commodity. There is an additional coefficient applicable to all commodities alike which at present equals 225. At the present rate of exchange, one U.S. dollar equals 15,000 paper drachmae including exchange certificates.

Item No.	Brief Description	Coefficient of Increase	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Greece
					1949 \$
9a	Haricots	per 100 kg. 11	6	6	} 181,373
9b	Broad beans, vetch.....	per 100 kg. 15	5	4	
9c	Chick peas	per 100 kg. 15	6	5	
98 ex b	Chaff-cutters.....	per 100 kg. 25	5	5	N.S.S
123c	Aluminum in thin leaves for labels, bottle caps or wrapping.....	per 100 kg. 20	50	50	—
	Total.....				181,373

Concessions by HAITI on Principal Items
of Interest to Canada

Gourde = 21·3¢

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Haiti
				1949 \$
2207	Cod liver oil.....	0·15 Gourde per kilo. net	0·10 Gourde per kilo. net	—
ex 12014	Fish in brine.....	20% ad val. or 0·17 Gourde per kilo. gross	20% ad val. or 0·17 Gourde per kilo. gross*	199,240
	Total.....			199,240

* The specific duty will be applied on the weight of the fish plus the weight of the outside container but excluding the brine, provided the exporting country furnishes a certificate of weight as defined in this note satisfactory to the Customs authority of Haiti (previously the weight of the brine was included in the dutiable weight).

Concessions by INDIA on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to India
				1949 \$
ex 8(4)	Apples, fresh.....ad val	30%	*	—
ex 10	Maize.....	Free	Free	75
15(5)	Fish oil and whale oil, hardened and hydrogenated.....per cwt.	10 rupees	8 rupees	—
ex 19	Milk foods for infants, canned or bottled..ad val	30%	25%	62,846 (milk preparations, n.o.p.)
ex 19	Oatmeal, canned or bottled.....ad val	30%	25%	769
ex 26	Copper ore.....	Free	Free	—
40(6)	Douglas fir.....ad val	20%	15%	11,338
ex 58(2)	High pressure jointings, mainly of asbestos.ad val	30%	25%	6,011
	Total.....			80,965

* Fresh apples shall be exempt from ordinary most-favoured-nation customs duties which exceed the preferential rate in the case of such products of British Colonial origin (the present rate on which is 24% ad val).

Concessions by INDONESIA on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Indonesia
				1949 \$
ex 245	Timber, sawn, of coniferous wood.....	Free	Free	—
ex 307	Unglazed wrapping paper, weighing 70 to 90 grammes per square metre, for the manufacture of packing bags.....	18%	9%	—
565 I b	Hand tools.....	9%	9%	—
719 I	Pumps.....	9%	9%	1,590
ex 726	Metal and wood working machines.....	9%	9%	9,002
727	Agricultural implements.....	9%	9%	—
	Total.....			10,592

Concessions by ITALY on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Italy 1949 \$
3 ex d	Cattle without pedigree but of pure breed for dairying or breeding purposes.....	35%	Free	208,595
29a	Concentrated milk and cream not sweetened....	25%	18%	387,911
68c 1	Peas, split.....	15%	10%	—
68c 2	Other peas, dried.....	5%	5%	—
95a	Barley, unhulled.....	35%	30%	—
95b	Barley, hulled.....	35%	30%	—
95 ex b	Barley for malting.....	10%	10%	—
		(on an annual quota of 170,000 quintals)	(on an annual quota of 170,000 quintals)	
96	Oats.....	30%	25%	—
101c	Rolled oats.....	25%	20%	—
179a ex 3	Canned baked beans.....	25%	18%	—
206	Bran, sharps and other similar residues.....	20%	15%	16
313	Iron oxides.....	25%	22%	39,629
412a 1 A	Acetylene black.....	15%	10%	732
509a	Synthetic rubber.....	Free	Free	615,863
953e ex 1	Worked anodes for nickelling.....	22%	12%	—
1031 ex d	Liquid fuel pressure lamps and parts.....	20%	15%	—
ex 1079	Disc ploughs and other ploughs.....	20%	18%	} 58
ex 1080	Disc ploughs with seeder attachments.....	20%	18%	
1182a	Carbon electrodes.....	15%	13%	—
	Total.....			1,252,804

Concessions Accorded by KOREA on Principal Items
of Interest to Canada

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Korea
				1949 \$
73	Ammonium nitrate.....	Free	Free	} 177,338
74	Ammonium sulphate, other than refined.....	Free	Free	
ex 77	Superphosphate and other unspecified chemical fertilizers.....	Free	Free	
412A	Wheat flour.....	10% ad val.	5% ad val.	—
420B	Tinned hams and other canned meat.....	40% ad val.	30% ad val.	—
422	Canned milk.....	25% ad val.	10% ad val.	—
701	Newsprint paper.....	10% ad val.	5% ad val.	2,389
741	Printed books, periodicals, catalogues.....	Free	Free	20
ex 937	Clover and grass seeds.....	15% ad val.	10% ad val.	—
	Total.....			179,747

Concessions by NORWAY on Principal Items
of Interest to Canada

1 kr. = 15¢ Canadian

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Norway
				1949 \$
ex 1	Acetone.....	Free	Free	—
ex 212	Oil cake and oil cake meal.....	Free	Free	—
217a	Fresh apples August 1 to February 15.... per kg.	0.80	0.50	—
218b	Fresh apples February 16 to March 15.... per kg.	0.40	0.40	—
220	Fresh pears August 1 to January 15..... per kg.	0.80	0.60	—
221	Fresh pears January 16 to July 31..... per kg.	0.20	0.20	—
ex 238	Dried apples..... per kg.	0.60	0.50	—
ex 254	Alfalfa lucerne and sunflower seeds.....	Free	Free	21,555
ex 538	Mowing machines.....	10%	10%	5,336
ex 937	Douglas fir plywood..... per kg.	0.12	0.12	48
ex 1025	Ethylene glycol.....	30%	15%	N.A.
	Total.....			26,939

Concessions by PERU on Principal Items
of Interest to Canada

Sol=7·2 cents

Item No.	Brief Description	Unit	Pre-Torquay	Torquay	Exports from
			Rate	Agreement	Canada to Peru
			(Soles)	(Soles)	1949 \$
48	Whole powdered milk.....	KG	0·01	Free	} 26,992
49	Partially skimmed milk.....	KG	0·02	Free	
50	Whole powdered milk in bulk for industrial use.....	KG	0·10	0·10	
66	Smoked herrings.....	KG	1·00	0·50	—
68	Fish, dried and salted (klipp fish).....	KG	0·50	0·50	—
110	Crushed or rolled oats in bulk.....	KG	0·04	0·04	} 113,260
111	Crushed or rolled oats, packed.....	KG	0·06	0·04	
138	Fresh apples.....	KG	0·02	Free	—
ex 174	Preserved peaches and pears.....	KG	0·70	0·15	—
198	Canned asparagus.....	KG	1·00	0·50	—
205	Tomatoes, preserved.....	KG	0·40	0·40	—
224	Powders or pastes for preparing soups.....	KG	1·50	0·80	—
228	Liquid vegetable soups.....	KG	0·80	0·40	—
320	Gin and Old Tom.....	Litre	20·00	20·00	1,445
325	Whisky in bottles.....	Litre	20·00	20·00	8,245
367	Cod-liver oil.....		Free	Free	—
489	Sodium cyanide.....	KG	0·12	0·12	66,211 (soda and sodium compounds)
616	Calcium carbide.....	KG	0·06	0·06	106,586 (calcium compounds)
954	Paints with metallic pigments, of bronze or brass.....	KG	5·00	4·00	n.s.s.
1101	Transmission belts of rubber.....	KG	0·20 (plus surtax of 200% of duty)	0·20	13,361
1139	Wood pulp.....	KG	0·02	0·02	—
ex 1151	Douglas fir, spruce, beech, poplar, squared in beams, planks, and sawn in boards and laths.....	sq. metre	0·17	0·17*	274,286
ex 1151	White pine, yellow pine, red pine and pitch pine, as above.....	sq. metre	0·22	0·22*	—
1248	Mechanical wood pulp.....	KG		0·02	—
1249	Chemical wood pulp, bleached.....	KG	0·04	0·04	—
1250	Chemical wood pulp, unbleached.....	KG	0·03	0·03	24,714
1261	Newsprint.....		Free	Free	359,809

Concessions by PERU on Principal Items
of Interest to Canada—*Continued*

Item No.	Brief Description	Unit	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Peru
			(Soles)	(Soles)	1949 \$
1296	Cigarette paper.....	KG	1.50	1.00	—
1303	Transparent paper called "Cellophane".....	KG	2.00	1.80	—
ex 1410	Calf skins, whether or not dyed or varnished.....	KL	20.00	20.00	31,942
1532	Artificial silk fabrics, up to 40 grams per sq. metre.....	KL	180.00	162.00	—
1533	Same, over 40 grams.....	KL	110.00	110.00	—
1686	Oilcloth for table covers.....	KG	2.00	2.00	—
2279	Grinding wheels, natural or artificial....	KG	0.20	0.20	415
2283	Asbestos sheets, plates, etc.....	KG	0.15	0.15	738
2337	Ferro-alloys, in raw state.....	KG	0.06	0.06	4,424
2344	Steel bars for mining drills.....	KG	0.05	0.05	41,599
2345	Bars of iron or steel alloys.....	KG	0.18	0.18	
2346	Bars of iron or steel, rectangular, for tools and springs.....	KG	0.08	0.08	
2350	Iron or steel wire.....	KG	0.06	0.06	5,529
2377	Iron or steel tubes for manufacture of bedsteads.....	KG	0.10	0.08	92,055
2379	Pipes iron or steel, including unions up to 2 inches interior diameter.....	KG	0.15	0.10	
2379A	Same, over 2 inches.....	KG	0.08	0.08	
2391	Copper wire, bare, over ½ mm in diameter	KG	0.60	0.30	5,200
2392	Cables and cordage of copper wire.....	KG	0.40	0.40	65,493
2402	Copper tubing, with walls 1 mm or more in thickness.....	KG	0.70	0.70	11,557
2409	Aluminum plates or sheets over ½ mm in thickness.....	KG	0.60	0.60	—
2410	Aluminum bars, rods and wire.....	KG	0.90	0.80	—
2411	Aluminum powder.....	KG	1.50	1.50	n.s.s.
2423	Zinc sheets, bands, strips up to ½ mm in thickness.....	KG	0.30	0.30	13,387 (zinc manufactures)
2424	Same, more than ½ mm.....	KG	0.20	0.20	
2456	Iron or steel wire cloth.....	KG	0.05	0.05	3,488
2462	Nails and brads of iron or steel, up to 15 mm long.....	KG	0.60	0.60	9,370
2463	Same, 15-25 mm long.....	KG	0.40	0.40	
2466	Nails and brads, upholsters.....	KG	2.50	2.00	
2467	Horse shoe nails.....	KG	0.30	0.30	

Concessions by PERU on Principal Items
of Interest to Canada—Continued

Item No.	Brief Description	Unit	Pre-Torquay	Torquay	Exports from Canada to Peru
			Rate	Agreement Rate	
			(Soles)	(Soles)	1949 \$
2547	Tools and instruments, n.s.m. for arts and crafts.....	KG	0.60	0.60	17,400
2707	Aluminum household articles.....	KG	5.00	5.00	—
2716	Aluminum furniture.....	KG	6.00	4.00	22,760 (aluminum mfg. n.o.p.)
2741	Lamps, non-electric.....	KG	1.20	1.20	15,554
2773	Animal-drawn ploughs.....		Free	Free	
2774	Agricultural machines for preparation of soil.....	KG	0.02	0.02	112,004
2775	Agricultural machines for harvesting and threshing.....	KG	0.02	0.02	
2791	Electric refrigerators.....	KG	0.80	0.80	40
2792	Same, with porcelain or faience exterior..	KG	1.20	1.00	
2796	Washing machines, floor polishers and other cleaning machines.....	KG	0.60	0.60	1,621
2822	Metal working machines.....	KG	0.08	0.08	1,560
2823	Wood working machines.....	KG	0.08	0.08	5,236
2827	Mining machinery.....	KG	0.02	0.02	142,715
2828	Oil well drilling machinery.....	KG	0.02	0.02	
2855	Electric motors over 50 H.P.....	KG	0.04	0.04	22,307
2856	Same, 25-50 H.P.....	KG	0.06	0.06	
2857	Same, 1-25 H.P.....	KG	0.10	0.10	
2858	Same, ¼-1 H.P.....	KG	0.60	0.60	
2867	Accumulators for miners.....	KG	0.25	0.25	3,088
2868	Dry cells.....	KG	0.60	0.60	
2869	Accumulators, with lead plates, weighing up to 30 kgs.....	KG	0.80	0.80	
2870	Same, over 30 kgs.....	KG	0.20	0.20	
2871	Plates, boxes and separators for accumulators.....	KG	0.40	0.40	
2883	Telephone apparatus.....	KG	6.00	6.00	2,624
2886	Radio and television receiving apparatus..	KG	5.00	4.00	890
2891	Copper wire and cable, up to 3 mm in diameter of metallic section, covered except with lead or silk.....	KG	0.80	0.80	See item 2392
2892	Same, lead covered.....	KG	0.20	0.20	
2893	Copper wire and cable, over 3 mm in diameter of metallic section, covered except with lead or silk.....	KG	0.20	0.20	
2894	Same, lead covered.....	KG	0.12	0.12	

Concessions by PERU on Principal Items
of Interest to Canada—*Concluded*

Item No.	Brief Description	Unit	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Peru
			(Soles)	(Soles)	1949 \$
2918	Electric meters and parts.....	KG	1.50	1.50	2,231
2939	Electric insulators.....	KG	0.30	0.20	—
2940	Same, for high tension lines.....	KG	0.15	0.12	—
2956	Agricultural tractors.....	KG	0.02	0.02	10,515
2958/63	Passenger automobiles.....	<i>ad val.</i>	4% to 12%	4% to 12%	7,552
2965	Trucks.....	KG	0.05	0.05	—
2975	Automobile parts.....	KG	0.60	0.50	34,701
ex 3034	Certified seed potatoes.....		Free	Free	—
3103	Spectacles and sun-glasses, ordinary.....	Doz.	6.00	4.80	2,379
3168	Phonographs, electric.....	KC	11.00	11.00	675
3313	Artificial plastics, in sheets.....	KL	16.00	12.00	6,900
3314	Artificial plastics, in ribbons.....	KL	16.00	12.00	
	Total.....				1,692,813

*Subject to right to increase to 0.24

The Peruvian tariff provides for a surtax on all items including those mentioned above. On most items this tax is 12½% ad valorem and is bound against increase for all items in the Peruvian schedule.

Concessions by the PHILIPPINES on Principal
Items of Interest to Canada

Item No.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	Exports from Canada to the Philippines
				1949 \$
ex 5	Incandescent mantles for lamps.....	25%	15%	n.s.s.
ex 34(c)	Gauze, cloths and screening of iron wire.....	20%	15%	—
ex 47(c)	Insulated copper wire.....	10%	7½%	26,096
(e)	Gauze, cloths and screenings of copper wire.....	20%	15%	—
ex 48(b)	Incandescent lamps of pressure type for liquid fuel of copper or alloys.....	25%	20%	1,041
ex 78(a)	Proprietary and patent medicines with less than 14% alcohol.....	50%	30%	n.s.s.
ex 79(b)	Sugar of milk (lactose) not otherwise provided for	30%	15%	n.s.s.
150	Cigarette paper, printed or not.....	15%	10%	n.s.s.

Concessions by the PHILIPPINES on Principal Items
of Interest to Canada—*Concluded*

Item No.	Brief Description	Pre-Torquay Agreement Rate	Torquay Agreement Rate	Exports from Canada to the Philippines
				1949 \$
ex 155(a)	Douglas fir, pacific coast hemlock, western red cedar, Sitka spruce, white fir and white pine: In logs or poles.....	\$1.50	\$1.00	—
		cu. m.	cu. m.	—
	In boards, sawn, split.....	\$2.00	\$1.50	
		cu. m.	cu. m.	
ex 169(a)	Ordinary live cattle.....	\$7.00 each	\$6.00 each	—
ex 190(c)	Radio apparatus and parts.....	30%	20%	150,709
(b)	Electric lighting fixtures, automatic torches, dry shavers, hot irons, cookers.....	25%	20%	1,992
ex (a)	Dry batteries.....	15%	10%	—
ex 191(a)	Agricultural implements and machinery and parts of iron, steel or wood.....	15%	10%	154,323
195 ex (c)	Parts and accessories (excluding tires) for trucks, passenger cars and buses.....	25%	15%	—
ex 206	Canned ham.....	15%	10%	n.s.s.
212 ex (a)	Canned salmon and herring.....	15%	10%	223,646
ex 216(b)	Wheat flour.....	47¢ 100 kgs.	40¢ 100 kgs.	9,476,382
219	Malted milk, infants foods and similar preparations.....	15%	10%	—
ex 226(a)	Dried peas in bulk.....	\$1.20 100 kgs.	\$0.65 100 kgs.	—
267	Milks and creams, pure or with sufficient sugar to preserve them.....	10%	5%	—
268	Milk powders.....	20%	10%	—
ex 270	Cheese.....	15%	10%	—
ex 317	Barley malt.....	Free	Free	206,413
313	Breeding cattle and horses of recognized breed, duly registered.....	Free	Free	—
	Total.....			10,240,602

Concessions by SWEDEN on Principal Items
of Interest to Canada

1 Kr=\$0.20 approx.

Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Sweden
		(Crowns)	(Crowns)	1949 \$
ex 15	Cod roe in barrels merely salted, salt-sweetened or smoked.....	Free	Free	—
142 ex 3	Salmon in tins per 100 kg.....	75	50	—
ex 162	Asbestos.....	Free	Free	47,617
ex 203	Silicon carbide (carborundum).....	Free	Free	—
ex 235	Ferric oxide.....	Free	Free	—
ex 312	Fur skins, dressed—muskrat, opossum, raccoon, skunk and squirrel per 100 kg.....	400	400/10% ⁽¹⁾	—
ex 896	Lead, unwrought.....	Free	Free	—
ex 1006	Force feed furnace burners for fuel oil.....	10%	10%	—
1010 ex 2	Wooden separators for storage batteries per 100 kg.....	6	6/10% ⁽¹⁾	—
ex 1068	Spectacles and mounted optical glass, n.s.m. per 100 kg.	200	200/10% ⁽¹⁾	3,144
1073 ex 1	Electric meters.....	15% not less 2.50 each	10% not less 2.50 each	—
1073 ex 1	Parts of electric meters.....	15%	10%	—
	Total.....			50,761

⁽¹⁾ The specific rate is bound but the right is reserved to substitute an ad valorem duty not in excess of the rate shown.

Concessions by TURKEY on Principal Items
of Interest to Canada

Turkish pound = 28 cents

Item No.	Brief Description	Unit	Pre-Torquay Rate	Torquay Agreement Rate	Exports from
					Canada to Turkey
					1949 \$
18-C	Meat, preserved or tinned.....	100 kg.	384.98	150.00	—
71-C	Chemical fertilizers.....		Free	Free	—
ex 218-B	Whisky and gin in bottles.....	100 kg.	615.97	(a) 492.78	16,422
ex 274	Acetylene black.....	100 kg.	20.53	15.00	—
281	Synthetic plastics in powder, etc.....	100 kg.	10.00	10.00	—
284-D	Pit props.....	100 kg.	0.10	0.10	366,391
323-C	Cellulose pulp.....	100 kg.	0.03	0.03	—
445-A	Motor car tires and tubes.....	100 kg.	75.00	75.00	17,139
	Truck and similar tires.....	100 kg.	50.00	50.00	40,977
569	Aluminum:				
	Plates and slabs.....	100 kg.	10.00	10.00	—
	Shapes, bars and sheets.....	100 kg.	30.00	30.00	—
	Wire and corrugated sheets.....	100 kg.	50.00	50.00	—
	Foil.....	100 kg.	100.00	100.00	—
570	Lead ingot and other forms.....	100 kg.	19.25	15.00	—
574-B	Zinc ingot.....	100 kg.	0.26	0.26	—
ex 598	Taximeters.....	kg.	1.03	1.03	—
ex 619	Radio receivers.....	100 kg.	1,283.27	320.82	—
	Parts of radio receivers.....	100 kg.	320.82	320.82	—
650	Tractors.....	100 kg.	2.05	2.05	—
664	Agricultural implements(b).....	ad val.	10%	Free/10%	3,121,530
667-A	Passenger autos weighing:(c)				
	900 to 1,300 kg.....	100 kg.	35.93	35.93	744,419
	1,300 to 1,500 kg.....	100 kg.	46.00	40.00	
	1,500 to 1,750 kg.....	100 kg.	46.20	46.20	
	1,750 to 2,000 kg.....	100 kg.	179.66	179.66	
	2,000 kg. or more.....	100 kg.	256.65	256.65	
667-B	Chassis of all kinds weighing:				
	750 to 1,100 kg.....	100 kg.	8.40	8.00	744,419
	1,100 to 1,500 kg.....	100 kg.	25.50	10.00	
	1,500 to 1,750 kg.....	100 kg.	50.40	40.00	
	1,750 kg. or more.....	100 kg.	72.00	60.00	
ex 718-D	Calcium carbide.....	100 kg.	3.85	3.50	—
	Total.....				4,296,878

(a) To be brought into effect later.

(b) Turkish Government reserves right to re-impose a duty not over 10/ ad val.

(c) Turkish Government reserves right to substitute a duty not over 20/ ad val.

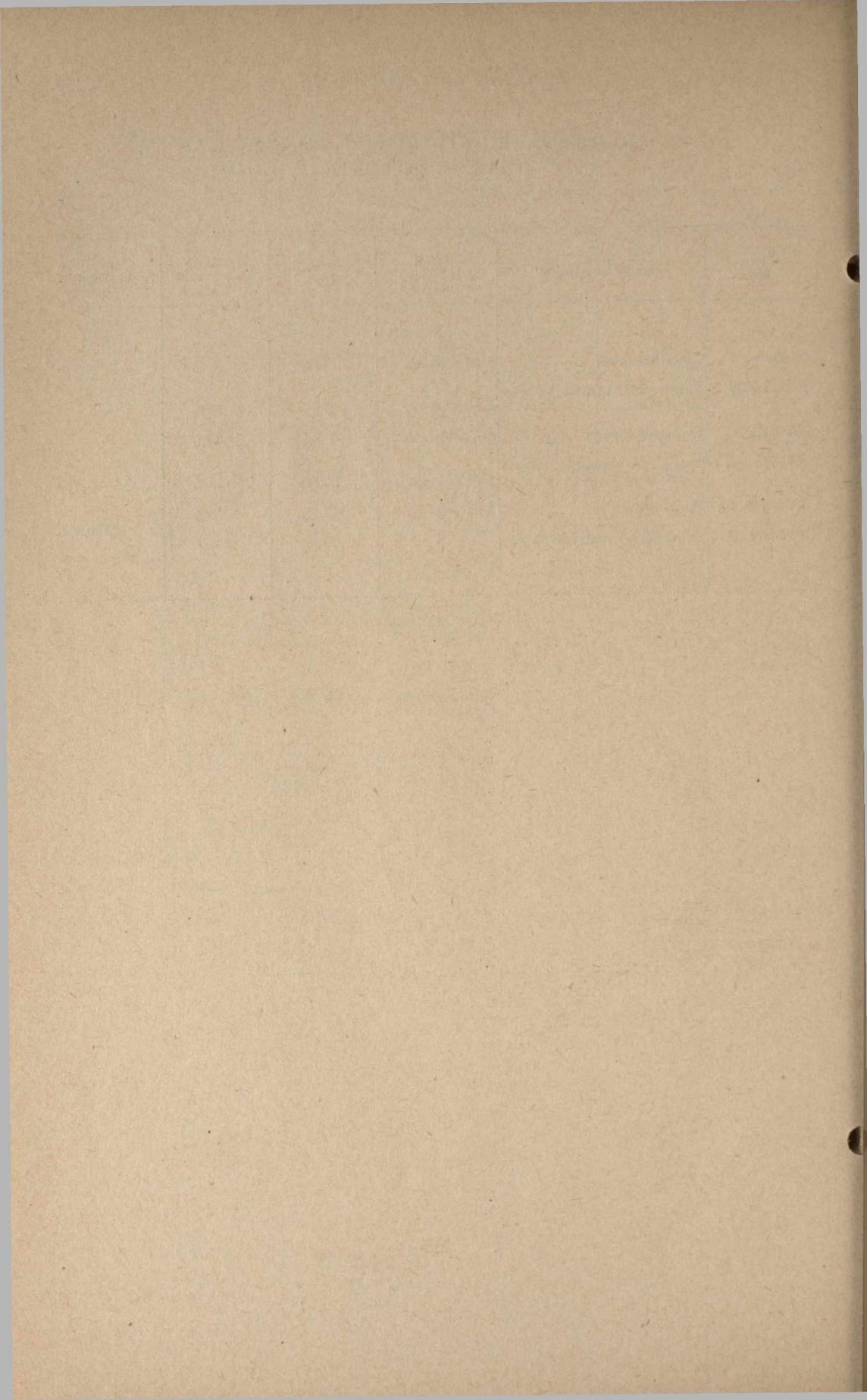
Concessions by the UNION OF SOUTH AFRICA on Principal
Items of Interest to Canada

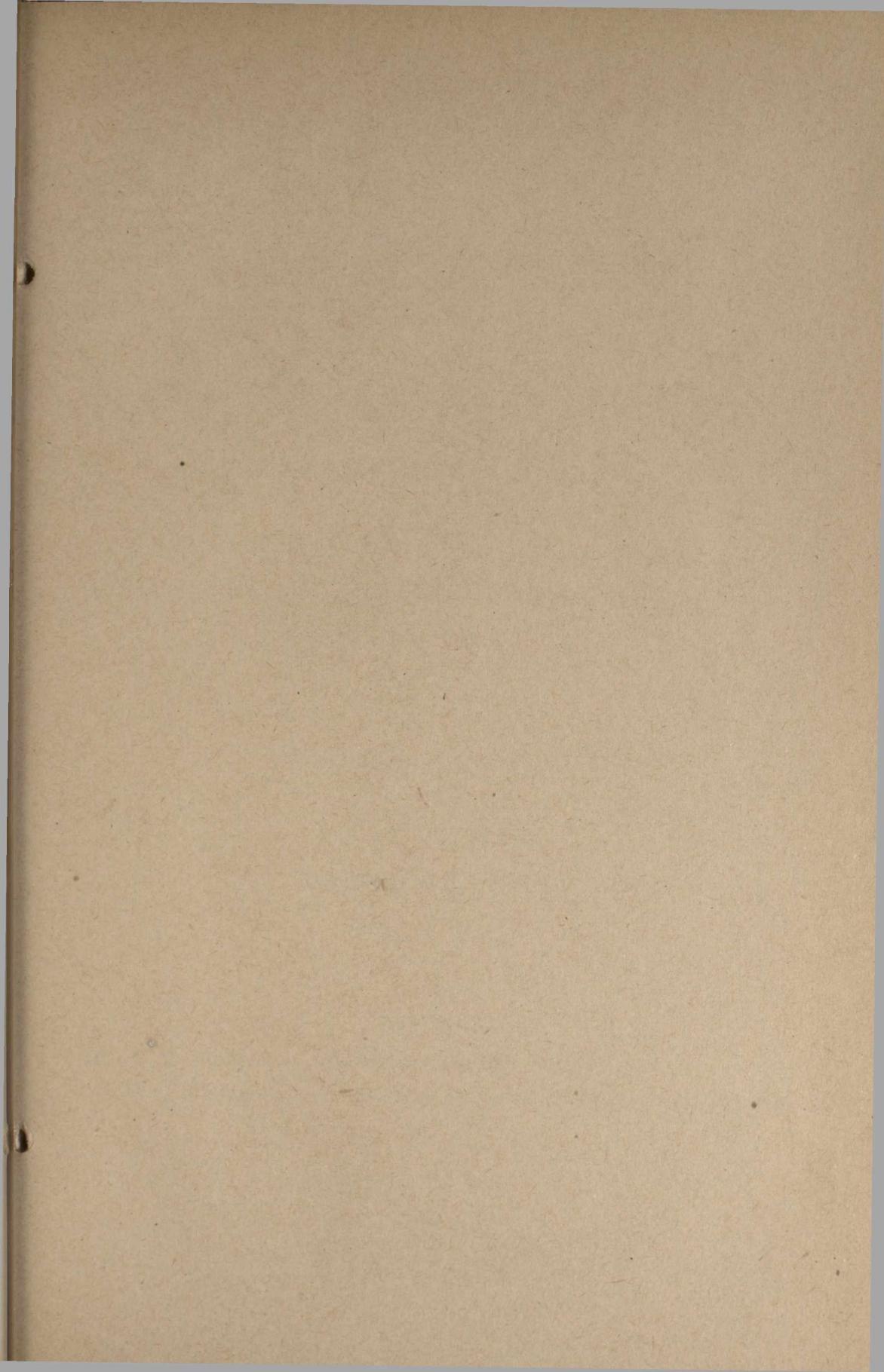
Item No.	Brief Description	Pre-Torquay Rate	Torquay Agreement Rate	Canadian Exports to South Africa
				1949 \$
15 ex (b)	Barley (ii) malted.....per 100 lbs. plus a suspended duty.....per 100 lbs. (not in force)	4s. 1s.	2s. 1s.	107,994
67	Furs (a) Fur skins (i) raw, cleaned and dried but otherwise unmanufactured.....ad val. (iv) shaped pieces, known as 'sacs', 'plates' and 'crosses', not otherwise worked up.....ad val.	5% —	Free 20%	10,500
113 ex (5)	Lawn mowers.....ad val.	15%	10%	N.S.S.
116 ex (f)	Parts of incandescent lamps for liquid fuel (oil), of pressure type.....ad val.	5%	5%	N.S.S.
129(e)	(i) Motor car parts for the building and equipment in the Union of motor cars imported unassembled.....per 100 lbs. (ii) Other.....per 100 lbs.	9s. 6d. £1. 3s.	9s. 6d. £1. 3s.	1,679,824
266	Casks, wooden, not elsewhere enumerated, empty or in staves.....ad val.	20%	15%	—
279	Wood: (b) Ceiling and flooring boards, planed, tongued and grooved; and parquet and laminated flooring.....ad val. Plus a suspended duty of.....ad val. (not in force)	3% 17%	3% 7%	N.S.S. —
307 ex (2)	Fish hooks.....ad val.	10%	5%	N.S.S.
ex 335	Sausage casings, n.e.e.....ad val.	10%	5%	7,437
ex 335	Synthetic and rayon staple fibre.....	10%	Free	N.S.S.
	Total.....			1,805,755

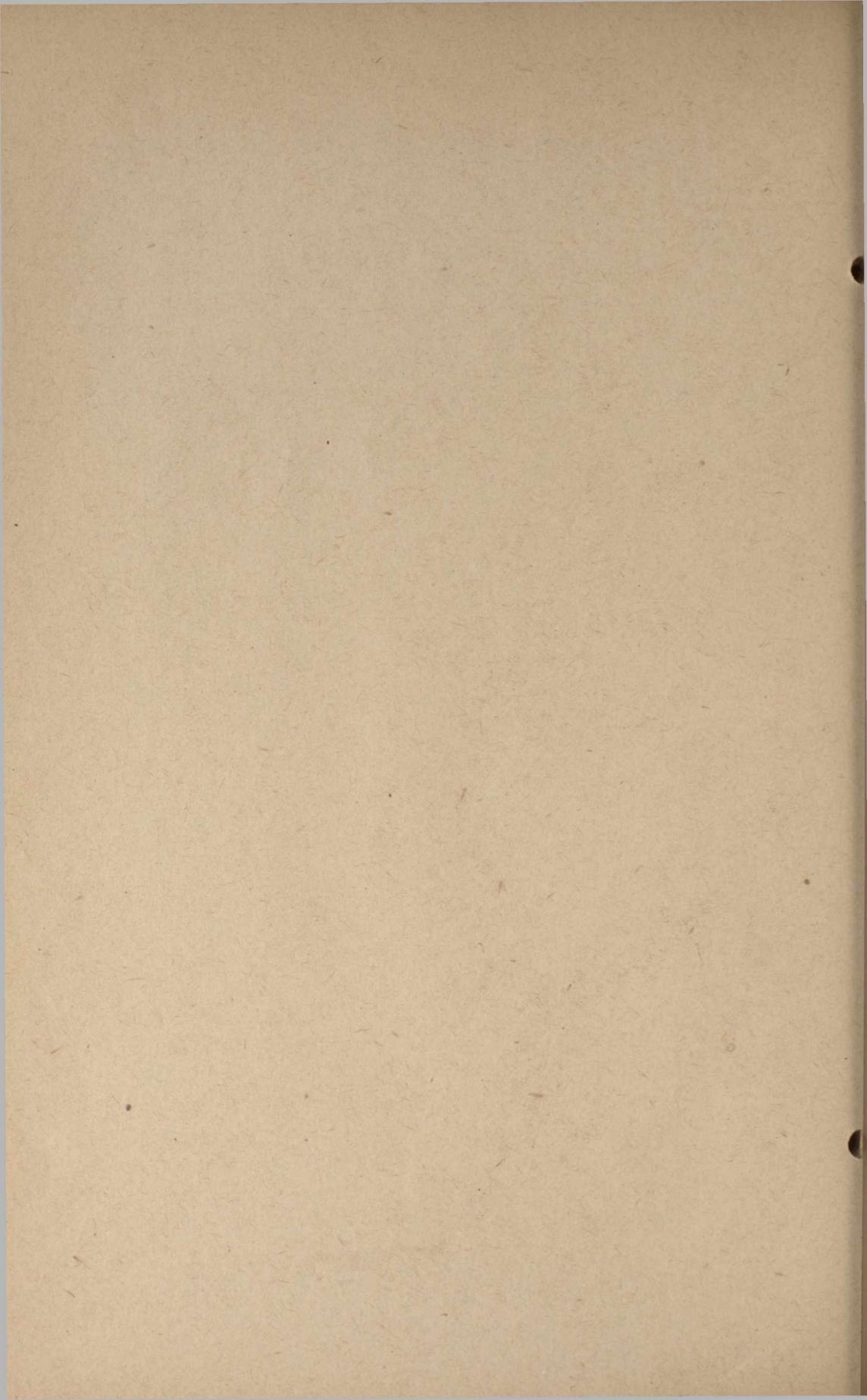
Concessions by URUGUAY on Principal Items
of Interest to Canada

Peso=55 cents

Item No.	Brief Description	Aforo (official valuation)	Pre-Torquay Rate	Torquay Agreement Rate	Exports from Canada to Uruguay
					1949 \$
X-420	Cigarette paper.....	0.52 peso kg.	78%	52%	N.S.S.
X-423-3020	Paper pulp boards for con- struction.....	0.13 peso kg.	78%	52%	—
XV-727-123	Horse-shoe nails.....	0.455 peso kg.	103.5%	69%	—
XV-748-364	Straight saw blades, over 18 cms. long.....	1.04 peso kg.	78%	52%	2,730
XVI-834-138	Plows of iron.....	9.50 peso ea.	13.5%	13.5%	60,090
XVI-834-141	Sulky plows with one share.		Free	Free	60,090
	Total.....				62,820







SESSION 1951
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TORQUAY NEGOTIATIONS

THURSDAY, JUNE 7, 1951

WITNESSES

Mr. H. B. McKinnon, Chairman, Canadian Tariff Board;

Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

HOUSE OF COMMONS
1911

STANDING COMMITTEE

OF

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLAWVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TOBACCO NEGOTIATIONS

THURSDAY, JUNE 7, 1911

WITNESSES

Mr. E. B. McKinnon, Chairman, Tobacco Board.
Mr. W. J. Fishback, Commissioner of Tobacco, Department of Finance.

EDWARD CLAWVER, C. P. 1127
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CONTROLLER OF STATIONERY

MINUTES OF PROCEEDINGS

THURSDAY, June 7, 1951.

The Standing Committee on Banking and Commerce met at 4.00 o'clock p.m. Mr. Cleaver, Chairman, presided.

Members present: Ashbourne, Balcom, Blackmore, Cannon, Coté (*St. Jean-Iberville-Napierville*), Crestohl, Dumas, Fulford, Fulton, Gour (*Russell*), Laing, Leduc, Macdonnell (*Greenwood*), Richard (*Ottawa East*), Sinclair, Smith (*Moose Mountain*), Stewart (*Winnipeg North*), Welbourn.

In attendance: Mr. Hector B. McKinnon, Chairman of Tariff Board; Mr. W. J. Callaghan, Commissioner of Tariff, Department of Finance; Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; Dr. E. A. Richards, Principal Economist, Department of Agriculture.

The Committee continued with a page by page study of the document entitled: "Statement showing the British Preferential and Most-Favoured-Nation Rates of duty in effect prior to and after the Torquay Tariff negotiations and the total imports from all countries during the calendar year 1949 of the products listed in Schedule V to the Torquay Trade Agreement." (*See Appendix B of Minutes of Proceeding sand Evidence, No. 2, Wednesday, May 30, 1951*).

Mr. Callaghan and Mr. McKinnon were questioned.

At 4.30 o'clock the Vice-chairman, Mr. Cannon, took the Chair.

Study of pages 23 to 67 was completed.

At 5.55 o'clock p.m. with the Chairman, Mr. Cleaver, again in the Chair the Committee adjourned to meet again at 4.00 o'clock p.m., Monday, June 11, 1951.

R. J. GRATRIX,
Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS, June 7, 1951.

Mr. W. J. Callaghan, Commissioner of Tariff, called:

The CHAIRMAN: Gentlemen, we have a quorum. We had completed our studies up to and including page 22 of appendix B of our second meeting. We are now at page 23, containing tariff items number 352 to 361. Are there any questions as to the items on page 23? Or page 24?

By Mr. Laing:

Q. What about item 367? Does that deal with this matter which was in the House the other day?—A. No. It has no connection with it. This item covers watch cases and parts, finished or unfinished on which the tariff was reduced from 25 to 22½ per cent.

Q. That is a lot of money.—A. The imports are quite large.

Mr. CRESTOHL: Would these items fall under the heading of gold, if the watch cases were made of gold or silver?

The WITNESS: I do not think so. There is no n.o.p. in this item and covers all watch cases and parts thereof.

Mr. MACDONNELL: Where do we get the complete watches?

The WITNESS: They are provided for in another item.

The CHAIRMAN: Are there any further questions on page 24? Or page 25?

Agreed.

Now, page 26.

Mr. MACDONNELL: I was absent yesterday, Mr. Chairman. Are we going at any stage to have a figure as to what is expected to be the result in terms of trade of the changes made? We have here figures for 1949 imports from all countries.

The CHAIRMAN: We had a general statement from Mr. McKinnon about two meetings ago; and at that time Mr. Callaghan briefly indicated that as to exports a reasonably accurate forecast could be made, but as to imports, it was rather obvious that you could not make any forecast based upon past performance, because as to some of those items, you see, the tariff wall was so high that we had no imports.

Page 26? Or page 27?

Mr. MACDONNELL: I notice a wide range in item 386 particularly.

Mr. SMITH (*Moose Mountain*): What item is that?

The CHAIRMAN: Item 386 on page 26.

By Mr. Macdonnell:

Q. Did you have any objection to that item being free?—A. That item has been free under all tariffs for some years. There is really no change there. This item was in the Geneva Trade Agreement and it was widened in the budget a couple of years ago to include saddles; we have carried it forward in the new agreement, in the new wording.

Q. Do we manufacture that material in Canada?—A. Some of it, yes.

Q. But there is no objection?—A. No, there is no objection.

The CHAIRMAN: Are there any further questions on page 26?

Mr. McKINNON: I think that item has been on the free list for at least twenty to twenty-five years.

The CHAIRMAN: Page 27?

By Mr. Fulton:

Q. Why is item 391 included here? There does not appear to me to be any change made?—A. It is just a binding of the free entry. It has been free and now it is bound free for another three years.

The CHAIRMAN: Are there any further questions on page 27? Or page 28?

Mr. FULTON: Who is the chief beneficiary of the changes here? There is a change of 5 per cent in one place.

The CHAIRMAN: Wire fences?

Mr. FULTON: Yes, under "f".

The WITNESS: Under "f" the United States is the chief beneficiary. The reduction was in connection with item 401 (f).

Mr. MACDONNELL: (g) In other words (g) is another item put in for the purpose of binding it again, as you have said.

The WITNESS: Yes, that is correct.

Mr. LAING: In the situation of our very keen shortage of steel products of all kinds, why was not a greater reduction made to encourage more imports in those lines? Has it any relation to other commitments?

Mr. McKINNON: Your question, Mr. Laing, is a very general one. Were you thinking in terms of the primary products of iron and steel, that is, everything up to the rolling mill stage, or further, up to the fabricated iron and steel?

Mr. LAING: Let us say all lines. Take for example fox fencing; you cannot obtain it.

Mr. McKINNON: Fox fencing would not be covered by this item. There is a special item for it in the tariff.

Mr. LAING: Then would other fencing be included here?

Mr. McKINNON: On all primary forms of iron and steel our duties which are in very great measure specific duties at so much a ton, or so much one hundred weight, have been in existence for a great many years without being changed; and as prices have risen per ton the ad valorem equivalent of the duties has declined. The present equivalent of these specific duties is a very small figure. In fact if you take all the primary forms of iron and steel—the ingot, the bloom, the bar, the sheet, the strip, and the plate which takes up pretty well through the rolling mill—if you take all these together and consider them relative to the competition from our chief competitor, which is the United States, I doubt if our protection for the basic iron and steel industry is over 10 per cent at the most on some of these lines. In fact, on some of them, it would be as low as 8 or even 7 per cent. We felt there was no need to give further concessions on these products because the rates are very low.

Mr. LAING: Are any of these items subject to drawbacks?

Mr. McKINNON: There are quite a number of drawbacks for special purposes, which again serve to reduce the effective rates further.

Mr. FULTON: Consider barbed wire fencing. For a number of years I have had complaints both as to the availability and the quality of barbed wire, particularly since the war, for ranching purposes; and yet there is not a very high duty on it coming in from these favoured nation countries. Moreover,

it is free under the British preferential tariff. We would appear to bring in but a very small amount of imports of that commodity. Why is that? Is it a question of availability or because our farmers do not know that there is a low tariff on it?

Mr. MCKINNON: The historical aspect of it is that barbed wire for farm fencing purposes has been at a very low rate for two or three decades. As you say, the rate is only 10 per cent. We import very little. I think this must be due to the availability from Canadian production. There was a time in the thirties when we got quite a bit of barbed wire from Holland. But apart from that episode, I do not recall in my lifetime in the service any important imports of barbed wire.

Mr. FULTON: Would you assume from that that the price in the United States or in other countries plus the freight to Canada would make it increasingly attractive at this moment?

Mr. MCKINNON: I think there has been a very definite effort on the part of the Canadian industry producing barbed wire to give every possible advantage to the consumer in this country.

Mr. SMITH (*Moose Mountain*): I imported barbed wire last year and I paid the duty on it. I brought it in from the States. It cost a lot more than what I could get it for here, but it was easier to get good wire there than here. During the war they quit making good wire here. I do not know why. But I think it became available again this spring.

Mr. MACDONNELL: Items 427 and 427a: I notice a large amount is involved.

The CHAIRMAN: Will you excuse me? May I call pages 28 and 29?

Mr. HELME: Is the United States the chief beneficiary under item 410a?

The WITNESS: Yes. The imports under this item are almost wholly from the United States.

Mr. MACDONNELL: The question about diesel products was brought up in the House by Mr. Wright. Was it not dealt with?

The WITNESS: Item 410a was established in its present form in the budget of 1948. These trucks were formerly classified as motor vehicles under item 438a. At that time the tariff was reduced from 17½ per cent to 10 per cent. We widened the item a little at Torquay and reduced the rate from 10 per cent to 7½ per cent.

The widening took place at the end of the item to permit the use of these trucks in Newfoundland for hauling material which was formerly transported by the railway for a distance of three or four miles. These trucks are off the highway trucks. They are not allowed on the highway.

Mr. FULTON: I see. They must be large trucks. Nine and one-half yards capacity would make it a pretty big truck.

The WITNESS: Yes.

Mr. FULTON: There is only that one type?

Mr. MCKINNON: That is right. They are off the highway trucks which heretofore have not been made in Canada in commercial quantities.

Mr. STEWART: What about items 422 and 423?

The CHAIRMAN: Are there any further questions on page 29? What was your question, Mr. Macdonnell?

Mr. MACDONNELL: I shall wait.

Mr. STEWART: In one case it is greater than in the other. Fire engines and road rollers are both pieces of equipment used almost exclusively, I would imagine, by municipalities or in some cases by provinces. Why is the rate of duty so high? Is it because they are manufactured in Canada and this is to be a protective tariff?

The WITNESS: They are produced by several firms in Canada. The United Kingdom has had for many years duty free entry as against a margin of preference of 25 per cent. The United Kingdom negotiators reluctantly agreed at Torquay to reduce the margin to 20 per cent. I am referring to item 422 in particular.

Mr. McKINNON: On that particular item of road rollers, bearing in mind what you said, that they are largely purchased and used by municipalities, our inclination would have been to go farther in the reduction; but the United Kingdom has, in the last three years opened up one or two outlets in Canada. They have established what they claim to be a very good connection and they have done a considerable amount of advertising. Consequently they prized this item so highly that they made very definite recommendations to us, or suggestions, that we should not reduce their margin any further. So, chiefly on that ground, we stopped at 20 p.c. because the British expressed their interest in maintaining their margin of preferential advantage.

Mr. STEWART: Are these figures of imports mostly British imports?

The WITNESS: The imports of street and road rollers and parts thereof come from all countries. In 1949 they amounted to about \$311,000, of which the United States supplied \$196,000 worth and the United Kingdom \$115,000 worth.

Mr. McKINNON: So it is about two-thirds and one-third.

Mr. STEWART: Yes; and it is the same situation with respect to item 424?

The WITNESS: No. The total imports under item 424 of fire engines and other fire extinguishing machines or equipment amounted to about \$264,000 of which \$262,500 worth came from the United States and \$1,400 came from the United Kingdom.

Mr. STEWART: Can you tell us why we have to pay so much difference to the United Kingdom on this matter if we are importing practically 100 per cent of these items from the United States? Surely we could give our municipalities every benefit there is. The British competition seems to be non-recurring.

Mr. McKINNON: My comment was directed entirely to the first item—road rollers.

Mr. STEWART: I am sorry.

Mr. McKINNON: The other one is entirely a matter of domestic protection.

The WITNESS: Yes, and some United Kingdom interests too.

Mr. FULTON: On 427 and 427a where you gave a not very substantial reduction, I see we have a considerable volume of imports. Does the same general situation apply here, Mr. McKinnon? You have a considerable British preference there?

Mr. McKINNON: Yes.

Mr. FULTON: How does the production compare with the States on imports of machinery from Canada?

Mr. McKINNON: It is not significant on this. There is considerable interest but not comparable with that of the United States.

The WITNESS: Roughly the imports under these items 427 and 427a in 1949 amounted to \$110 million, of which \$104,500,000 came from the United States and \$4,600,000 came from the United Kingdom.

Mr. McKINNON: So you see it just depends whether you consider \$4½ million of imports important or not. It is in the absolute sense, but not relative to the total imports; they are almost entirely from the United States.

Mr. FULTON: Well, just so that we can get the revenue significance of this, can you from your book give us a breakdown between 427 and 427a. I see that 427a applies to those not made in Canada.

The WITNESS: The same reduction was made to both items—2½ per cent. The figures I have already given apply to both items. They are not recorded under separate headings in the statistics, but on various occasions we have looked into the matter and have found the imports are almost 50-50 under both items.

Mr. MACDONNELL: You have this very large importation from the United States—I think you said \$106 million as compared with \$4 million, yet you have made a change in the British preference—you reduced it by 2½ per cent there. I can understand why they called you “2½ per cent Callaghan”. There are a number of changes of that kind, and this seems to me to be a good illustration. What would be the reason though? Were the British not keen on this, or are they not in this kind of business in a big way?

The WITNESS: They are. They did not like the reduction but they did not object too strenuously to it because they realized if we reduced the British preferential tariff on item 427 by 2½ per cent it nullified to a great extent the value of the reduction to the United States. They preferred to take a reduction on this item in order to retain their margin on other items.

Mr. MCKINNON: I think they thought too that if in the final analysis they paid 10 per cent on the one item and the United States paid 22½ per cent, they still would have a pretty fair margin. On the other, their goods enter free and the United States pays 7½ per cent.

Mr. MACDONNELL: You are speaking of 427?

Mr. MCKINNON: Yes.

Mr. MACDONNELL: I was thinking that the United States has 95 per cent of the market now and on the face of it it seems odd that you are assisting the United States to get still more of the market. I suppose the answer is that the British had other things they were getting?

Mr. MCKINNON: These are two basket items: machinery n.o.p., (a) of a class or kind made in Canada and (b) not of a class or kind made in Canada. The British concentrated their fire, if I may put it that way, on such specifically named items as street and road rollers. They did put pressure on the two basket items but in the end they probably felt they were being left with a pretty fair margin of preference—10 per cent as against 22½ per cent is a very considerable margin of preference.

Mr. FULTON: Perhaps your figures which are for 1949 would not reflect the results of the British export drive? I mean they are concentrating more and more in Canada. Do you know whether in 1950 they secured a larger share of this particular trade?

Mr. MCKINNON: We have not the 1950 statistics here. I have doubt whether Mr. Callaghan has that either because we had to use the 1949 figures at Torquay. That was the last complete year as we were negotiating in 1950.

Mr. FULTON: I was not thinking of the statistics so much as what you have seen recently. Is their share of the market going up?

Mr. MCKINNON: Their share of the market has been going up and they appear lately to have been concentrating on particular products such as machine tools of all kinds. Then, they had a few particular favourites like street and road rollers, where they claimed they were doing a lot of promotional work and wanted to control their trade and to conserve it. I may say that on the other items we did the best we could to meet their situation and not destroy their preference in the market.

Mr. MACDONNELL: I assume it would be natural, when we have gone over these details, to discuss the broad question of trend or direction.

The CHAIRMAN: I have asked Mr. McKinnon to be ready to make a general statement on that but I thought we would conclude our detailed work first. Are there any further questions on page 30? If not, we will go on to page 31.

Mr. BALCOM: In connection with 429(c) and (d) the British would be the beneficiaries there.

Mr. WHITE: To a very large extent.

Mr. MCKINNON: On sub-items (c) and (d) we were not negotiating with the United Kingdom. The concession in those two cases is given to Germany. You will notice the British preferential rate on both of those sub-items is free.

Mr. LAING: I think 427f is worthy of note because there is a reduction on machines for the manufacture of plywood, which is complementary to the market.

Mr. MCKINNON: We thought it would further assist the plywood industry to secure markets abroad—in addition to getting a reduction from the United States on plywood—if they got some concession on plywood making machines.

Mr. LAING: Almost all of it goes to the United States.

Mr. MCKINNON: Almost entirely.

Mr. FULTON: Do we not also manufacture a lot of it in Canada?

The WITNESS: A considerable amount of this machinery is made in Canada. Some of these are important but on the whole the item may be regarded as of a class or kind not made in Canada—particularly the machines for which provision was made a couple of years ago in this item. We reduced this item to keep it in line with the general item on machinery which was reduced from 10 per cent to $7\frac{1}{2}$ per cent.

Mr. STEWART: Does a reduction in item 429 benefit Denmark and Sweden, or who are the beneficiaries there? I refer to cutlery of iron or steel?

The WITNESS: A concession on this item was strongly urged by Germany. They are very anxious to get back in the Canadian market and to secure some of the trade they enjoyed during 1932 and previous years.

Mr. STEWART: One reason for me asking is that there are a lot of people interested in cutlery such as Jenson Steel and others. There is a type from Denmark which is almost as expensive as silver plate. Is that kind of cutlery made in Canada at all?

Mr. MCKINNON: No. The Danes expressed considerable interest in this concession when they realized Germany had got a reduction on those items—they get it automatically under the most favoured nation clause.

Mr. STEWART: Why then is there a tariff, in view of the fact that there is literally no production in Canada?

Mr. MCKINNON: Well, that gets us back again to the situation which existed in 1947, when the United Kingdom had what we call a bound margin of preference on several hundred items. Those were included in the terms on which the margins of preference were bound—which meant that Canada was not free to make a reduction in favour of any other country. As you know, sir, by an exchange of notes in 1947, Canada and the United Kingdom agreed that these should no longer be contractually bound margins, but available for negotiation. Nevertheless, every time we have contemplated a reduction in favour of a foreign country on that type of cutlery the United Kingdom, naturally, has expressed very strong disapproval in the interests of the Sheffield cutlery people. Nevertheless, to use the same word again, we did make reductions at Geneva and here again there are two small reductions. It still leaves Sheffield a substantial margin of preference.

Mr. FULTON: Not so much there— $7\frac{1}{2}$ per cent—but more in the others.

Mr. McKINNON: The first one is not finished cutlery. It is what we call a blank for making cutlery and therefore it carries a pretty low rate. It is only a semi processed blank for making cutlery. There is a pretty fair margin on finished cutlery.

(Mr. Cannon took the chair.)

The VICE-CHAIRMAN: Is page 31 accepted?

Page 32, item 431b to 431h.

Mr. DUMAS: Have the items in 431h always entered this country free?

The WITNESS: This is an entirely new item, established in 1948.

Mr. McKINNON: You will notice, sir, they are all described as of a class or kind not made in Canada.

Mr. DUMAS: None of those here?

Mr. McKINNON: None are made in Canada.

Mr. DUMAS: Are any assembled here?

Mr. McKINNON: That would get down to the interpretation by customs; when is a man deemed to be "manufacturing".

Mr. DUMAS: I think the Sparks Company have been making some in Toronto in the past—although they may not be making them now.

Mr. McKINNON: Once a manufacturer in Canada manufactures any of those items to the point where the customs authorities regard him as being a bona fide manufacturer, then the products come out of the item. They can only get free entry as long as they are of a class or kind deemed not to be made in Canada.

Mr. DUMAS: In 1949 where did these imports come from? From the United States?

Mr. McKINNON: They would be almost entirely from the United States.

The WITNESS: We imported, under 431h, \$2 million worth of goods from all countries. The United States supplied \$1,750,000; the United Kingdom \$180,000; Switzerland \$51,000; Germany \$35,000.

Mr. FULTON: Can you give us the same figures for 431b?

Mr. McKINNON: Those are hand tools—adzes, and so on.

Mr. FULTON: Yes?

Mr. McKINNON: That is a very big item and you will see that it is pretty well distributed.

The WITNESS: The total imports in 1949 under 431b amounted to over \$5 million of which \$4,141,000 came from the United States; the United Kingdom supplied \$547,000; Sweden supplied \$304,000; and Germany supplied \$28,000.

Mr. FULTON: In this whole class of item here, and on the preceding pages and on the next page, I would judge by looking at it that the same general situation prevails, as Mr. McKinnon described, where the British were rather reluctant and you kept the concessions in favour of other countries fairly small?

Mr. McKINNON: That is true; I am bound to say that while we were free as a matter of contractual arrangement to make any reduction we wished, nevertheless where the British negotiators put special emphasis on a particular item or a particular kind of commodity, we did our very best to respect their wishes in that regard.

Mr. FULTON: Did the United States attach particular significance to this group of items?

Mr. McKINNON: Yes, in this group of items their trade is very large and the margins of preference were pretty substantial.

The VICE-CHAIRMAN: Is page 31 accepted? If so we will go to page 33, items 434c and 434d.

Mr. STEWART: Is the story the same for 434c, the British wishing as great a preference as possible?

The WITNESS: No, this is a special item established some years ago to provide for the entry of noiseless street car trucks for the Toronto Transportation Company at 10 per cent. The item was used extensively three or four years ago and it is now being used again. These noiseless street car trucks are not made in Canada and the United States was very glad to get a reduction from 10 per cent to 7½ per cent on this item, due to the volume of trade.

Mr. STEWART: If there is no competition in this country at all, does it not appear once more that the municipalities are paying a tariff on something where they might well save some money?

Mr. MCKINNON: That is true. When we negotiated with the United States in 1935—I am speaking from memory but my memory, I think, is right—these trucks were 25 per cent. They are very heavy, large rubber-mounted street car trucks such as are used in Toronto. We reduced the rate then from 25 per cent to 10 per cent; now it has been reduced from 10 per cent to 7½ per cent. It is not a matter of protection. I think the government felt, after making the reduction in 1935, that it was the type of item on which the government might get some revenue, and at 7½ per cent you can call it a revenue duty. But there is not much protective interest in it—and there was no United Kingdom interest at all.

Mr. MACDONNELL: Where was Mr. Callaghan? He would not have made that reduction.

Mr. BALCOM: This might not necessarily benefit only municipalities. It might benefit private companies?

Mr. MCKINNON: Yes.

The VICE-CHAIRMAN: Is page 33 accepted? If so we will go to pages 34 and 35—item 438b.

Mr. MCKINNON: I suggest it might be easier for Mr. Callaghan to give an explanation if the committee would regard all of the pages starting with page 34, to the end of the automobile schedule—which is to the end of page 44—as one set of pages. The items are all practically as they stand in the tariff today, and all are relative to automobile parts; and from the point of view of explanation they might be considered as if they were one item which is in effect what they are. The basic item is broken down into a number of subdivisions, each subdivision of which is very large as you will see. Some cover a page or two.

The VICE-CHAIRMAN: If it is the wish of the committee we will take this item 438b to 438i now?

Mr. MCKINNON: That would permit Mr. Callaghan to make one statement on automobile parts.

The WITNESS: First of all I should mention these items were discussed for a year or more by the two interested groups—the automobile manufacturers and the automobile part manufacturers, who are branches of the Canadian Manufacturers' Association. After many meetings they agreed to the items as they stand today and suggested the reductions that were made at Torquay.

The items as they appear have the approval of both groups. It is quite clear the automobile manufacturers like to get their parts at as low a rate as possible and the parts manufacturers like to have as high a protection as possible. The items were widened to a certain extent to provide for replacement parts and in the case of 438b the ceiling on all parts named in that item—and by ceiling I mean the top rate when of a class or kind made in Canada—was 25 per cent, 27 per cent, and 30 per cent. It was agreed that the rate on all those parts when of a class or kind made in Canada could be reduced to 17½ per cent, the same rate that applies to the finished automobile.

Mr. MACDONNELL: On page 35 what is the significance of the free rate under the m.f.n. tariff—25 per cent, 27 per cent, and 30 per cent?

The WITNESS: 25 per cent was the rate that applied under item 438e when of iron or steel; 27 per cent was the rate applied if an automobile part was of brass; 30 per cent is the rate that applied when they were of other materials.

Mr. MCKINNON: That is to say, they entered under various items at varying rates and now they have been consolidated at the one rate of 17½ per cent, which is the rate that applies on the finished car.

Mr. GOUR: That is good work.

The WITNESS: The same thing applies on item 438d. It is a reduction to provide for replacement parts on the same basis as repair parts. The former rates were either 25 per cent, 27 per cent or 30 per cent. If you check the statistics you will find the average rate paid on imports under item 438c (3) was almost 28 per cent. The imports were valued at almost \$60 million in 1949.

Mr. MACDONNELL: How are those imports broken down by countries?

Mr. MCKINNON: You will find they are almost entirely from the United States.

The WITNESS: Really there are only two countries involved—the United Kingdom and the United States.

Mr. MCKINNON: But under all these items, imports are free from the United Kingdom.

The WITNESS: The imports under 438b were \$9,267,000 of which \$9,201,000 came from the United States and the remainder, \$66,000, came from the United Kingdom.

Mr. MACDONNELL: Perhaps you could take the total item of \$59 million and just deal with that?

The WITNESS: 438e is the basket item covering automobile parts not mentioned in any of the ten pages of items now under consideration. Under this item total imports were nearly \$60 million, of which \$58,306,000 came from the United States and \$1,498,000 came from the United Kingdom.

Mr. FULTON: Which item was that?

The WITNESS: 438e.

Mr. GOUR: The preference for the British market is still 25 per cent?

Mr. MCKINNON: Yes, on that item there is still a very substantial difference—between “free” and 25 per cent.

Mr. FULTON: On page 38 you have five sub-items. Am I right in assuming the effect of those five items—1, 2, 3, 4 and 5, starting on page 38—is to give a preference to the article wherever it may actually come from in finished form if more than 40 per cent of its components come from the commonwealth? Is that the effect?

The WITNESS: In one sense yes. I might briefly explain item 438c. There are two pages of parts listed under that item. The ordinary m.f.n. tariff before Torquay was 25 per cent, 27 per cent, or 30 per cent, and now it will be 17½ per cent. That 17½ per cent would apply if you or I import one of those parts. If an automobile manufacturer imports them, and if his production does not exceed 10,000 complete passenger automobiles, and if not less than 40 per cent of the factory cost is incurred in the British commonwealth, he may import these parts duty free.

Mr. MCKINNON: He always could.

The WITNESS: There is no change.

Mr. STEWART: The limitation on production pretty well excludes the United States?

The WITNESS: Yes.

Mr. FULTON: If 40 per cent of his factory cost is incurred in the commonwealth he can bring them in free? It applies to his factory cost, and not to the cost of the article he is importing?

Mr. MCKINNON: No, it is his factory cost. If he complies with that commonwealth content he gets free entry of those parts—whether under the British preferential tariff or the intermediate tariff.

The WITNESS: That is the principle. If he exceeds 10,000 but does not exceed 20,000 units a year, and if his British commonwealth content is not less than 50 per cent, he gets his parts free from any country—and so on. That is the principle.

Mr. FULTON: Was that one of the things which was worked out in 1932?

Mr. MCKINNON: No.

Mr. FULTON: So that exporters from Canada could not get the benefit of British preference?

The WITNESS: No, it was worked out later than that—about 1935, I think. About the year 1935 the Minister of Finance referred the automotive industry to the Tariff Board for investigation and reports. The Board reported, submitted an interim report and a further report, and as a result of the hearings before the Tariff Board in the years 1936, 1937 and 1938, we arrived at the present tariff setup.

Mr. MCKINNON: I think Mr. Fulton is thinking, Mr. Callaghan, of another content requirement—namely, the content requirement in other parts of the commonwealth which Canadian cars had to achieve before they got preferential treatment. This is purely a domestic commonwealth content, imposed—if you want to use that word—on the Canadian manufacturer of automobiles, whereby the more he increases the commonwealth content in his product the better rate he gets on parts imported from anywhere.

Mr. STEWART: Do the British find that this preference they have on automobiles and parts is of assistance to them? And I am thinking especially of parts?

Mr. MCKINNON: Yes, sir. I speak from memory but my memory is that last year we imported into Canada from Britain under the British preferential tariff something over 80,000 automobiles. If you go back ten years I doubt if we imported in one year over 8,000. They jumped to almost 88,000, and they prize most highly the free entry, not only of the finished automobile but, perhaps even more of the parts; because, as they enlarge their distribution of the finished car in this country they are going to require more in the way of replacement and repair parts, and they will attach probably a higher value still to those.

Mr. STEWART: It is of particular interest to me because I drive a British car. For my car there is an overdrive which, in the United Kingdom, retails at 35 pounds and, allowing for freight, one should imagine that it would retail here for \$130 but the price is \$180. There is a 'gouge' going on somewhere because with such prices they are not in a very competitive position. I do not think that the British are reaping any advantage of the free admission. It is their problem but it is a fact of importance to those of us who own British cars.

Mr. MCKINNON: That is true, but if they are not obtaining the fullest possible participation in this market it is not a tariff problem—because they have completely free entry on the finished car and the parts. Undoubtedly, if

they are going to maintain anything like the distribution they had last year their repair, and replacement services need to be on a comparable basis with their distribution.

Mr. STEWART: I think they will have to do that if they want to hold the market.

Mr. MCKINNON: Yes.

Mr. FULTON: Do your remarks there apply to only the low priced cars?

Mr. MCKINNON: With respect to tariff? No, they are all entirely free.

The VICE-CHAIRMAN: Are the items on pages 34 to 44 inclusive accepted?

Agreed.

Page 45, items 440j to 454a.

Mr. STEWART: Is item 440j, fish hooks, n.o.p., designed to include bait and lures?

The WITNESS: No. This item does not cover fish hooks for commercial fishing. It covers fish hooks commonly called sportsmen's fish hooks.

Mr. STEWART: Used by amateurs like myself?

Mr. MCKINNON: That is right—and this is not the item that covers commercial fish hooks. Actually this was a concession to Norway.

Mr. MACDONNELL: 446a is another large import item. Could we have a breakdown by countries?

The WITNESS: Yes. The total imports under 446a in 1949 amounted to \$37,400,000, of which over \$35,000,000 came from the United States. \$1,960,000 came from the United Kingdom.

There were small imports from Belgium, Sweden, Germany, Czechoslovakia, France and Norway.

Mr. BLACKMORE: Could you give us a general reason why we import so few of these items from Britain? Would it be because they do not have the supply over there?

The WITNESS: This is a basket item covering thousands of different articles made of iron or steel that are not otherwise provided for in the tariff. Anything manufactured of iron or steel which is not specifically provided for falls under this item. Many of these items are of United States origin rather than of United Kingdom origin.

Mr. MCKINNON: It is a pretty heterogenous field. There is no description for it or any specification.

Mr. CRESTOHL: Would they be gadgets of some kind which are not commonly known?

Mr. MCKINNON: I would imagine that if you got a list from the customs authorities showing the number of items which entered under this heading in a given year, it would probably run from around 10,000 to 20,000. Anything which is made of iron or steel but which has not got its own enumeration in the tariff would be included. It is an extremely heterogeneous group of commodities which happen to be made of iron or steel. That may be one reason why there is not greater British participation. Their tendency has been lately to specialize in certain things that they want to make a particular effort to sell. I do not think it could be said that this rate of duty keeps them out. It is 10 per cent.

Mr. MACDONNELL: Do you think it is because in all the little things we are more like the United States than we are like the United Kingdom?

Mr. MCKINNON: I would think so. I cannot recall any particular illustration which I could give you. But let us suppose that I am a manufacturer

in the States and I make a particularly attractive paper weight of iron or steel. And let us suppose there is no particular place in the tariff for it to come under. Therefore it would come under this item. As a manufacturer I may put a few thousand dollars worth of it on the market and I may import a few score of thousands worth of it into Canada.

Mr. CRESTOHL: Would it be wholly manufactured of metal, or only partly manufactured of metal?

The WITNESS: Of which iron and steel are both the component parts.

Mr. CRESTOHL: Then it might be partly made of wood and it would still fall under this heading?

Mr. MCKINNON: So long as iron and steel were the component of chief value in it; not of the weight, but of chief value.

Mr. BLACKMORE: Have the departmental experts given some attention to the possibility of these articles being manufactured in Canada in the way of giving protection to the Canadian manufacturer? What about such things as bicycle seats?

Mr. MCKINNON: No. It is very difficult because there are so many things which are enumerated in the tariff. Bicycles and parts have their own items. This is simply a basket item under which the customs authorities can classify anything of iron or steel which is not particularly named. But it has such a varied field that the imports run to nearly \$40 million.

Mr. BLACKMORE: That is why we need to give it special consideration.

Mr. MCKINNON: The matter of protection is not for me to discuss. The rate is still 22½ per cent.

Mr. CRESTOHL: Is it not possible, for example, that you get cameras of which certain types may be listed under a certain heading in the tariff, but because of some modification the department is having difficulty to include them under that particular tariff, so you would have them under this heading?

Mr. MCKINNON: That was quite a good illustration which Mr. Fulton quoted. Suppose you have an item of iron or steel described in the tariff as a kind of item which is not made in Canada. Then, let us suppose that somebody in Canada begins to make it and makes more than 10 per cent of the Canadian requirement. He can then come to the custom authorities and explain what his position is, and if he can establish to their satisfaction that he is manufacturing more than 10 per cent of the Canadian requirement, he can obtain a ruling that the commodity is no longer of a class or kind which is not made in Canada. And then, since it is enumerated in the tariff, it will come into this item.

The WITNESS: Take an article like certain evaporators which are really not machines. They are dutiable under this item.

The VICE-CHAIRMAN: Are there any further questions with respect to page 45? Or page 46? Item 462a down to item 462(ii)?

Mr. STEWART: Under that item is any reference made to the more popular sizes of cameras, such as the four by three and a quarter, or does it just apply to the larger cameras?

The WITNESS: It applies to cameras and parts for making negatives or positives 3¼ inches by 4¼ inches or larger, but not to small cameras. They have another item in the tariff.

Mr. FULTON: Throughout these three camera items or photographic products, the British enjoy a very substantial preferential margin. It has not been entirely eliminated. I wonder if the witness or Mr. McKinnon would care to comment on it? I notice that the condition of the trade has not appeared to be very large.

Mr. MCKINNON: Under cameras this margin was not very great, but you could describe it as great in some instances. I would like to explain that the

change is in the wording of the item. As the item stands at the moment in the tariff, these cameras are restricted to cameras imported by professional photographers for professional use. But customs found it to be increasingly difficult to define "professional photographer". One man might own a studio and do portrait work; he would be a professional photographer. But could you classify people as professional photographers who used a portable piece of equipment and took a picture of a wedding? The question would arise: Are these people professional photographers? Or are the people employed by newspapers to take pictures professional photographers? They make their living at it. Indeed, it may be that they are on salary. By direction of the Minister of Finance, the Tariff Board held an inquiry at which were present all the manufacturers of these goods in Canada, most of the importers and a very large representation of users. And the result was that this wording was agreed upon, largely for the purpose of getting rid of the reference to "professional photographers" and "commercial use". So the item now simply reads that, as regards these large cameras, these rates apply, no matter who uses them.

Mr. STEWART: Suppose a professional photographer wanted to use a "rolex"? Would he come under this item?

The WITNESS: There is another item in the tariff covering these cameras which was not dealt with at Torquay.

Mr. FULTON: Under paragraph 2 and 3 large pieces of equipment are included but not necessarily for large cameras.

Mr. MCKINNON: You will notice that the accessories for cameras might be used by any photographer. So he gets these accessories at a low rate, whether or not he be a professional photographer.

Mr. FULTON: The volume of trade appears to have been only about \$½ million. You have reduced the margin of preference in favour of the United Kingdom or the British market from an average of 12½ to nothing. You have wiped it out.

The WITNESS: Most of the parts coming under sub-items 2 and 3 have already been duty free for many years. The old item was revised, some new parts added and some obsolete ones deleted. The sub-items 2 and 3 are somewhat similar to former item that has been in effect for ten or fifteen years.

Mr. FULTON: There were only a very few new components of No. 2 and 3 subject to a duty of 2½?

The WITNESS: That is right.

Mr. MCKINNON: So long as there was only one, Mr. Callaghan felt that he should show that rate.

The WITNESS: You mentioned imports of \$½ million. Actually, the imports amounted to \$488,000 of which \$477,600 came from the United States and \$5,500 came from the United Kingdom.

Mr. CRESTOHL: Would cameras such as the leica come under that heading?

The WITNESS: Item 462, cameras and complete parts thereof, n.o.p. which carries a rate of 17½ per cent if they are of a class or kind not made in Canada, and 20 per cent if of a class or kind made in Canada. I am informed that most of them enter under the heading "not made in Canada", at 17½ per cent.

The VICE-CHAIRMAN: Are the items on page 46 acceptable to the committee? Then page 47, item 470 to item 503.

Mr. MACDONNELL: There we have that large item at the bottom again. What is the breakdown of it?

The WITNESS: It is a binding of free entry. The item has been free for many years, and the free entry was bound to the Philippine Islands.

The VICE-CHAIRMAN: And the imports amounted to \$6,843,503. What are they?

The WITNESS: The imports amounted to \$6,843,503 of which the United States supplied \$6,537,000 worth.

Mr. BALCOM: Under item 482, the regulations prescribed by the minister would have relation, I suppose, to whoever imports these items?

The WITNESS: These words in the regulations "prescribed by the minister" appear in a number of items in the customs tariff. It is very seldom, however, that the Minister of National Revenue actually issues regulations. He has the power to do so if any difficulty arises in the administration of the item.

Mr. MCKINNON: Actually, very rarely are regulations issued.

The VICE-CHAIRMAN: Is page 47 acceptable to the committee? Then page 48, from item 503 to 511.

Mr. STEWART: Item 507c; what was supplied? What sort of plywood is okouma?

The WITNESS: It is a particular type of wood grown in French Africa. It is a light brown hard wood.

Mr. STEWART: Why should Canada put up a tariff against that? There is no competition there, is there?

The WITNESS: It would not compete to any great extent with our own plywood. We gave the French the reduction which they requested on it from 20 per cent to 10 per cent.

Mr. MCKINNON: The French asked for a 50 per cent reduction and we gave it to them. I might say that we got concessions from France on plywood.

Mr. ISBISTER: That is correct.

Mr. MCKINNON: They gave Dr. Isbister's group very substantial concessions on plywood and they asked us to give them a 50 per cent concession on this wood. We felt it would do no harm to the Canadian industry. So we reduced it from 20 to 10 per cent.

Mr. FULTON: Was a request made to bind it for three years?

The WITNESS: Yes, sir.

Mr. FULTON: As a sort of quid pro quo for the reduction on our British Columbia plywood?

The WITNESS: Yes.

Mr. MCKINNON: We selected a definite lumber item so that they could say that they got something in the lumber field.

The WITNESS: This item was established early in the war and it continued in effect since then. It was bound at Torquay free.

Mr. BALCOM: Item 506 is only a small item but I presume the British would be the suppliers of those matches?

Mr. MCKINNON: You mean matches of wood?

Mr. BALCOM: Yes.

The WITNESS: Imports under matches of wood amounted to \$15,000 of which \$12,460 came from Sweden.

Mr. BALCOM: I thought so.

The VICE-CHAIRMAN: Are the items on page 48 acceptable to the committee? Then page 49 from item 511 to item 519a. Are the items on page 49 acceptable?

Mr. CRESTOHL: Are golf balls made in Canada?

The VICE-CHAIRMAN: Are the items on page 49 acceptable to the committee? Then page 50 from item 519a to item 532d?

Mr. MACDONNELL: Have we a breakdown of the countries under item 520?

Mr. MCKINNON: You will find that it includes the United States, Peru, Brazil, and Egypt.

Mr. FULTON: Does Egypt come under the British preferential tariff now?

The WITNESS: No.

Mr. FULTON: Then what about the Sudan? Would the Sudan be bringing in cotton?

Mr. MCKINNON: I do not think we have much, if any, imports from the Sudan on cotton. This is sort of a concession which one has to make sometimes in a trade agreement. It does not cost us much because our own raw cotton is not here to be protected. Yet, because of the size of the trade, it is of importance.

The WITNESS: The whole item of raw cotton was bound to the United States in 1947. Peru asked for a binding of part of the item covering raw cotton and we very gladly bound the item again for Peru. Somebody asked for some information regarding imports.

In 1949 our total imports of raw cotton amounted to \$65,670,000 of which \$49,690,000 worth came from the United States; \$15,620,000 worth came from Mexico; \$148,700 worth came from Peru, and \$48,000 worth came from Egypt.

Mr. MACDONNELL: What is the unit that you used?

The WITNESS: Dollars.

The VICE-CHAIRMAN: Are the items on page 50 acceptable to the committee? Then page 51 from item 535 to item 537a?

Mr. ASHBOURNE: Where does hemp yarn come from mostly? Is it Italy?

The WITNESS: This concession was given to Italy. The imports under item 537 are made up of a combination of imports under two items; they are not separately recorded; but my information is that they come mainly from the United Kingdom with some from Italy.

Mr. ASHBOURNE: I am glad to see that the duty is reduced there from 20 and 17½ to 3, and I think the value of the trade will likely increase.

Mr. STEWART: In connection with the item of sisal fibres not coloured, is there a tax on it if it is coloured?

The WITNESS: It is dutiable under item 535a at 10 per cent, as vegetable fibres.

Mr. STEWART: What happens when sisal is woven into a rug and brought over here?

The WITNESS: It is dutiable as a rug, a carpet, or a mat. There are some items further on these rugs, etc.

(At this point discussion took place off the record.)

The VICE-CHAIRMAN: Are the items on page 51 acceptable to the committee? Then page 52, item 537e to 551f?

Mr. LAING: Under item 549a, what is the origin of our wool?

(At this point discussion took place off the record.)

The WITNESS: With respect to item 549a, the imports under that item in 1949 were valued at \$6,690,000. New Zealand supplied \$3,595,000 worth; Australia supplied over \$2 million worth; the United Kingdom \$243,000 worth; the United States, \$175,000 worth; the Argentine, \$187,000 worth; Chile, \$141,000 worth; and India \$96,000 worth.

Mr. MACDONNELL: Is the relative importation of cotton and wool as \$67 million compared with \$6 million?

Mr. MCKINNON: No. The particular item that was dealt with at Torquay is not the main wool item. This wool is just for carpet use. The imports which Mr. Callaghan has given to you just now relate to the main wool item.

The WITNESS: No, item 549 covers only carpet wool.

Mr. MCKINNON: We did not deal with item 549 at Torquay. Imports under it would be much higher than that.

Mr. MACDONNELL: I assumed so.

Mr. MCKINNON: This is a particular item in the Torquay schedule regarding wool for use in making carpets only. It is not the main wool item.

The VICE-CHAIRMAN: Do you wish to have the figures on the main wool item?

The WITNESS: In round figures, they are as follows: The main wool item is recorded under three or four headings. Wool in grease: in 1949 we imported \$6 million worth, mainly from Australia, New Zealand, and the Argentine.

Our imports in 1949 of wool washed and scoured were valued at \$10,545,000, coming mainly from Australia, New Zealand, and the Argentine. There is a small item of wool pulled or slipped of which our imports amounted to \$1,260,000, practically all coming from New Zealand.

Mr. MCKINNON: That is your rough figure; \$6 million in one heading, \$10 million in another; and nearly \$2 million in still another.

Mr. MACDONNELL: What about this processed wool?

The WITNESS: We imported almost \$18 million worth of wool tops of which nearly \$16 million worth came from the United Kingdom.

Mr. FULTON: You mean, of processed wool?

The WITNESS: Yes. It comes under the same item.

The VICE-CHAIRMAN: Are the items on page 52 acceptable to the committee? Then page 53, item 552 to item 558b?

Mr. MACDONNELL: What are rovings? That is another new word.

Mr. MCKINNON: The term applies in both the woollen and the cotton industry and it refers to one of the first large strands to come off the machine. Some may be as large as $\frac{3}{4}$ of an inch in diameter before they are drawn down and become yarn.

The VICE-CHAIRMAN: Are the items on page 53 acceptable to the committee? Then page 54 item 558b to item 558d? Are the items on page 54 acceptable to the committee? Then page 55 items 558d to item 567a?

Mr. FULTON: Does item 561 include nylon?

The WITNESS: Yes, nylon fabric.

Mr. MACDONNELL: Could we have a rough breakdown of that item of \$12,794,539 under item 561? I want to know how much comes from the United States?

The WITNESS: Five million dollars worth came from the United States and about \$6 $\frac{1}{2}$ million came from the United Kingdom.

Mr. MACDONNELL: Very well.

Mr. FULTON: What is that? I see you reduced the preference, or the margin of preference from 40 cents to 30 cents per pound. That would give a very substantial preference would it not?

The WITNESS: We reduced the specific duty from 40 to 30 cents.

Mr. FULTON: It is pretty low. Was that 30 cents per pound a substantial or a merely nominal preference?

The WITNESS: It depends on the weight of the material. Any fabric and woven material of artificial silk comes under this item. Plastic wire screening comes under this item because it is woven. The rate on this screening varies from 60 to 90 per cent depending on the weight of the material. Heavy upholstery material may weigh around 8 or 9 ounces to the yard. There is a substantial amount of this material imported under item 561.

Mr. FULTON: Is there a substantial industry in Canada?

The WITNESS: Oh yes, several producers.

Mr. STEWART: Does that apply to the last item, sisal?

The WITNESS: That was a concession given to India. They asked for it and we gave them a substantial reduction.

The VICE-CHAIRMAN: Were there any imports in 1949?

The WITNESS: They are not separately recorded. There is no record of any imports.

The VICE-CHAIRMAN: Are the items on page 55 acceptable to the committee? Then page 56, item 568a to item 571a?

Mr. BALCOM: With respect to item 568b, just for information, would the imports there have been reduced actually in the last few years on "gloves, kid"?

The WITNESS: In 1949 our imports of kid gloves totalled \$426,000 of which \$272,000 worth came from France, \$84,000 worth came from Italy, \$21,000 came from Germany, \$17,000 worth came from the United Kingdom, and smaller quantities came from Belgium, Czechoslovakia, and the United States.

The VICE-CHAIRMAN: I think Mr. Balcom asked if they were reduced during the previous years?

Mr. BALCOM: If you have not got that information right there, do not bother.

The WITNESS: In 1947 the imports under this item were \$316,000; but in 1948 they dropped to \$266,000. Then in 1949 they increased again to \$426,000.

The VICE-CHAIRMAN: Are the items on page 56 acceptable to the committee?

Mr. STEWART: With respect to item 570a, is that the item under which sisal is given for duty purposes?

The WITNESS: There is another item, 572a. We negotiated this item at Anney and gave it to Haiti. It is not included in this list. Sisal and cane straw have a rate of 20 per cent.

The VICE-CHAIRMAN: Are the items on page 56 acceptable to the committee? And now to answer Mr. Stewart's question you must go to an item which is not on this page.

The WITNESS: It is not in this group because it was not dealt with at Torquay. As I said, the rate is 20 per cent.

The VICE-CHAIRMAN: Are the items on page 56 acceptable to the committee? Then page 57, from item 572 to item 608b "Oriental and imitation oriental rugs or carpets and carpeting, carpets and rugs, n.o.p."

Mr. FULTON: Why is there such a high tariff on item 572? Is that purely a revenue tariff?

The WITNESS: On item 572?

Mr. FULTON: Yes.

The WITNESS: It is not nearly as high as it was some years ago. Are you referring to right now?

Mr. FULTON: 25 per cent.

The WITNESS: 25 per cent, and 5 cents per square foot.

The VICE-CHAIRMAN: Yes.

Mr. MCKINNON: It is of course a revenue duty in one sense of the word, in that anything of that nature such as an oriental rug or a Persian rug or a Chinese rug, may be deemed to be a fit subject for revenue. But in addition to that, this is the protection afforded to the Canadian carpet industry.

Mr. LAING: What about item 586? Are we getting in any United Kingdom anthracite?

Mr. McKINNON: I must first answer Mr. Fulton's question. There is a revenue element in it, but that item does provide protection in the main for the Canadian carpet industry.

Mr. FULTON: I would have thought even without a duty on oriental rugs, there would have been protection for the domestic type of rugs and that a duty would not be necessary for protective purposes.

Mr. McKINNON: You are quite right as regards the orientals, except that some Canadian manufacturers are now making an imitation oriental and it is a pretty fine type of rug. As far as the customs tariff goes, orientals are not separated from the ordinary type of carpet. The item includes oriental, imitation oriental, and all other carpets except certain particular ones, such as sisal, cocoa fibre, manilla, and so on.

Mr. FULTON: That is item 572. Does your oriental not qualify it?

Mr. McKINNON: No. It really should be read and can be read, as oriental, imitation oriental rugs and carpets, and carpets and rugs n.o.p.

Mr. MACDONNELL: Can we have a national breakdown of that item of \$10 million?

The WITNESS: The United Kingdom supplied \$5,834,000 worth. The United States supplied only \$110,000 worth. India supplied \$1,291,000 worth; while Belgium and Luxemburg supplied \$1,400,000 worth. That is just a rough breakdown.

Mr. CRESTOHL: Are they only for orientals?

The WITNESS: No, all kinds of carpets.

Mr. MACDONNELL: The \$47 million item for coal anthracite; what is the break-down of that item?

Mr. McKINNON: While Mr. Callaghan is looking that up, I would like to reply to Mr. Laing, who asked if we were getting any anthracite from the United Kingdom now. I cannot say positively because we were not negotiating at Torquay regarding anthracite. We have simply bound the free entry. But I was told by one of the British delegates at Torquay that they were again starting to ship anthracite to Canada. I do not know how much, but he told me that I would be interested to know that they were again shipping anthracite to Canada. They fell out of our market for a while during and after the war. But he said: We are again starting to ship anthracite to Canada.

The WITNESS: In 1949 we imported over 4 million tons valued at \$47 million. The United States supplied 3,743,000 tons valued at \$43,200,000. The United Kingdom supplied 326,000 tons valued at \$3,950,000.

Mr. McKINNON: So the United Kingdom has begun to come back again to the extent of nearly 4 million tons as against 44 million tons from the United States.

Mr. STEWART: Item 597; does it include bagpipes as being musical instruments?

Mr. McKINNON: Bagpipes have been given a separate classification.

Mr. FULTON: They are like the Scottish themselves, they are classified as settlers.

The WITNESS: Bagpipes and parts thereof come in free from England, Scotland or any part of the British Empire. They are subject to 25 per cent if they come from foreign countries.

Mr. BALCOM: It should be 100 per cent!

Mr. COTE: With respect to item 601, what are the imports under that item?

The WITNESS: That is a duty free item. The United States supplied \$15,225,000 worth, and the United Kingdom supplied only \$130,000 worth.

Mr. McKINNON: Out of the total of \$16,294,489, the United States supplied over \$15 million worth. A partial explanation of that would be that it is free across the board. It is free under any tariff. Therefore, furs from some

other country could be purchased in the United States and they would still come in free.

Mr. COTE: Of all kinds?

Mr. FULTON: Could you tell me what comes under item 608a? What is kip leather?

The WITNESS: It is made from a very young goat.

Mr. MCKINNON: I think it really originated in India where they tan the hides of goats and make out of them East India tanned kip. The item has been in the tariff for many years and we were supplied almost entirely from India. It is used to a great extent for lining boots and shoes.

The VICE-CHAIRMAN: Are the items on page 57 acceptable to the committee? Then page 58 from item 609 to item 618a?

Mr. MACDONNELL: Could we have a breakdown under item 616 of that \$13,488,672?

The WITNESS: This item was bound to Indonesia. The imports under item 616—1 amounted to \$13,488,000 of which \$10,800,000 worth came from British Malaya; \$1,658,000 worth came from Ceylon; and \$878,000 worth came from the United States.

The VICE-CHAIRMAN: Are the items on page 58 acceptable to the committee? Carried.

Mr. CRESTOHL: With respect to item 616, crude rubber, does that not fall under the heading of items which are not manufactured in Canada?

The WITNESS: It competes with synthetic rubber which is manufactured in Canada.

Mr. MCKINNON: The 5 per cent duty was put on long before we ever heard of synthetic rubber. That 5 per cent went on in 1932, at which time the British represented that we might increase our use of commonwealth rubber, if there was some small duty in the intermediate tariff. Prior to that time, Canadian manufacturers could buy British rubber in New York and bring it in free; and the British Government felt that it would be of assistance to British commonwealth rubber to impose a small duty under other tariffs. The government of the day thought also, that it would stimulate direct shipment to Canadian ports.

Mr. CRESTOHL: Has time proven that they were right in that judgment?

The WITNESS: No. There are indirect shipments yet.

Mr. CRESTOHL: But it would give them some measure of protection?

Mr. MCKINNON: Yes. I think that the 5 per cent duty on what I might call indirect routing had some effect in increasing the amount that was shipped direct, but it would not be very great as 5 per cent.

The VICE-CHAIRMAN: Are the items on page 58 acceptable to the committee? Then page 59, item 618b to item 647? Are the items on page 59 acceptable to the committee? Then page 60, items 648 to 657?

Mr. STEWART: Is there a tariff on item 624 "ornaments of amber"? Is it a revenue tariff?

The WITNESS: It has been there for years. The imports are not separately recorded.

Mr. STEWART: There is an element of protection in it, is there not?

The WITNESS: There is no protection in it. Ornaments of amber might compete with ornaments made of plastic.

Mr. MCKINNON: I think the real explanation was that India was most anxious to make an agreement with us. It was very difficult for the Indian negotiators to find any item on which we could give them a reduction. When you have dealt with a few Indian specialties, such as cocoa matting, it is difficult to think of much else. Incidentally, they were keenly aware of the fact that we

give India the full benefit of the British preferential in our tariff on every item whereas Canada does not get preference in India. The Indian negotiators appreciate this and did not like to ask for much. Nevertheless, we encouraged them for the sake of an agreement, to find some few items on which we could at least make a token concession, and this was one of the items they selected. I do not think it will amount to anything in the way of trade, but this is one they asked for.

The VICE-CHAIRMAN: Are the items on page 59 acceptable to the committee? Then page 60 items 648 to 657?

Mr. COTE: In relation to item 655a, was mention made at Torquay of graphite?

The WITNESS: Item 655a, graphite pencils?

Mr. COTE: No, graphite ore, I mean the mineral. Was mention made at Torquay of graphite ore?

The WITNESS: No.

The VICE-CHAIRMAN: Are the items on page 60 acceptable to the committee? Then page 61 from item 658a to item 624b.

Mr. MACDONNELL: What about item 663? Where does that amount come from?

The WITNESS: Imports from all countries were valued at about \$3 million of which \$2,700,000 worth came from the United States.

The VICE-CHAIRMAN: Are the items on page 61 acceptable to the committee? Then page 62 items 711 to item 712? Are the items on page 62 acceptable to the committee? Then page 63 item 723 to item 743. Are the items on page 63 acceptable to the committee? And then page 64 from item 759 to item 808. Are the items on page 64 acceptable to the committee?

Mr. MACDONNELL: What about item 800? How much of that came from the United States?

Mr. MCKINNON: I think you will find that it came almost entirely from the United States.

The WITNESS: It all came from the United States.

The VICE-CHAIRMAN: Are the items on page 65, items 815 to 829 acceptable to the committee? Then are the items on page 66, item 840 to 857 acceptable to the committee?

Mr. MACDONNELL: What about item 844? How much of that came from the United States?

The WITNESS: The United States supplied \$2,639,000 worth of goods imported under tariff item 844.

Mr. FULTON: Is that the stuff the Maritimers drink?

The WITNESS: It is not potable.

Mr. BALCOM: Excuse me!

The VICE-CHAIRMAN: Are the items on page 66 acceptable to the committee? Then page 67, items 858 to 861? Are the items on page 67 acceptable to the committee?

Carried.

Mr. LAING: Mr. Chairman, I move that we adjourn.

The VICE-CHAIRMAN: This is the end of the statement. We shall adjourn now to the call of the Chair.

Mr. FULTON: What shall we take up next time, Mr. Chairman, the other table?

The VICE-CHAIRMAN: We shall take up the other table.

SESSION 1951
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

TORQUAY NEGOTIATIONS

MONDAY, JUNE 11, 1951

WITNESSES:

- Mr. H. B. McKinnon, Chairman, Canadian Tariff Board;
Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce;
Dr. E. A. Richards, Director, International Economic Relations Division, Department of Finance.

SESSION VII
HOUSE OF COMMONS

STANDING COMMITTEE

OF

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

IN

FORQVAY NEGOTIATIONS

MONDAY, JUNE 11, 1931

WITNESSES

Mr. H. B. McKeown, Chairman, Council of War Bonds;
Mr. C. M. Ladd, Director, Federal Reserve Bank of New York;
Mr. E. A. Rinehart, Director, International Economic Relations Division,
Department of Finance.

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MINUTES OF PROCEEDINGS

MONDAY, June 11, 1951.

The Standing Committee on Banking and Commerce met at 4 o'clock. Mr. Hughes Cleaver, Chairman, presided.

Present: Messrs. Ashbourne, Balcom, Carroll, Cleaver, Dumas, Fulton, Gour (*Russell*), Harkness, Low, Macdonnell (*Greenwood*), Richard (*Gloucester*), Sinclair.

In attendance: Messrs. McKinnon, Callaghan, Isbister, Richards, B. G. Barrow and P. C. Gauthier.

The Committee resumed its examination of the Torquay Negotiations.

Tariff Item No. 91 of Schedule B was further allowed to stand.

Mr. McKinnon was called and, at the request of Mr. Macdonnell, made a general statement reviewing British preference in Canadian tariff.

Mr. Isbister was called and also commented on British preferential tariffs.

Messrs. McKinnon and Isbister were jointly examined.

Mr. Carroll presided from 4.35 to 4.50.

Messrs. Fulton and Laing having arrived, Mr. Richards was called and the Committee reverted to Tariff Item 91.

The witness tabled copies of a table on exports of apples and was questioned thereon.

At 5.50, the examination still continuing, the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Acting Clerk of the Committee.

MINUTES OF PROCEEDINGS

Monday, Nov. 11, 1921

The Executive Committee on Banking and Commerce met at 10 o'clock in the morning in the Chamber of Commerce building.

Present: Messrs. Ashburner, Babson, Garrison, Grewer, Johnson, Lester, Quinn, and R. W. Harrison. Mr. Harrison (Chairman), Mr. Quinn (Secretary).

Mr. Quinn read the minutes of the previous meeting, which were approved.

The Committee received the report of the Executive Committee on the subject of the proposed legislation.

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ADJOURNMENT

Meeting adjourned at 11 o'clock.

EVIDENCE

The CHAIRMAN: Gentlemen, we have a quorum. We have concluded our work on schedule B with the second meeting, excepting the item on apples, and as Mr. Fulton is not here but will be here later in the afternoon I would suggest that we leave over that item. I believe, Mr. Macdonnell, you indicated that when we concluded our work on schedule B that you would like a general discussion in regard to British preference, and it would appear as if now is the logical time for us to have that discussion. Have you any comments that you would like to make or would you rather have a general statement from Mr. McKinnon first before making your comments?

Mr. MACDONNELL: Perhaps you would allow me to take about thirty seconds to indicate what has been on my mind. I do not know whether you feel, Mr. Chairman, it is within the terms of reference of the committee, and whether Mr. McKinnon will feel it is necessary or sensible, but I feel that I would like to know the views of our experts as to whether there are any things in the general picture of our trade that we should pay attention to at the moment. We have our general figures, we know our trade with the United States is at a maximum. Nobody believes that the British or Imperial preference is the answer to all our troubles, of course, but on the other hand what I am wondering is whether it would be worth while to spend a few minutes to ask Mr. McKinnon to take us back for a fair number of years and let us have a picture of the variations of preferential policy.

The CHAIRMAN: The Chair rules you are entirely in order, Mr. Macdonnell. Carry on.

Mr. MACDONNELL: Without mentioning names I did happen to meet the other year one of the leading Republicans and I was struck with the fact. talking about tariff matters, that he said things are going on all right now but if we develop an agricultural surplus we will be back doing the same thing as we did before. Now, would Mr. McKinnon give us a bit of review, just going briefly over the situation so as to remind us of what has happened, and then taking the present situation give us some information coupled with his views as to the direction of our trade, and finally try to put this matter of preference into its proper setting? We do not want to exaggerate but on the other hand we do not want to ignore it. In some parts of the country it is vital and in some parts of the country we are apt to ignore it too much. If that seems sensible to you, Mr. Chairman, perhaps Mr. McKinnon could give us a summary going back over a considerable number of years but just taking the high spots.

Mr. Hector B. McKinnon, Chairman of the Tariff Board, called:

The WITNESS: Mr. Chairman, that is a pretty big order.

Mr. MACDONNELL: We know we can give you big orders.

The WITNESS: I imagine all members of the committee or most of them who are here know even better than I do the background of the British preference in the Canadian tariff. For something around fifty years, Canada has extended throughout her whole tariff schedule a preference to other parts of the British Empire or commonwealth. This was achieved by a number of steps, mostly by differentials or percentages of rates as a preference.

Mr. MACDONNELL: Could I ask you just one question? Did they include Crown colonies?

The WITNESS: Yes. It reached its full culmination when the tariff was set up in three distinct columns, British preferential, intermediate, and general, and under that three column arrangement a rate was imposed in each column; in many many cases, of course, the rate in the British preferential column is free. Mr. Callaghan gave you figures showing roughly the number of items in the tariff, the number that are free under all tariffs, and the number that are free under the British preferential tariff. I think it was Mr. Macdonnell himself who commented, when Mr. Callaghan gave that statistical analysis, that the actual total of numbers was not a very logical criterion to use. I would agree with Mr. Macdonnell, that if you merely count the items it does not mean a great deal, because a very large percentage of the numbers might be those of items in respect of which there was very little trade. Mr. Callaghan then gave the values of importations and they are all now on the record, under each of these tariffs. I think you will have to discuss the matter of preference, Mr. Chairman, from two points of view. First, the impact upon Canada represented by the British preference in our tariff, and, secondly, the benefits that redound to Canada by reason of preferential treatment that our exports get in other parts of the commonwealth. Now, if we take the first one, I think it is only fair to say that, in the minds of all people in both Canada and the United Kingdom and the other parts of the commonwealth, the matter of a preference has been most highly regarded for many many years. All parties,—and I am not meaning political parties—all parties in various parts of the commonwealth have seen great merits in it and it was only when, because of exchange troubles particularly, various parts of the commonwealth found that they could no longer find the dollars to import Canadian goods that in our opinion—and I use “our opinion” modestly; I mean those who are responsible for negotiating agreements—came to realize that although the preferences still exist on paper, in many many cases they have lost their actual value because there is no longer any trade under them, and, unfortunately, in some parts of the commonwealth at least, not any very encouraging prospect of trade under those items. I well remember that at Geneva, when we had to discuss the possibility of giving up some of our preferences in Australia and New Zealand in order that these two countries might make an agreement with the United States, I asked the then leader of the Australian delegation to tell me quite frankly and candidly how long in his opinion the preference that we enjoy in his market on automobiles and automobile parts would be of any value to us. Before I give his answer I would remind members of the committee that it was the exports to Australia, New Zealand and South Africa in particular that kept our automobile industry going for many years; in round figures exports represented about sixty per cent of the total production in Canada. The reply given to me by the then leader of the Australian delegation was that within three years we probably would not be shipping any automobiles or any parts to Australia. Now, that was in 1947. He was not then thinking entirely of the difficulties arising out of exchange. He had in mind, perhaps first of all, that Australia was determined to have her own automobile industry and was not only making the various components of the chassis and the body, but was actually making the engines. Nevertheless, we have prized very highly our preferences abroad and in many cases they have given us the opportunity to get into another commonwealth market on terms that made it possible for us to take a very large part of the trade. Latterly, of course, the trade has been dwindling. Australia, New Zealand, South Africa, the West Indies and various of the Crown colonies have found it difficult to import goods from Canada, and while some of them hold out hope that that particular situation may be straightened out in due course there is at the moment not any very glowing prospect that

that will come in the foreseeable future. It was for that reason, sir, that at Geneva in 1947 we represented to the United Kingdom negotiators in particular, that it might be well if we could both get the matter of preferences back where it was for several decades prior to that, namely, on a non-contractual basis. We told the United Kingdom delegates that there was no thought in our minds of suggesting increases in rates of duty against United Kingdom products; indeed that we were prepared, as far as we were concerned, to bind against any increase the British preferential rates that existed at that stage. Now, I must say that that removed one great fear from their minds: That the freeing of our hands in respect of preferences might be a curtain raiser to raising rates against the United Kingdom. We undertook to put into the exchange of notes that Canada would not raise these rates against the United Kingdom and that the rate on any commodity represented in any of these schedules to which Canada was a party would remain the ceiling rate.

Mr. MACDONNELL: What is the meaning as between that and contractual?

The WITNESS: I was just coming to that, Mr. Macdonnell. On the contractual basis, from and after 1932, sir, the preferential margins were bound against diminution; that is to say, we could not narrow a preference that the United Kingdom enjoyed in this market.

The CHAIRMAN: By giving some other country a lower rate?

The WITNESS: Yes, by giving some other country a lowered rate. We were bound not to do that, and equally they were bound in their market not to narrow our preference. But we raised the whole problem and said: Would it not make it easier for all of us to negotiate with third parties if we had a little bit of discretion, a little bit of freedom as to margins? I think that what persuaded them most that it might not be too objectionable was our willingness to bind against any increase every rate to Britain.

Well, as you know, sir, the exchange of notes occurred and since that date Canada and the United Kingdom, in particular, have been free to do as they like with each other's preferences; but in every case that I can recall over the past fifteen years during which we have been negotiating with foreign countries, in every case that I can recall at the moment, there has been consultation first. And in most cases, in spite of the fact that there was no contractual or legal tie, there has been virtual agreement before the new rate was struck.

By Mr. Carroll:

Q. Was there any increase in British preferential tariffs since the old days, generally speaking?—A. You mean in our tariffs, sir.

Q. Yes?—A. Did we raise rates against Britain?

Q. Yes?—A. There were a few cases but very very few. There was one even at Geneva, if we want to get down to that detail. We wiped out one margin of preference at Geneva by raising the British preferential rate to the same as the most-favoured-nation rate, that was on tinplate. That was the only instance, and the history of that is that such action provided a new scalp for the American belt, as the British used the phrase, and it did not in their opinion affect them because they did not expect to ship any or much more tinplate to Canada.

Q. Was there any increase in the preference Great Britain gave to us?—A. By widening or narrowing of the tariff?

Q. Any increase in the amount of the tariff, if you want to put it that way.—A. No, because we were bound both ways.

Q. To the present time has there been?—A. No. An advantage to us has been that most of our products went into the United Kingdom free of duty whereas not all their products come into this market free of duty.

The exchange of notes was effected. We negotiated under the new terms at Geneva, again at Annecy, and again at Torquay, without, I think, any evidence of ill feeling and I hope with mutual advantage. We are still bound in a purely contractual legal manner with South Africa and Australia. That binding affects many items in our tariff—certain raw materials, foods, fruits in particular, sugar—and in none of those items is it competent for us to reduce a rate in favour of a third country no matter what we might be offered in return for it. In other words, we cannot reduce the most-favoured-nation rate on the great number of items in our tariff without the explicit consent of Australia and South Africa.

By the Chairman:

Q. Before you leave the point, Mr. McKinnon, and at the present what is the round figure of our exports to those countries?—A. In dollars do you mean?

Q. Yes?—A. Dr. Isbister would have the round figures for each of those countries more readily available than I have. Can we look up those figures later, Mr. Chairman?

Q. Oh yes, I am sorry to have interrupted.—A. At Torquay we were approached on a number of occasions by both Australia and South Africa and, my memory is, on a few occasions by New Zealand, as to whether or not we would raise any objection if, in order to make an agreement with the United States or some other country they cut by some amount our preference in their market. In no single case did we refuse. We said in several cases that our preference has been of value to us; that we prized it not alone for its sentimental value but for its value in trade; but nevertheless that, if our giving up a part of that preference or that whole preference would help them to get some concession from some other country that might increase their trade both ways, we were prepared to concur in a reduction of our margin or indeed in the loss of it. Mr. Fulton, if he were here, would immediately think of apples, which preference we gave up in Geneva in 1947. We would, as negotiators, have been very happy if we could have made an exchange of notes with Australia and South Africa comparable to the exchange of notes that we made with the United Kingdom. I am certain as I stand here that had we been able to accommodate one another in that sense probably we all would have made better agreements at Torquay.

Mr. William F. Carroll assumed the chair.

Mr. Low: What was the difficulty in that you were not able to make agreements with South Africa?

The WITNESS: Well, in the final analysis, Mr. Low, we got a courteous but firm refusal from each of the countries, a refusal to allow us the liberty we sought. Now, we must remember that, at Torquay, by the time we got these final refusals, both Australia and South Africa and, indeed, New Zealand, had come to the conclusion that they themselves were not going to be able to make agreements with the United States. I am not suggesting for one moment that the attitude was one of dog-in-the-manger; but, knowing that they were not going to make agreements themselves with the United States and feeling, I think, that probably we were, they did not see that they should yield on that point.

I would like to read one paragraph from the Board of Trade Journal of the 12th of May. As you know the Board of Trade Journal is the official organ of the Board of Trade of the United Kingdom, a government publication. This

is a summary by the Board of Trade Journal of the position of individual commonwealth countries as a result of Torquay. I will read the paragraph relating to Canada:

CANADA: Under the terms of the Exchange of Letters dated October 30, 1947—

That is the Geneva exchange of letters,

—all preferences enjoyed by Canada and the United Kingdom in each other's markets became non-contractual, and Canada is therefore free to reduce margins of preference without the consent of the United Kingdom. In nearly every case—

Now, I read that because that is the wording here, but I personally cannot recall a single instance, no matter how insignificant the item, where we did not approach the United Kingdom delegation in the matter.

In nearly every case Canada gave the United Kingdom an opportunity of expressing her views and in many cases was able to put her offers in a form satisfactory to this country.

In other words, we did not demand hide, hair and tail in informing the United Kingdom that we would like to make a concession on a certain product, the result of which would be to decrease their margin in our markets.

By Mr. Harkness:

Q. Just before you go on, Mr. McKinnon, on this freedom to negotiate as far as the United Kingdom was concerned, why did South Africa and Australia not give us that freedom?—A. Not all items are bound to the same commonwealth countries.

Q. I was wondering to what extent that is true?—A. Freedom vis-à-vis the United Kingdom meant that we could insert certain concessions into the Torquay schedule. Not so as regards the others.

Q. Were there many of these?—A. Not many, but there were some very important items that we should have liked to put in. I continue reading:

In nearly every case Canada gave the United Kingdom an opportunity of expressing her views and in many cases was able to put her offers in a form satisfactory to this country.

In other words, if we had in mind a cut of X in the preferential margins and they said they would be happier if we limited it to, say, X less 10 or X less 20, we attempted to meet their requests in so far as we possibly could.

In the course of the negotiation of a large-scale agreement between Canada and the United States, however, some margins of preference in Canada to which the United Kingdom attached importance were reduced. On the other hand, imports into Canada from the United Kingdom covering 1·2 million pounds in terms of 1949 trade will benefit from reductions made by Canada in British preferential rates or in most-favoured-nation rates where there is no preference.

You may remember that in Mr. Callaghan's evidence he stated that at Torquay we totally eliminated the preference on forty-seven items. The value of the imports into Canada under the entire group of forty-seven, not from the United Kingdom only but from the whole commonwealth, was less than \$75,000. The statement in the Board of Trade Journal is that, although they were hurt on certain items, imports into Canada from the United Kingdom covering 1·2 million pounds in terms of 1949 trade will benefit from reductions made by Canada in British preferential rates.

Moreover, as a consequence of the provisions of paragraph 3 of the Exchange of Letters, duties payable on United Kingdom goods are bound

against increases on a further 1·1 million pounds of United Kingdom trade in 1949 as a result of the new concession made at Torquay by Canada in favour of other countries.

I think that that shows fairly clearly that although we did secure our liberty, if you want to put it that way, at Geneva, we have not abused that liberty. Indeed we have dealt, I think, very delicately and gently with it and as this British government publication says, one net result of Torquay is that the United Kingdom has secured reductions or bindings on items which in 1949 represented a total trade of two and a fraction million pounds.

Mr. Low: That is what I was interested in, the reaction of South Africa. Their fears would not be allayed as a result of that experience?

The WITNESS: As you know, sir, wool was the desideratum in respect of Australia. That country had secured a concession of one-quarter of the duty in the American tariff at Geneva. There is not the slightest doubt that they would have got the whole fifty per cent at Torquay if they had been able to make the concessions that the United States was asking or, at least, some of them. But apparently Australia felt she could not make any substantial concessions to the United States. As time wore on, Australia saw little prospect of a further concession on wool. South Africa is also very highly interested in wool and no doubt realized that if the concession did not go to Australia, it certainly would not go to Africa. My deduction would be that feeling that she did not have a great deal to get, she probably saw no reason why she should give. Agreements really turned on wool in respect of those two countries, Mr. Low. If events had made possible a little bit more accommodation among the three that were bargaining—the United States, Australia, and South Africa—and if a reduction in wool had been compensated for by reductions that the United States could have accepted as compensatory, I think everyone would have left Torquay considerably happier than they did.

I have talked largely in terms of eliminations of preferences. There are numerous reductions in the preferences enjoyed by the United Kingdom in the Canadian tariff, as Mr. Callaghan has explained. It has appeared to me as we have been reviewing the schedule of tariff changes that it was the reaction of the committee that in most items there had been a very small narrowing of the preference; and, further, that on most items a pretty substantial preference still remains. I do not say that applies in every case. If you get down to a rating of "free" as against 5 per cent, it is not very much of a preference, and, in a case like that there never was very much of a preference.

My own feeling is we attempted to deal not only generously but justly with the United Kingdom in respect of every single item that was discussed. I do not know whether Mr. Macdonnell has any other questions. I have not attempted much of a historical review, because it seems to me the important thing and the thing that is in your minds is, what is happening now and what about the future?

By Mr. Macdonnell:

Q. Can you give us, or perhaps you are coming to it, an idea of the amount of trade affected over the course of the years by the preference—particularly to the United Kingdom, of course?—A. Our exports to the United Kingdom? Well, Dr. Isbister, I think, would have to do that. I have not got the detail of those figures. Are you thinking, Mr. Macdonnell, chiefly of the extent to which trade may have been impaired by loss of preference in the United Kingdom?

Q. Partly, but I want to get an idea how important this preference has really been? Also, if it is not going too far afield and if it is tell me, what happened to us? For instance, you remember those two American treaties which did so much damage? Could you give us a little picture at those two

times? As I said, a couple of years ago I met one of the leading Republicans who said: Don't forget that kind of thing can happen again.—A. You are thinking of the Fordney-McCumber and the Smoot-Hawley tariffs.

Q. Yes. I do not want you to spend a lot of time on it but could you complete the picture?—A. At that time we did not have the type of agreement with the United States that we have now, whereby we have our rates bound against any increase. We were at their mercy at that time, in that we extended to them a certain regime, and for their own purposes and in their own time they had extended certain concessions but, you are quite right, overnight we found the trend reversed.

Q. Yes?—A. We suddenly faced a drastic increase of duties in the United States. Today, all the concessions we got at Geneva are bound for a further three years and, in addition, the concessions we got at Ancey and Torquay are similarly bound for three years. I feel that there is no comparison in the two situations at all, in that we now have rates guaranteed to us under the General Agreement and those rates can be broached or abrogated only by the most drastic action on the part of the United States—action which would certainly leave us free to retaliate if it came to that. I know you may have in mind that the Reciprocal Trade Agreements Act as now going through Congress has been worsened. The duration of the Act is two years instead of three years. Peril points are put in which were not in before and below which the President may not go except, so to speak, at his own peril; he does not have to follow the advice of the United States Tariff Commission but if he does not he has to explain to Congress. The third, and I suppose the most dangerous feature, is in connection with products under the Agricultural Adjustments Act. I will try to put this in concise and simple terms. Under the former legislation, there was a provision whereby any concessions given by the United States to a third country enjoying most-favoured-nation treatment would override the provisions of the Agricultural Adjustments Act—in other words the Agreement would override the domestic legislation. I understand that in connection with some, and particularly perishable agricultural products, the law as now written is the other way: In respect of any agreement made in the past or to be made in the future the concession granted may not conflict with the law. In other words, the domestic law may override tariff concessions given under an agreement. I understand that this provision may be somewhat watered down, because the Senate committee in reporting this change in the Act, did say in explanatory notes that the President would have various ways and means open to him for dealing with different situations, and that probably he would be able to do so in a manner not incompatible with the arrangements made with most-favoured-nation countries.

Q. Would it be a fair question to ask in the roughest manner what percentage of our present export trade to the United States would be secured to us over a period of years in the manner you suggest?—A. You mean under the existing schedules? Would you know that, Dr. Isbister?

Q. It is amounts and totals I am thinking of.—A. That is not just the dutiable imports but all of them?

Dr. ISBISTER: Over all it would be in excess of 90 per cent.

Mr. MACDONNELL: Of our total trade?

The WITNESS: With the United States.

By Mr. Harkness:

Q. Take a specific example, beef cattle. If under American legislation the price of beef cattle fell to some particular point covered by that legislation, then we would be more or less automatically by that law barred from the beef cattle market?—A. It would not be automatic. There would have to be

cognizance of the obligation. The Secretary of Agriculture, I think, would be in a position of having to make representations and/or recommendations to the President. I believe that even in the most drastic form which the law has taken the President does not have to take advice from the Tariff Commission or the Secretary of Agriculture; but if nevertheless he felt that for domestic reasons and because of matters of high policy, he had to act, then the first thing that he has to do under the general agreement is to consult us. Now, consultation as a general rule leads to some accommodation and some arrangement. If in the end, nevertheless, he did take action against, for example, our beef cattle concession, which we would regard as a most important change in trade relations affecting us, we would be free to take any retaliatory action we wished.

Q. Nevertheless, they could in spite of this agreement close the American market on beef cattle?—A. I am not a lawyer but, reading the Act in its revised form I think he could; but I did state the other day that in my opinion it would be unthinkable that he would—and certainly in no case would he do it without the fullest consultation. The consultation might involve compensation in some other form. For instance if the beef cattle provision were withdrawn, or modified, compensation might be offered in respect of other farm products that we might deem to be equally substantial or important; or it might be on some other product; or failing all that, the government of the day—whatever government it might be—probably would feel it would have to retaliate and withdraw from the United States some important concession that we had made at Geneva or Torquay.

Q. None of which would help the beef cattle industry?—A. That is true. I am not attempting to gloss over the fact that under the proposed rewording of the Reciprocal Trade Agreements Act it is not a very encouraging prospect, and I think maybe Mr. Macdonnell has that in mind when he recounted his conversation with a certain Republican or Republicans. On the other hand, our rates of duty are guaranteed to us for three years.

The United States has a most intense addiction to the doctrine of unconditional most favoured nation treatment—which as I think you know, is simply an undertaking by country "A" to country "B" (if they reach agreement) that it will not treat country "B" any less favourably than it treats any other country. I have never quite understood the United States loyalty to the unconditional most favoured nation principle—

Mr. Low: Neither have I.

The WITNESS: I am saying that, Mr. Low, for this reason: As everyone in this committee knows, for very many years the United States has not been greatly dependent on exports. She consumes her own production. Over a long term of years her exports to other countries have represented perhaps some 6 per cent or 7 per cent of her total production. Therefore the unconditional most favoured nation doctrine does not mean nearly as much to that country in indirect benefits as it means to a country which is very dependent upon exports. Canada has been in the latter position for so long, very dependent on exports and, therefore, we stood to gain more from the crumbs that fell from other people's tables, so to speak, than did the United States, that country being rather indifferent as regard exports. Nevertheless, they have an idealistic attachment to the unconditional most favoured nation principle that is quite commendable; but I do not think it means as much to them in dollars and cents in actual trade as it does to Canada.

Q. 6 or 7 per cent of their production would be a pretty sizeable sum of money and it makes for a pretty large percentage of the word's volume of trade?—A. When you put it in terms of dollar value, the absolute amount is a big amount, Mr. Low.

(Mr. Cleaver resumed the chair.)

The CHAIRMAN: But so far as being a peril to their economy it is very small.

Mr. Low: If they can be made to see that it is all right.

The CHAIRMAN: What is our comparable figure to the 6 or 7 per cent in the United States? What do we require to export and import—compared to our total production?

The WITNESS: That is very hard to say because in prewar years we exported a very large percentage—what would you say, Dr. Isbister?

Dr. ISBISTER: Probably one-third.

Mr. Low: It has rapidly changed?

The WITNESS: Yes, it varies up and down every year; and so it does with the United States. We have used 1949 statistics in committee and I would be inclined to say, as far as Canada is concerned, that 1949 was a very big year for United States exports to this country. You will remember that, post-Geneva, the government had to impose restrictions and embargoes on exchange grounds. These applied during all of 1948 and were only beginning to come off towards the end of 1948. After such imports had been embargoed and prohibited for a considerable length of time, the bars began to go up, and in 1949 exports from United States into Canada jumped very very substantially. They regard it as a big import year into our market.

Mr. Low: That was the year when they had a \$12 billion favourable balance with the rest of the world?

The WITNESS: But there were many factors which contributed in that particular year.

I do not know whether I have been of help to the committee in any way. I had no prepared statement, not knowing what I might be asked to discuss.

By Mr. Harkness:

Q. There was one statement you made that I wondered about. Mr. Macdonnell wanted to know about the impairment of our trade as a result of lowering of the preference market.—A. Mr. Macdonnell meant in the United Kingdom, in particular?

Q. Yes, and I would like your comments on that. To what extent has the very considerable decline in our exports to the U.K., which has taken place in the last year, been due to this lowering of preference?—A. I would not want to be dogmatic on that but I would be inclined to say little, if any, bearing at all.

Q. You think it is almost entirely due to currency conditions?—A. Exactly. I doubt myself that we have lost any trade by reason of the impairment of our margins in the United Kingdom market. Even in apples, as Dr. Richards would show if Mr. Fulton were here, where we have given up the preference, the picture is very interesting. The exports from Canada to the United Kingdom have gone up again in spite of the fact that we no longer have a preference. In that case there were special factors, too. I think I can say categorically in general, although not in detail, that I doubt that we have lost a dollar of trade in exports to the United Kingdom because of the loss or impairment of any preference.

Mr. MACDONNELL: Would you say that bulk buying has made it more difficult to say what the reasons are?

The WITNESS: Exactly. That is one very important consideration. There is no question but that bulk buying and state trading means that very often a preference is not a factor in the transaction at all or, if it is a factor, it is a hidden factor that you cannot very well appraise.

Dr. ISBISTER: I wonder if it might not be added at this point, with regard to the large number of exports we sent to the United Kingdom in the 1930's, and the larger part of what we sell them today, that these consist of Canadian basic products which are on the whole of better quality and lower price than can be obtained in the outside world from elsewhere. The sales to the United Kingdom amount to higher net revenue to Canadian exporters and without the preference they are still the cheapest and best products of their kind which can be bought on the United Kingdom market. Therefore, it is difficult to say with regard to the vast bulk of exports to the United Kingdom that the volume of sales has been affected very much, outside the field of miscellaneous manufactured goods which have never been large in volume in the United Kingdom.

Mr. HARKNESS: Still, we have had a very great reduction in a number of important products. I would mention, particularly, bacon.

Dr. ISBISTER: For other reasons.

Mr. HARKNESS: Yes, but nevertheless there has been a very important reduction in many important items?

The WITNESS: That was not in any way the result of a loss of preference.

Mr. HARKNESS: I am not suggesting that.

The CHAIRMAN: Is there a table that can be made available to the committee without too much trouble, showing our favourable trade balances with the United Kingdom and our deficit trade balances with the United States, say since 1930?

The WITNESS: Yes, that could be produced.

The CHAIRMAN: I would like that on our records.

Mr. MACDONNELL: Can we get it in dollars and in quantity both, or does that make it too difficult?

The WITNESS: There might be certain commodities where we might get quantities but in the main it would be only dollar value.

The CHAIRMAN: Am I correct in assuming that on account of the exchange situation our credit balance of trade with the United Kingdom dropped very substantially and we just had to get other markets? The improvement in our deficit trade balance with the United States has helped to take up the slack?

The WITNESS: Yes, that is true in general terms.

The CHAIRMAN: Well, in order to achieve that improved trade position in the United States—and this is the question in my mind—have we given the United States any compensation that might be considered as prodigal or considered as impairing our future trade relations with the United Kingdom when times become normal again?

The WITNESS: No, sir. In respect of that question, the one commodity I might think of that would fit in general into your query would be anthracite coal. Britain did prior to 1947 enjoy a preference in this country. It was small—50 cents a ton. As you know, Britain had dropped out of the market during the war and, in 1947, at Geneva, we eliminated that preference for purely domestic reasons—on the grounds that we had little or no anthracite in Canada and, further, the United States had dealt with us pretty reasonably all through the war in giving us a fair portion of their supply. We eliminated the preference on anthracite coal. At the time, that did disturb the United Kingdom government very greatly but, on the other hand, I think they attached undue importance to the matter of 50 cents a ton on coal that may have been at that time worth \$10, \$12, and \$14 a ton. It was a very small preference and now, apparently, although the preference has gone, United Kingdom anthracite is again coming into this market. Indeed, there was a day, as many in the committee will remember, when Welsh coal for blower use had a growing and expanding market in this

country without relation to the preference or the duty or anything else; and if they can put that coal here again, they will still have a market for it.

By Mr. Carroll:

Q. Is there a duty on anthracite coal coming into the country now?—A. Not now. It is free since 1947; but there is a duty on soft coal.

Q. I think I am more or less responsible, in my way. There is still a duty on American anthracite?—A. No, that was removed after Geneva. It is now free under the British preferential tariff and free under the m.f.n.

Q. And the duty on bituminous coal was reduced from 75 cents to 50 cents?—A. To 50 cents.

By Mr. Macdonnell:

Q. Did I correctly understand you to say, Mr. McKinnon, that of our total exports to the United States, 90 per cent—not of those dutiable but 90 per cent of the total—are assured to us by the methods you mention?—A. Dr. Isbister supplied that figure. I do not know if it included “free” and “dutiable”—but certainly it applies to the “free” items; there is no question as to that.

Dr. ISBISTER: 90 per cent of the over-all total.

By Mr. Macdonnell:

Q. Does that mean that beef cattle is one of the exports that comes in the 10 per cent non-secured?—A. No.

Q. I did not think it was that.—A. By ‘secured’ all we mean is that the concession is in a schedule and the schedule is bound for three years. If they were to take action under the revised Trade Agreements Act to withdraw the concession, then it is not secured in quite the same sense of the word.

Q. Well, I do not want to press this, but as I listened to your answer to Mr. Harkness, I was not quite able to square it with what you said before; and I did not quite fully understand because it seemed to me you indicated to him that the thing was pretty well at large—that all bets were off and we would make a new deal. You emphasized the fact that we could retaliate if we wanted.—A. I did not mean to convey that impression. Beef cattle, along with all the other things that make up the 90 per cent, are included in the schedules to the agreements. Those rates of duty are bound against increase for another three years. It was in that connection I said it was unthinkable, to my mind, that anything would happen to that item but I did not want to go on record as saying that in any case nothing could happen to it. If the President, under this new legislation were to decide that, regardless of obligations under the General Agreement, he was going to restrict our concession on beef cattle, then we have the right of reprisal, of retaliation, by the withdrawing of concessions we would deem to be compensatory—although, as you said, that would not help beef cattle producers.

Mr. CARROLL: It would be a good thing for poor devils like myself who have to pay so high for their meat at the present time.

Mr. REISMAN: I was just wondering if it was worth adding that nothing the United States can do by way of its own domestic legislation alters in any way their obligations under the General Agreement.

The WITNESS: It does not alter their commitments under the General Agreement.

Mr. REISMAN: In other words, regardless of what their legislation says their President might do, it does not change their obligations to us by virtue of items included in the schedules. It not only applies to beef cattle but to all items in the schedule. Nobody can guarantee that a country under no circumstances will abrogate their obligations.

The WITNESS: That is what it involves; and that is what I mean in using the word 'secured'.

Mr. MACDONNELL: Well, you pointed out that was the substantial difference between the Smoot-Hawley and Fordney-McCumber situation—where we had no umbrella of any kind?

The WITNESS: In those times, what happened was purely a unilateral act by the other country and there was not much we could say or do about it. Now, we have obligations or commitments bound to us for another three years and, therefore, I say it would be a most serious step for the United States to contemplate withdrawal of concessions which would in effect constitute violation of her undertaking.

By Mr. Carroll:

Q. Have Canadian rails a preference in South Africa, New Zealand, and Australia?—A. You mean street railway rails?

Q. Yes? I remember there was quite a commotion in the industry some years ago—around 1929—when those three countries cancelled that preference. I never knew the reason but it did look to me as if it was a little bit of bad faith on the part of some people.—A. All Dr. Isbister can say is that they were not discussed at Torquay. I remember, myself, in the 1920's that we had very large exportations of rails—particularly to South Africa.

By Mr. Macdonnell:

Q. You were, I think, going to give us a figure, notwithstanding the qualifications that have been made since, showing the amount of trade we did with other countries—at any rate with any commodities that were subject to a preference. Do not let us say the preference was responsible, but would there be readily available a figure showing how large the commodities in the preference bulked?—A. Are you thinking in United Kingdom only or other countries?

Q. I was thinking of others but mainly the United Kingdom.—A. Trade and Commerce would have to prepare such a figure. I have not got such a figure off-hand.

Mr. ISBISTER: I wonder if I might make a comment on the structure of this trade without attempting to reconstruct the figures and as the result of that we might be able to go ahead without them.

The WITNESS: In respect of Mr. Macdonnell's question, you are giving the background.

The CHAIRMAN: Mr. Isbister, before you give that general statement would not the inter-Empire trade that takes place actually take place under the preference?

Mr. ISBISTER: I was going to say—

The CHAIRMAN: That is the point.

Mr. MACDONNELL: Could I just interject this? I take it that what we are groping for, and maybe it is not to be found, is to know whether if the situation changed so that you have the United States with large surpluses they could be pretty realistic in finding ways of not suffering too much themselves. Now, all I want to clear my mind on is, are there things which we should be doing outside the United States to try to broaden the base of our trade and, incidentally, I understand there have been recent visits, either formal or informal, from trade representatives of other commonwealth countries here in the past short while.

The WITNESS: Dr. Isbister is on the committee that met those groups whereas I am not, and I think he could give you information on that.

Mr. ISBISTER: I would like to make a few comments, first about the United Kingdom, Mr. Chairman. If you will look at the commodities which have always accounted for a very large part of our sales to the United Kingdom you will find these are the products, these are raw materials, food stuffs, products of agriculture, forestry, mining. In other words, base metals, including aluminium, zinc, that kind of thing. In the wood products field, lumber, pulp and paper; in the foodstuffs field, a large number of products of which the largest single one has been wheat, live stock, bacon; in the dairy products field, cheese, processed milks, and then apples. Now, these things, as I said before, have always been and are today of their kind in almost every case the cheapest and highest quality product in the world market. In other words, we are singularly fortunate that our export products are things which are quite easily come by at competitive prices and at good qualities elsewhere. Now, the market for these products has always been a more attractive market in the United Kingdom inclusively because of the existence of the preference which you might say and always giving the supplier a chance to obtain a higher price for his product under the preferential tariff in the United Kingdom, but in this whole field of food stuffs, minerals, and materials, papers, lumber, it is very difficult to say if the existence of the market itself has ever existed on account of the tariff preference.

Mr. HARKNESS: That would not be true of bacon, would it?

Mr. ISBISTER: Well, you may be getting close to the margin of my generalization but I think that even in that case that would even stand up.

Mr. RICHARD: In the case of bacon, Dr. Isbister, our price would be higher than certainly the price that the United Kingdom is paying for bacon on the continent or from other commonwealth countries.

Mr. ISBISTER: I am thinking of the fact that during the war or since the war, rather, during the period in which the United Kingdom has attempted to reduce her dollar purchases to an absolute minimum that she has in fact returned to the Canadian market year after year for quantities of bacon. In other words, these generalizations I have made is that we do have exportable surpluses which are very much in demand at prices which buyers in fact have been eager to pay. These generalizations are difficult in recent years because the extreme volatility of the United Kingdom market has been demonstrated. Her shortage of dollars has forced her to eliminate purchases quite arbitrarily.

Mr. HARKNESS: I am sorry to have changed your train of thought but it seemed to me that that generalization had not applied over the course of the years.

Mr. ISBISTER: The field in which preferences have undoubtedly been of a greater assistance to our exports has been the field of miscellaneous manufactured products of many kinds. You might refer to those industries which are based in Ontario and Quebec, as producers of footwear, and textile field, and household appliances, but in this field Canadian manufacturers have never been able to compete in the United Kingdom market as effectively as they have in other parts of the commonwealth, and that leads me to make a few remarks about other countries in the commonwealth. My own extemporaneous conclusion about the value of the preferential market in the United Kingdom is that it has never been essential to us in the raw materials or foodstuffs field except in relation to particular items. In the manufactured goods field while it has made a preference available to Canadian manufacturers in a wide range of products, even with the preference traditionally Canadian manufactures have found it difficult to compete in the United Kingdom which in itself is the homeland of miscellaneous manufactures, so that while you could look at the preference on paper and see that undoubtedly in many fields they have accounted for additional business in the United Kingdom market even I would not arrive at

the conclusion that these have been the basis of the bulk of our trade or have been the *sine qua non* of the bulk of our trade.

Mr. MACDONNELL: Before you pass on, could I ask you one question? Am I right in thinking that there have been times when the Argentine was quite a threat to our market? I realize the difference of quality enters in there. Am I wrong in thinking that years ago the Argentine, which I think does not have to store wheat as we do, were quite a threat to us and that there were periods during which the preference was effective.

Mr. ISBISTER: I am sure that is true, sir, and particularly in the 1930's, during the period when prices competition was very severe.

Mr. HARKNESS: Argentine does not have a long rail haul for her produce as we have, and that gives them an advantage on cattle, wheat, and so forth, apart from advantageous climatic conditions.

Mr. ISBISTER: In relation to the overseas commonwealth, and Empire countries which I would like to mention just very briefly, I am sure that more Canadian exporters have started in the export business in relation to the British West Indies perhaps than to any other parts of the overseas colonial territories, and I suspect that that probably is true of the commonwealth as well, but it is true that we have received preferences on a great many of the manufactured foodstuffs and processed raw materials in colonial territories along the same lines as we have received in the United Kingdom, and, just as in the United Kingdom, these preferences have undoubtedly assisted the sale of our basic commodities in the sense of giving us a price advantage. In other words, if times were bad and sales depended on small margins of price competition, then the preferences might assist a great deal, but the generalization remains true over the years, and the larger number of Canada's exportable raw materials and foodstuffs that over the long run were in a very competitive position in relation to other countries in our major fields of produce of this kind of thing. On the other hand the people who have depended for an export market on colonial overseas territories of the United Kingdom and on the other commonwealth countries are to a very large extent manufacturing industries and you can name a very long list of manufactures, including textiles, piece goods, processed foods of many kinds, household appliances including stoves refrigerators, kitchenware, washing machines, and, then, automobiles to which Mr. McKinnon referred which have found substantial export markets overseas in Australia, India, all the commonwealth countries and markets of genuine value in the colonial overseas territories. Now, not only have manufacturers found export markets in these overseas territories but the generalization I think would stand up with regard to the decade of the 1930's that practically speaking their only overseas markets were found in the other commonwealth countries and in the colonial territories of the United Kingdom where they received preferences. This was the basis of Canadian export of manufactured goods during the 1930's. Now, these are, of course, the people who have been terribly hurt by the import restrictions which have been part of the dollar saving programs of the United Kingdom and sterling area countries, the thing that has hurt us more than anything else, I believe, has been the exclusion of Canadian manufactures from traditional markets in the British West Indies, in other colonies, in Australia, New Zealand, and South Africa.

Now, if you look for the area in which serious injury has been effected in recent years here it is: The miscellaneous manufactured goods market. Now, this was the generalization, just a few comments on generalities that I wanted to help extemporaneously, in a desire to be helpful. My rough conclusions would be just to repeat briefly that in the past our market for manufactured goods in parts of the British Empire and commonwealth outside the United

Kingdom have not only been assisted by the preferential system but indeed the market was created and based upon the preferential system.

Mr. MACDONNELL: And what about motor cars?

Mr. ISBISTER: Motor cars and many other manufactured goods, but a large number of these. On the other hand in our largest export fields are materials and foodstuffs, products of farms, mines, forests. While it is undoubtedly true that the system of preferences in the United Kingdom and in the colonies has put our products into a stronger position in some times more than others, at no time I suspect could it be claimed that the market depended upon the existence of a professional system.

The WITNESS: Is it not true, too, that many of our best producers of miscellaneous goods who had built up very considerable markets in commonwealth areas, found themselves finally either forced to abandon that market or to begin manufacturing operations in one or other of the commonwealth countries?

Mr. ISBISTER: That has happened.

The WITNESS: I am thinking, for example—and perhaps I should not mention the firms—of washing machine manufacturers in Canada who found that, for one reason or another and despite the preference, it was prudent for them to open a branch plant in the United Kingdom or in South Africa or in Australia. In many cases they did it and I believe are doing quite well in those branch plants in their adopted homes.

The CHAIRMAN: And the exchange problem?

Mr. HARKNESS: From all that it would perhaps be a fair generalization to say that the British preferences have been of great value to us both as far as the basic industry is concerned as well as the manufacturing industries when there was a plentiful supply of goods; in other words, when there was a buyer's market. But when you get into a situation as exists today, a seller's market, they are of much less value.

Mr. ISBISTER: Well that is even a little more complex than that because a year or two ago we were approaching a position where there was a very plentiful supply of all kinds of goods but the United Kingdom and sterling area countries were still saving dollars and the preferential system did not help us, but to your statement has to be added additional the fact that preferences are of assistance to us perhaps most in a period when there is a glut of goods and therefore price competition becomes important; secondly, in a period that the United Kingdom and the sterling area have their markets open to us.

Mr. HARKNESS: What I was coming to is that these preferences may, in the future, if exchange defects get ironed out and if we get into a situation where you have a buyer's market throughout the world again, be of very great value to us once more.

Mr. ISBISTER: They may well be and of course that is the aim of everyone involved in negotiations in this field.

Mr. MACDONNELL: Following that I would like to ask a question, going back to something Mr. McKinnon said a while ago. You understand, Mr. McKinnon, in the case of Australia there was an entirely new situation set up quite apart from exchange, that they were just going to do things for themselves. Now, I would like to ask Dr. Isbister, before we get into exchange difficulties, how did we find our trade in the British colonies? Did we find it was difficult to go in there, that Britain had the inside track, or did we find that we got a pretty fair run for our money? I had a little experience in the case of Jamaica some twenty years ago when I was in business. We eventually did get in and sold some rails from Sydney, but we had difficulty. Now, what is the general experience?

Mr. ISBISTER: The best way to answer that question, sir, would be to, I think, repeat some of the views of our trade commissioners in those parts of the world because as far as I know all of our trade commissioners, those in the British West Indies, in Malaya and in Singapore and in other parts of the overseas colonial territories are all of the impression that if only import controls could be relaxed or removed so far as they affect Canadian goods that traditional markets are available to us to be re-established in those parts of the world. That is to say, in very many fields the Canadian goods established their reputation, their quality, and the people in these countries would very much like to be able to buy them again.

Mr. LAING: Dr. Isbister, how many years after we wrote the agreements in 1932 could we assume that the full effect of the preferences were felt? Three years? Four years? The Imperial preferences were written in 1932 and were hailed as being of immense value to Canada, and I agree. At that time we, because the world trade had more or less come to a standstill, decided to trade within ourselves. But how many years elapsed before the full effect of the Imperial preferences became felt in Canada? Shall we say three years?

Mr. ISBISTER: I am afraid you are addressing the question to the wrong person, sir, because at that time I was still a student. I would like to say though at that time unemployment was becoming worse and worse, the world situation deteriorated, trade instead of growing, diminished, and I do not honestly believe that anybody could examine the trade figures of those days and tell you how long it took the Imperial preference to achieve its full effect but to the extent they had a constructive effect it was a case of building up where the totals were continually falling.

Now, I know that has been a subject of study and inquiry.

Mr. LAING: They were hailed in 1932 as a life saver. I want to know what kind of a life saver they were. What was the value of our exports to the United Kingdom and our imports therefrom and the fraction of it to the trade which we have had for many years since—both export and import. It would be a very small fraction I suggest, but we might get those figures.

Mr. MACDONNELL: I think that would be a very interesting figure.

The WITNESS: Those figures could be obtained.

Mr. MACDONNELL: I had an idea, but it is only an impression—and I agree with you it was an emergency situation—that the improved results were rather rapid.

Mr. LAING: They were of great benefit to British Columbia lumber, I remember.

Mr. FULTON: In connection with a debate in the House sometime ago—I did get figures. I have not got them in my head but I remember the trend and they were placed on the record. I am talking now about export trade with the United Kingdom, export trade with commonwealth countries other than the United Kingdom, and then our trade with all countries. I think in the first two cases the increase was immediately evident in 1933 and it continued to rise from 1933 on. In the other cases I think the increase was not evident until 1934 when the figures showing dollar value of our exports began to rise again.

They were placed on the record at that time and no one took exception to them or said they were inaccurate. I made a statement which was not contradicted, that after 1932 almost immediately the volume of exports began to rise again whereas up to 1932, over the last few years before 1932, they had shown a constant decline. I will get those figures.

Mr. ISBISTER: One of the historical facts which I suppose should be borne in mind in relation to such a study is that a housing boom started in the United Kingdom in the early 1930's, at a time when almost everything else in the world

was going in the other direction—declining. What increase in sales of lumber would be specifically attributable to the housing boom and what to the preference would be a matter of debate?

The CHAIRMAN: Mr. Fulton and Mr. Laing are still here and as we have a few minutes, Dr. Richards might place on the record the material which he prepared in regard to apples.

CANADA—EXPORTS

Calendar year	Belgium	Netherlands	Brazil	France	Norway	U.K.	U.S.A.
Thousand bushels							
1937.....	60	66	12	12	0	5,514	9
1938.....	36	6	72	15	2	7,422	36
1939.....	108	66	81	18	.....	4,281	39
1946.....	.....	.....	108	.....	.....	3,453	915
1947.....	.....	.....	216	.....	.....	1,344	1,419
1948.....	9	.....	276	.....	.....	.....	1,545
1949.....	22	.....	42	.....	.....	1,580	1,637
1950.....	1	.....	.....	.....	.....	2,289	2,362

UNITED STATES—EXPORTS

Calendar year	Belgium	Netherlands	Brazil	France	Norway	U.K.	Canada
Thousand bushels							
1937.....	422	469	133	885	44	3,345	211
1938.....	1,138	1,134	130	1,450	199	4,594	172
1939.....	423	1,070	135	1,234	59	3,411	128
1946.....	151	8	135	.....	0	348	119
1947.....	222	38	78	0	0	1,361	425
1948.....	144	12	42	.....	0	0	64
1949.....	184	25	51	.....	0	.....	186
1950.....	234	130	228	.....	.....	831	104

NOTE: 0 = Less than 500 bushels.

SOURCES: Canadian and U.S.A. trade statistics.

STANDING COMMITTEE

U.S.A.—APPLES
PRODUCTION AND UTILIZATION

Calendar year	Production (commercial)	Utilization Fresh		Processed, used on farms and waste
		Domestic	Export	
Thousand bushels				
1937.....	153,169	90,222	7,901	55,046
1938.....	105,718	63,785	11,761	30,172
1939.....	139,247	75,460	8,379	55,408
1946.....	119,410	73,510	2,864	43,036
1947.....	113,041	72,272	4,553	36,216
1948.....	88,407	61,246	2,138	25,023
1949 (1).....	133,742	78,148	1,853	53,741
1950 ²	120,499	.....	3,080	.....

(a) Preliminary.

SOURCE: U.S.A. Agricultural Statistics.

CANADA—APPLES
PRODUCTION AND UTILIZATION

Crop year beginning July 1	Production	Utilization Fresh		Processed
		Available for domestic consumption	Export	
Thousand bushels				
1937.....	15,172	6,231	6,724	2,587
1938.....	15,667	5,912	8,463	1,463
1939.....	16,429	6,915	4,021	5,641
1946.....	19,282	8,229	6,006	5,409
1947.....	15,619	9,498	2,144	4,199
1948.....	13,404	7,677	2,848	2,982
1949.....	18,151	9,102	5,441	3,816
1950(1).....	16,091	9,155	3,664	3,376

(1) Preliminary.

SOURCE: Dominion Bureau of Statistics.

CANADA
TRADE WITH U.S.A. IN APPLES

Calendar year	Exports to U.S.A.	Imports from U.S.A.
	Thousand bushels	
1937.....	9	211
1938.....	36	172
1939.....	39	128
1940.....	690	97
1941.....	99	56
1942.....	459	336
1943.....	303	103
1944.....	1,827	16
1945.....	807	27
1946.....	915	119
1947.....	1,419	425
1948.....	1,545	64
1949.....	1,637	186
1950.....	2,362	104

SOURCE: D.B.S. Trade of Canada.

APPLES

PRODUCTION IN SPECIFIED COUNTRIES, AVERAGES 1935-39 AND 1940-44, ANNUAL 1947-50

Continent and country	Average		1947	1948	1949	1950 ⁽¹⁾
	1935-39	1940-44				
Thousand bushels						
NORTH AMERICA						
Canada.....	14,560	13,459	15,619	13,404	18,151	16,091
United States.....	127,311	113,787	113,041	88,407	133,742	120,499
EUROPE						
Belgium.....	5,435	6,103	13,779	3,215	18,372	13,779
Denmark.....	2,818	4,593	6,430	11,482	6,889	12,860
France:						
Dessert and cooking	10,499	9,724	16,369	13,411	16,796	18,422
Cider.....	153,973	114,570	73,412	72,323	118,118	192,000
Germany:						
Western Zone.....	36,116	34,099	38,682	24,200	27,900	49,700
Eastern Zone.....	10,788	7,676	8,618	5,400	6,200	11,100
Italy.....	12,923	14,786	22,206	17,379	30,948	23,483
Netherlands.....	3,631	4,048	10,978	7,946	15,157	12,630
Norway.....	1,080	793	1,188	1,654	717	2,704
Sweden.....	4,770	3,809	5,603	8,038	7,762	9,691
Switzerland.....	16,452	25,353	17,453	29,854	11,942	30,313
United Kingdom:						
Dessert and cooking	10,597	13,831	27,753	17,873	24,005	21,467
Cider.....	3,427	3,256	4,951	3,948	5,026	5,119

(1) Preliminary.

SOURCE: United States Department of Agriculture, "Foreign Crops and Markets". April 16, 1951.

The CHAIRMAN: Would you care to make a general statement which would perhaps be helpful?

Dr. RICHARDS: Mr. Fulton requested a statistical tabulation showing exports of Canadian apples, before and after the Geneva agreements, to countries which had granted tariff concessions on apples at Geneva in 1947. He is interested in knowing the effect of the tariff concessions on apple exports.

For the tabulation I have selected seven countries which granted tariff concessions at Geneva. They are: Belgium, the Netherlands, France, Norway, Brazil, the United Kingdom, and the United States. Trade in apples with other countries which made concessions was insignificant before and after Geneva, and they have not been included in this tabulation. For this presentation I shall deal with those countries in groups. Detailed statistics for individual countries can be obtained in the record by any member of the committee.

In the three years, 1937, 1938, and 1939, Canada exported to Belgium, the Netherlands, France, and Norway, a total of 399,000 bushels or an average of 133,000 bushels annually. I omit the war years 1940 to 1945. In 1946 and 1947 there were no apples exported from Canada to the four named countries. The Geneva tariff concessions became effective on January 1st, 1948, and, in 1948 Canada exported 9,000 bushels to Belgium. In 1949 exports to Belgium amounted to 22,000 bushels, and 1,000 bushels went to Belgium in 1950. No apples were exported to The Netherlands, France, or Norway in this period. In fact, no apples have been shipped from Canada to those countries since 1939.

The CHAIRMAN: Well, gentlemen, we have ceased to have a quorum. We will meet either Friday of this week or early next week.

The committee adjourned.

SESSION 1951
HOUSE OF COMMONS

STANDING COMMITTEE

ON

BANKING AND COMMERCE

CHAIRMAN—MR. HUGHES CLEAVER

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

TORQUAY NEGOTIATIONS

THURSDAY, JUNE 14, 1951
TUESDAY, JUNE 26, 1951
WEDNESDAY, JUNE 27, 1951

WITNESS

Mr. M. E. Corlett, Ottawa, Counsel for the Canadian Importers and Traders
Association Inc.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

CONFIDENTIAL

STANDING COMMITTEE

SAVING A MID-CENTURY

CHARLES W. FURBER, CHAIRMAN

MEMBERS OF THE BOARD AND STAFF

ORGANIZATION

EXHIBIT

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1964

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REPORT TO THE HOUSE

THURSDAY, June 28, 1951.

The Standing Committee on Banking and Commerce begs leave to present the following as a

TENTH REPORT

1. Pursuant to the Order of Reference of the House, dated Monday, May 21, 1951, your Committee has considered the subject matter of the Torquay negotiations, namely, The Final Act of Torquay; The Decisions Agreeing to Accession; the Torquay Protocol to the General Agreement on Tariffs and Trade; the modifications of the Schedules to the General Agreement on Tariffs and Trade resulting from the Torquay negotiations, and the Declaration on the Continued Application of these Schedules.

2. Your Committee has heard the following witnesses:

Mr. H. B. McKinnon, Chairman of the Tariff Board;

Mr. W. J. Callaghan, Commissioner of Tariffs;

Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce;

Dr. E. A. Richards, Principal Economist, Department of Agriculture.

3. Your Committee has also heard and received representations on behalf of the Canadian Importers and Traders Association Inc., through Mr. M. E. Corlett, of Ottawa, Ontario, and was in communication with the Canadian Exporters' Association, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association.

4. The deliberations of the Committee brought out the fact that, while preferences within the Commonwealth were not of any great significance when we have a seller's market, on the other hand, in a buyer's market they have been in the past and could easily again be of vital significance. The Torquay agreement, as was the Geneva agreement, is based upon the principle that no new preferences will be granted and no existing preferences will be widened.

Your Committee recommends that in further trade negotiations with other countries, the Government should follow the existing practice of not narrowing or reducing the margin of preference without receiving in return full and adequate compensation for such action.

Your Committee is of the opinion that further study of the Torquay trade agreement should be made after a sufficient time has elapsed to accurately assess its actual trading results, and with this in view, recommends that the subject matter of the Torquay negotiations should again be referred to the Standing Committee on Banking and Commerce of the House at the 1952 session of Parliament.

5. A printed copy of the Minutes of Proceedings and Evidence adduced is tabled herewith.

All of which is respectfully submitted.

HUGHES CLEAVEI
Chairman

MINUTES OF PROCEEDINGS AND EVIDENCE

THURSDAY, June 14, 1951.

The Standing Committee on Banking and Commerce met at 3.30 o'clock p.m. and having disposed of other business resumed its study of the Torquay negotiations at 4.30 o'clock p.m. Mr. Cleaver, Chairman, presided.

Members present: Messrs. Ashbourne, Balcom, Bennett, Breithaupt, Cannon, Carroll, Crestohl, Dumas, Fleming, Fraser, Fulford, Gingras, Harris (*Danforth*), Laing, Leduc, Macnaughton, Ward.

In attendance: Mr. M. E. Corlett, Ottawa, Counsel for the Canadian Importers and Traders Association Inc.

Mr. Corlett was called and presented a brief from the Canadian Importers and Traders Association Inc. on the Torquay negotiations, copies of which were tabled for distribution.

The advisability of inviting representations from other associations was discussed.

It was agreed that invitations be extended, through the chairman of the Committee, to the Canadian Exporters' Association, Toronto; Canadian Chamber of Commerce, Montreal, and the Canadian Manufacturers' Association, Toronto.

At 5.40 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

TUESDAY, June 26, 1951.

The Standing Committee on Banking and Commerce met at 4.00 o'clock. Mr. Cleaver, Chairman, presided.

Members present: Messrs. Ashbourne, Bennett, Breithaupt, Crestohl, Dumas, Fleming, Fraser, Fulton, Gingras, Laing, Leduc, Macdonnell, Welbourn.

(The Committee considered Bill No. 354 (Letter V-11 of the Senate), An Act to incorporate First Canadian Reinsurance Company, and agreed to report it with amendment. Verbatim evidence was not recorded with respect to the said Bill.)

At 4.15 o'clock the Committee resumed its study of the Torquay negotiations.

In attendance: Mr. W. J. Callaghan, Commissioner of Tariffs, Department of Finance; Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce; and Dr. E. A. Richards, Principal Economist, Department of Agriculture.

The witnesses were retired.

The Chairman informed the Committee that, pursuant to the instructions of the Committee at the last meeting, he had been in communication with the Canadian Exporters' Association, the Canadian Chamber of Commerce and the

Canadian Manufacturers' Association, and that none of these associations wished to attend before the Committee or to present briefs at this time. It was agreed that the replies received from each of these be placed on the record.

The Committee then proceeded to consider a draft report submitted by the Chairman, viz.

DRAFT REPORT

The Standing Committee on Banking and Commerce begs leave to present the following as a

TENTH REPORT

1. Pursuant to the Order of Reference of the House, dated Monday, May 21, 1951, your Committee has considered the subject matter of the Torquay negotiations, namely, The Final Act of Torquay; The Decisions Agreeing to Accession; the Torquay Protocol to the General Agreement on Tariffs and Trade; the modifications of the Schedules to the General Agreement on Tariffs and Trade resulting from the Torquay negotiations, and the Declaration on the Continued Application of these Schedules.

2. Your Committee has heard the following witnesses:—

Mr. H. B. McKinnon, Chairman of the Tariff Board;

Mr. W. J. Callaghan, Commissioner of Tariffs;

Dr. C. M. Isbister, Director, International Trade Relations Branch, Department of Trade and Commerce;

Dr. E. A. Richards, Principal Economist, Department of Agriculture.

3. Your Committee has also heard and received representations on behalf of the Canadian Importers and Traders Association Inc., through Mr. M. E. Corlett, of Ottawa, Ontario, and was in communication with the Canadian Exporters' Association, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association.

4. A printed copy of the Minutes of Proceedings and Evidence adduced is tabled herewith.

All of which is respectfully submitted.

Discussion followed as to whether the Committee should recommend that the subject matter of the Torquay negotiations be referred to a committee at a future session. It was agreed that the Chairman telephone the associations concerned and get their views as to the time that must elapse before sufficient factual evidence can be produced to accurately assess the actual trading results of the trade agreements.

At 5.00 o'clock p.m. the Committee adjourned to meet again at 4.00 o'clock p.m., Wednesday, June 27, 1951.

WEDNESDAY, June 27, 1951.

The Standing Committee on Banking and Commerce met at 4.00 o'clock p.m. Mr. Cleaver, Chairman, presided.

Members present: Messrs. Ashbourne, Balcom, Breithaupt, Carroll, Cote (St. Jean-Iberville-Napierville), Crestohl, Dumas, Fleming, Fraser, Gingras, Laing, Macdonnell (Greenwood), McMillan, Picard, Smith (York North).

The Committee resumed consideration of the draft report submitted by the Chairman, and the question of recommending to the House that the subject matter of the Torquay negotiations be referred to a Committee at a future session.

The Chairman informed the Committee that he had, pursuant to instructions of the committee, been in touch with the Association interested and had been advised that some four or five months must elapse before the trade pattern resulting from the agreements would be evidenced, at which time the actual results should be apparent.

A draft of a proposed recommendation was tabled for distribution, as follows:

Your committee is of the opinion that further study of the Torquay trade agreement should be made after a sufficient time has elapsed to accurately assess its actual trading results, and with this in view, recommends that the subject matter of the Torquay negotiations should again be referred to a Committee of the House at the 1952 session of Parliament.

After discussion and on the Motion of Mr. Fraser:

Ordered,—That the words “a Committee” in the penultimate line be deleted and “The Standing Committee on Banking and Commerce” be substituted therefor, and that such recommendation be incorporated in the draft report.

The Chairman then tabled a suggested amendment, by way of addition to the draft report, which had been prepared following a suggestion of Mr. Macdonnell (*Greenwood*) at the last meeting and following consultation with Mr. H. B. McKinnon, chairman of the Tariff Board, as follows:

The deliberations of the Committee brought out the fact that, while preferences within the Commonwealth were not of any great significance when we have a seller's market, on the other hand, in a buyer's market they have been in the past and could easily again be of vital significance. The Torquay agreement, as was the Geneva agreement, is based upon the principle that no new preferences will be granted and no existing preferences will be widened.

Your Committee recommends that in further trade negotiations with other countries, the Government should follow the existing practice of not narrowing or reducing the margin of preference without receiving in return full and adequate compensation for such action.

Following a discussion on the proposed amendment, and the question having been put, it was unanimously agreed to.

On Motion of Mr. Laing:

Resolved,—That the draft report as amended be adopted.

At 5.00 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRIX,
Clerk of the Committee

EVIDENCE

JUNE 14, 1951.

The CHAIRMAN: Gentlemen, in connection with the Torquay Trade Agreements, Mr. Corlett wishes to present a brief from the Canadian Importers and Traders Association Incorporated.

Mr. BREITHAAPT: Is that in connection with the Torquay Trade Agreements?

The CHAIRMAN: Yes; he is here to present a brief from the association I have just mentioned. It is convenient for him to present it today if the committee will receive it today. Is it the pleasure of the committee to receive this presentation now?

Agreed.

Mr. M. E. Corlett, Barrister, City of Ottawa, called:

The WITNESS: Mr. Chairman and honourable members, I do not know what procedure you would like me to follow. On behalf of the association I do appreciate the opportunity that the chairman and honourable members have presented to us in permitting me, as the Ottawa counsel for the association, to present this brief. Naturally, as an association of importers we are, generally speaking, in favour of what the government has done at the Torquay Conference. The brief which we have prepared and which has been distributed to members in the form of mimeographed copies, is not a lengthy one.

As I say we are in accord with what was done at Torquay but in the brief we make certain comments pertaining to the subject of Canada's foreign trade. If it is the wish of honourable members I will present the brief of the Canadian Importers and Traders Association Incorporated:

The Canadian Importers and Traders Association has a membership of some four hundred firms engaged in the import side of Canada's foreign trade. Members are located from Halifax to Vancouver with the largest concentration in Toronto and Montreal. It is the only organization which concerns itself solely with import matters and is conceded to be the voice of the import trade of Canada.

This Association wishes your committee to know that it approves generally the agreements entered into by the Canadian government at the Torquay conference.

Canada is a country of vast resources and relatively small population and the Canadian economy depends to a very large extent on our ability to export our natural products and our manufactured goods. If we are to export, we must import and, therefore, Canada must be vitally interested in its foreign trade. In 1950 Canada's foreign trade amounted to \$6.3 billion and this figure represents 30 per cent of the gross national product of our country.

Anything that will increase the physical volume of importation of goods into Canada must have the effect of helping the Canadian government fight the current inflationary trend.

Part of the increasing volume of imports into Canada, as reflected in the current import figures, is the direct result of the government's defence program and, therefore, it can be said that imports are contributing to the national defence of Canada.

Criticism has been directed against the Torquay Agreements with regard to their apparent lack of success in widening our markets in British commonwealth countries. As importers we feel that this criticism is ill founded since commercially Canada is part of the western hemisphere and the U.S.A. is our largest customer as well as our largest supplier. While we are very much in favour of increasing trade with commonwealth countries it must be realized that anything which will increase our trade with the United States and other nations in the western hemisphere is also of great importance. We are entirely unable to agree with any criticism of an arrangement which makes the entry of our goods into the United States easier and at the same time reduces the cost of American goods imported into Canada.

Canadian industrial production has increased tremendously in the last decade, both in size and in efficiency and we cannot see, in view of this fact, that Canadian industry needs the same degree of tariff protection today as was the case when Canada was smaller and less developed industrially. In any event any reduction in the Canadian tariff since 1935 has been counterbalanced and more than counterbalanced by the rapid growth of the Canadian living standard and the greatly increased Canadian domestic market.

We heartily approve the stabilizing effect of the extension of the Geneva and Ancey rates of duty as modified by the Torquay rates for the next three years. The stabilizing effect on international trade at this particular time in the world's history is bound to have far reaching and beneficial effects. By way of contrast we have only to remember the chaotic conditions in the 1930's in the field of international trade which was so dramatically reflected in the low national income and mass unemployment obtaining in Canada during this period.

It has been argued that the Torquay Agreements will increase Canada's unfavourable balance of trade with the U.S. as reflected by the returns for the first four months of 1951. There is nothing to prove that this short term trend will continue throughout the year and in this connection it must be remembered that this apparent unfavourable balance is offset by large capital imports into Canada which will be used in expanding and developing Canadian resources. In earlier times during Canada's history there have been other periods when there were large capital imports into Canada and at the same time an unfavourable balance of merchandise trade, but these periods have been successfully survived and have increased the prosperity of our country.

New countries have been added at Torquay which were not represented at Geneva and Ancey. This seems to be a proper move in the direction of widening the scope of this international policy of stabilizing international trade at a high level.

Our feeling is that the Torquay Agreements might well have gone further in the way of freeing international trade. According to our calculation the overall average reduction on the comparatively small number of tariff items affected is about 4 per cent. If articles not produced in Canada (such as chestnut cream, bonito in oil, California redwood), medicinal preparations and goods used in agriculture or fisheries are disregarded, the average overall percentage of reduction becomes much smaller.

We feel most strongly that the long range solution of the world's economic problems depends on the freest possible multilateral world trade.

This is signed by H. C. MacKendrick, General Manager of the Association. With your permission Mr. Chairman, I shall table the original with you.

The CHAIRMAN: Have you any additional comments you wish to make, Mr. Corlett?

The WITNESS: No, sir, but if any of the members have questions I shall be delighted to do my best to answer them.

The CHAIRMAN: This organization is the only organization that asked to have the opportunity of making representations to our committee in regard to the Torquay trade agreements.

So far as I recall the remaining part of the work we have to complete is on the question of item No. 93, apples. Now, has any member of the committee any other matter to bring up?

By Mr. Laing:

Q. I assume that all the members of this Canadian Importers and Traders Association are interested in exports as well as imports, but the importers get priority. I imagine they are interested likewise in exports?—A. No, that is not so. I suppose you are thinking of the word "traders". There is a Canadian Exporters' Association, but this is an association of importers entirely.

Q. But it would be, in large measure, composed of firms interested in the export trade?—A. I would think only a few. I daresay there are a few firms who are into both fields but my best recollection is they are engaged in the importing business only.

Mr. FLEMING: I was going to ask if we could not hear from the Canadian Exporters' Association, whom we know, as this organization has been before us previously. Has any communication been sent to them offering them an opportunity to appear before the committee? Are they aware of our sittings and that we are prepared to hear them?

The CHAIRMAN: No communications were sent out to anyone by the clerk of the committee. The only letter received was one from Canadian Importers and Traders Association and that was answered, but we have not had any request from any other organization. Is it the wish of the committee that any other organization be notified?

Mr. LAING: Mr. Fleming has touched on a matter of a very great deal of interest to us. Here is an exporters association which stretches from the Atlantic to the Pacific. I think they could possibly supply us with a few new ideas, a few more than are contained in this brief. Do you remember we had a little discussion about the proposed Japanese peace treaty and whether or not Japan is going to be permitted to trade? Now, we are dealing a lot with them on the west coast, and this applies all across Canada. We are getting that trade at the present time through third hands, Americans, on account of the fact that we have not got a peace treaty yet. Now, when a peace treaty is signed Canadians will want to deal directly with the Japanese shippers and vice versa, and there is a good deal of information to be gained by discussing with them.

The CHAIRMAN: We still have time to advise anyone you want to advise.

Mr. BALCOM: I think they should be heard. Their head office is in Toronto.

Mr. FLEMING: The clerk could write them a letter indicating we would be willing to hear them if they wished to be heard, or anyone else.

By Mr. Balcom:

Q. Mr. Chairman, would it be fair to infer, from paragraph six of this brief, that the association indicates that it prefers importing from the United States rather than commonwealth countries? Could I draw that conclusion?—A. If we prefer importing from the United States?

Q. Yes.—A. No, that was not our intention. Perhaps the brief has been ambiguously worded there, but it is a fact that the bulk of the imports are coming from the United States. As far as the association is concerned, as far as importers generally are concerned, if it was possible to import more goods from the United Kingdom, say of a type Canadians wanted and competitive pricewise, they would be glad to do it.

Mr. FLEMING: Mr. Chairman, you asked about other associations. What about the Chamber of Commerce? Perhaps they would be interested in a matter of this kind. I also think of the Canadian Manufacturers' Association. I suppose we can keep on going and get far afield. The Exporters' Association is a natural one to be heard in view of the fact we have heard the Importers Association which is represented here today.

Mr. BALCOM: You are suggesting the Canadian Chamber of Commerce?

Mr. FLEMING: I am wondering if the Canadian Chamber of Commerce would embrace any membership included in the Canadian Exporters' Association. What do you think, Mr. Chairman, about the Chamber of Commerce? Are they likely to include many people who would be represented in the Canadian Exporters' Association?

Mr. LAING: Is it not a fact that the Canadian Chamber of Commerce represents more the retail group in Canada?

Mr. BALCOM: They represent manufacturers, exporters, importers, ship-builders, farmers.

The CHAIRMAN: Since we are soliciting briefs I would think if we wrote the Canadian Chamber of Commerce we should also write the Canadian Manufacturers' Association.

Mr. FLEMING: I do not think we should solicit briefs. I think we should tell them that we are sitting and have heard a brief from the Canadian Importers Association and, if they would like to submit a brief we would be glad to hear them. They will have to appear next week, though.

The CHAIRMAN: I will have letters written to the Canadian Chamber of Commerce, the Canadian Exporters' Association and the Canadian Manufacturers' Association.

Agreed.

Shall we adjourn?

Agreed.

JUNE 26, 1951.

The CHAIRMAN: Gentlemen, at our last meeting we adjourned without a quorum. I have asked the witnesses to return in the event that any member of the committee wishes to ask questions. Mr. Fleming was conducting an examination at the time of our adjournment and I telephoned him this morning and advised him of the meeting of the committee this afternoon. He said he had no further questions to ask.

Now, is there any other member of the committee who has any questions he would like to ask of the witnesses who are here? Very well, since there are no further questions shall we excuse the witnesses?

On behalf of the committee, gentlemen, we wish to extend our thanks to you. Would you please convey them to Mr. Hector McKinnon?

Mr. W. J. CALLAGHAN (Commissioner of Tariffs, Department of Finance): I shall be glad to, Mr. Chairman.

The CHAIRMAN: Now, gentlemen, on the instructions of the committee I wrote to the Canadian Exporters' Association, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association and I have received replies. None of these bodies wishes to attend before the committee or present briefs. None of them has presented briefs; but they have all replied with letters. Is it the wish of the committee that those letters should go onto the record?

Mr. BREITHAAPT: What is the purport of the letters?

The CHAIRMAN: I shall read them.

"Canadian Exporters' Association
20 Temperance Street
Toronto 1, Ont.

June 18th, 1951.

Mr. Hughes Cleaver, M.P.,
Chairman, Standing Committee
on Banking and Commerce,
House of Commons,
Ottawa, Ontario.

Dear Mr. Cleaver,

Your invitation that the Canadian Exporters' Association submit a brief to the Standing Committee on Banking and Commerce was received this afternoon, June 18th.

I am sure that your committee will understand that, in view of the fact that your committee has been discussing this matter for several weeks and concludes its enquiry in four days' time precludes us from preparing and submitting any brief that could receive the consideration of your committee by the time it completes its work this coming Friday.

It is doubtful also, if there has been sufficient time elapse since the announcement of the Torquay Agreements to properly assess the value to Canada which these agreements may bring, and for that reason it is doubtful if our assessment of the situation, as we see it now, would have much value in the deliberations of your committee.

Yours sincerely,

CANADIAN EXPORTERS' ASSOCIATION,

(Sgd.) John A. Marsh,
General Manager.

That is followed by a wire of June 20, which reads as follows:

Toronto, Ont., June 20, 1951.

Hughes Cleaver, M.P.,
Chairman, Banking and Commerce Committee,
House of Commons,
Ottawa.

Re Torquay. On May tenth I wired the Minister of Trade and Commerce as follows: "On behalf of the Canadian Exporters' Association please accept our hearty congratulations on the unexpected measure of success achieved by Canada's negotiators in a most difficult situation."

John A. Marsh,
General Manager.

Is it the wish of the committee that these letters be printed?

Mr. FLEMING: I think we might as well put all of those on the record.

The CHAIRMAN: I will take just one motion then. Is it the wish of the committee that I read the balance of them?

Mr. CRESTOHL: Before you go on with the subsequent documents, are the functions of this committee concluded now, or will this committee, whether in reconstituted form or in the same form, meet again in the fall? If so, the correspondence which you have just read indicates a desire, I think, for time to study the reports from Torquay. Perhaps in the fall a very important association such as that might be in a position to enlighten us a great deal on these Torquay negotiations. Therefore, I do not think we should close our file or close our contacts with that association but we should perhaps invite them, if they wish, to take more time to study the reports and submit a brief then.

The CHAIRMAN: It is the duty of the committee to make a report to the House before the end of the present session and our reference lapses when the present session prorogues.

Mr. CRESTOHL: Perhaps our report could have a paragraph added.

The CHAIRMAN: I have no instructions in this regard but I would anticipate that perhaps all three agreements would be referred to this committee next year.

Mr. FLEMING: I suppose they could be. It is a matter for decision by the House. I think there are points made in that letter. First is that about appearing before the committee and making recommendations. They say they have not had time to prepare now—only four days. The other thing here is that they do not think it is possible yet to form a judgment on the value of the agreements to Canada.

Mr. GINGRAS: They want time.

Mr. CRESTOHL: Yes, but they will have several months by October or November.

Mr. FLEMING: Yes.

The CHAIRMAN: My understanding is that the present session will be over immediately when we reconvene in the fall, and the committee would have no time to call witnesses before the present session ends. So, I would think we should simply make a report to the House quite similar to the report that was made on the Geneva Trade Agreement.

Mr. LAING: Mr. Chairman, let us go back to the thinking behind Mr. Fleming's initiation of this. I think he brought it up as a result of a letter we obtained from the Canadian Importers Association. Mr. Fleming then began to ask about other associations.

Mr. FLEMING: Yes.

Mr. LAING: I would rather think, and he can confirm this, that Mr. Fleming's idea was that we are antedating the making of an agreement by our negotiators at a conference rather than postdating it. I think you were also trying to establish the feeling among the organizations such as Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Exporters and Importers. You thought they should make their representations before our negotiators went to a conference.

I do not think you are going to gain a great deal by having them come down later on, as Mr. Crestohl suggests. The agreements are going to work for three years and the very nature of the agreements is such that our negotiators must have power to commit this government. The point was brought up by

Mr. Sinclair that as many manufacturers and others who are concerned should get in touch with the department and make their representations prior to such conferences. I think the greatest advantage, Mr. Fleming, would have come had their representations been before the agreement was reached rather than afterwards.

Mr. FLEMING: Quite, but I think this is a rather different matter again. I remember asking a number of questions of the witnesses as to what attempts had been made before Torquay to ascertain the feeling on the part of importers and exporters in Canada as to what they wanted our negotiators to do, and whether they were well armed with information that would be of benefit to importers and exporters.

The other idea of having the associations submit a brief to the committee would be simply to give the committee the benefit of their views on the agreements, just as the importers have.

Mr. LAING: So Mr. Crestohl's suggestion about having them come later would be more or less from the point of view of finding out how, in their opinion, the agreements are working—so that when we negotiate again we can make better agreements.

Mr. CRESTOHL: Not altogether. For example, our sittings here are *post facto*, so to speak, and also we are simply exploring and seeking in what way we can be helpful. If we were considering that feature, then, this committee should have been sitting before our team left for an international conference such as that at Torquay. If they were to receive the views of the country through its elected members before they sat in on that conference, it would be helpful; and I can understand they would follow along the lines that Mr. Fleming and Mr. Sinclair suggested—that they should invite these associations to give their views. But that is not the situation. We too are sitting after the reports are made and in our attempt to become enlightened on them we might be assisted by the opinion which men of commerce and industry in this country can give us.

Therefore, I do not think we should shut out their request to appear, although they do very subtly reprimand us and say we gave them only four days' time to appear—that is a very subtle reprimand in my opinion. I think it would be a bad decision and not in our best interests to shut the door on their giving us the benefit of their experience.

Mr. LAING: I am wondering how the Torquay agreements can be referred to this committee next year.

Mr. FLEMING: I suppose it could be done. Much would depend on the type of report we make now. If we wanted, and I am not suggesting that we should, we could say that we have not completed our review and we could suggest that it be referred to the committee at the fall session. That would be a very proper recommendation for inclusion in a report by the committee.

I suppose, broadly speaking, any date set by the committee would have to be of a tentative nature. I do not suppose there is anyone born yet who can see how, precisely, these agreements will work out. We can just form general conclusions about them. Everyone wants to see closer trade relations and we look upon close trade relations as contributing to peaceful relations. We want to have closer relations in a trading sense with many nations.

Mr. BREITHAUP: Would it be desirable before we decide on policy in that connection to hear the other letters if they are not too long? I think we are all interested in the viewpoints of the other organizations.

The CHAIRMAN: The Canadian Chamber of Commerce wrote me on June 20. They say:

THE CANADIAN CHAMBER OF COMMERCE

June 20, 1951.

Mr. Hughes Cleaver,
Chairman,
Standing Committee on Banking and Commerce,
House of Commons,
Ottawa.

Dear Mr. Cleaver:

We wish to thank you most sincerely for your kind invitation to make representations with regard to the recently concluded Torquay trade negotiations. Attached is a letter addressed to you and the members of the Banking and Commerce Committee signed by the Vice-Chairman of the Executive Council of the Canadian Chamber of Commerce.

Yours sincerely,

(sgd) W. J. Sheridan,
Executive Secretary.

This is the accompanying letter:

THE CANADIAN CHAMBER OF COMMERCE

June 20, 1951.

The Chairman and Members,
The Banking and Commerce Committee,
House of Commons,
Ottawa.

Gentlemen:

The Executive Council of The Canadian Chamber of Commerce believes that the reciprocal interchange of trade agreements which resulted from the exhaustive negotiations at Torquay, England, is of value to Canada in that it helped to bring closer the ultimate objective of multilateral trade and a free flow of capital throughout the world. In principle, therefore, the Executive Council generally approves the agreements but expresses regret at the failure of the U.S., Great Britain and other sterling-currency Commonwealth countries to reach agreement on reciprocal trade concessions. The Executive Council of The Canadian Chamber of Commerce feels that any successful attempt to lower tariffs and bring about greater freedom of trade is to be applauded.

The official position of The Canadian Chamber of Commerce, representing 700 Boards of Trade and Chambers of Commerce in all ten provinces, on the matter of international trade is to be found in the official Policy Declaration approved at the 21st Annual Meeting in September, 1950, which reads as follows:

INTERNATIONAL TRADE

Canada has established herself in the world as a leading trading nation. The level of Canada's external trade has an effect on the income of every Canadian citizen and, accordingly, the promotion of Canada's business dealing with other countries must necessarily be a chief point in any national program for maintaining and increasing Canadian prosperity.

Experience with governmental trade restrictions and state trading since the end of World War II indicates clearly that international trade (like domestic trade) is best conducted when it is left in the hands of those most experienced in and closest to the business of trading—the businessmen themselves. Government quotas, restrictions and ventures into the trading field can never substitute for the free and natural growth of trade, carried on by private traders who must satisfy the wishes of their customers if they are to stay in business. The Canadian Chamber of Commerce urges the government to continue its efforts to remove restrictive barriers to international trade and to discourage the practice of state trading.

The Canadian Chamber of Commerce urges continued governmental and private efforts to promote a return of multilateral trade among nations, to allow a free flow of capital throughout the world, and to work toward the eventual achievement of the free convertibility of currencies.

During and since World War II Canada has developed new manufacturing potential, and could make even more new products if new markets could be found. The Canadian Chamber notes with approval the efforts now being made toward that end by both government and business and recommends that even greater enthusiasm and imagination be devoted to the task of finding new customers for Canadian goods. Industrialization of various countries, discovery of new natural resources and the raising of the standard of living in many parts of the globe all spell new opportunities which should be investigated by Canadian businessmen and government trade authorities.

The Chamber also recognizes that to have a thriving and expanding export trade, Canada must import goods and services from the countries to which she exports, and, therefore, urges that every facility be extended by government to enable a free flow of commerce in both directions.

Yours sincerely,

(sgd.) C. C. Thackray,
*Vice-Chairman,
Executive Council.*

Then there is a letter from the Canadian Manufacturers' Association signed by Mr. J. T. Stirrett, general manager:

CANADIAN MANUFACTURERS' ASSOCIATION

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 1, Ontario,
June 19, 1951.

Hughes Cleaver, Esq., M.P.,
Chairman,
Standing Committee on Banking and Commerce,
House of Commons,
Ottawa, Canada.

Re: Torquay Trade Agreements

Dear Sir:

I beg to acknowledge with thanks your letter of June 15, advising that if the Association would like to make any representations in regard

to the above subject, they should be received by not later than June 22, the date when the Committee expects to conclude its enquiry.

Accordingly, I am submitting the following:—

1) A copy of a letter addressed to The Right Honourable L. S. St. Laurent, K.C., Prime Minister of Canada, and members of the Cabinet, by the President of the Association, and sent to all members of the Association. This represented the views of members of the Association prior to the Torquay Conference.

2) A copy of a letter written to the Prime Minister, the Minister of Trade and Commerce and the Minister of Finance, by the President of the Association on December 29, 1950, during the progress of the Torquay Conference.

3) A statement approved at the International Trade Conference at the 80th Annual General Meeting of the Canadian Manufacturers' Association in the City of Quebec, P.Q., June 4, 5 and 6, 1951. This was after the results of the Torquay Conference had been published.

Yours faithfully,

(Sgd.) J. T. Stirrett,
General Manager.

Attached are the letters referred to and which are quite long. Do you wish them read?

Mr. BREITHAUP: I do not think it necessary. Perhaps you could read the one from Quebec. That meeting took place after the Torquay Agreement.

Mr. FLEMING: I think the one afterwards certainly should be put in and I think it is of definite interest. I have not had a chance to look it over but I understand that they are giving their views after the agreements were concluded.

The CHAIRMAN: Would you like them read? They are quite long.

Mr. FLEMING: I would suggest that the resolution passed on June 5, 1951, would be a useful one to have on the record. It is just one page long and it reports the views on trade lookout arising out of the Torquay Agreement. The earlier ones are printed communications addressed to all members of the committee and it goes back to December 1950. Probably we do not need it in the record.

Mr. BREITHAUP: Mr. McCormack of the Manufacturers' Association just happened to pop in to the meeting and he tells me that the one of December 29 has a bearing on the situation.

Mr. FRASER: Put them both in.

The CHAIRMAN: Shall I read the letter of December 29 and the resolution of June 5, 1951, from the Canadian Manufacturers' Association?

Mr. BREITHAUP: Place them on the record.

The CHAIRMAN: Very well, they will be placed on the record.

CANADIAN MANUFACTURERS' ASSOCIATION
(Incorporated)

INTERNATIONAL TRADE CONFERENCE
ANNUAL GENERAL MEETING
CANADIAN MANUFACTURERS' ASSOCIATION,
QUEBEC, P.Q., June 5th, 1951.

We are met here at a time our economy is undergoing severe strain largely because of the necessity for Canada and the United States to arm Western Europe so as to prevent a third World War. Part of our produc-

tive capacity has been or will be geared for the production of arms and munitions; there are shortages of steel and many other basic materials, and there is stockpiling in the United States of vital raw materials. At such a time tariffs are of a secondary importance, and it is import restrictions which are interfering with the normal flow of trade, to these markets to which we exported, prior to the last war. Following the Ottawa Conference of 1932, up to 1940, there was a keen interest by manufacturers in exporting to the United Kingdom, Commonwealth countries and British Colonies.

With the exception of certain manufactured goods which they need and which are not obtainable elsewhere, and certain token imports, these countries have maintained very severe restrictions, or total prohibitions, on imports of Canadian manufactured goods since the early years of the war.

It has been our experience that the United States has not been, is, or is likely to be a satisfactory substitute for these former Empire markets from the point of view of most of our members who produce a broad range of manufactured goods.

Despite the announcements from Ottawa from time to time that the United States market is being opened to Canadian manufacturers, only a small percentage of the \$2 billion worth of goods we sent to the United States last year was made up of highly manufactured goods ready for use by the final user.

It is true that the United States tariff rates have been reduced but four years have passed since the United States administration, through its delegates to Geneva, undertook to bring their customs administrative machinery into line with the provisions of the General Agreement on Tariffs and Trade and remove some of the road blocks, and still the United States Customs Simplification Act rests in the House Ways and Means Committee, where it has reposed for the last twelve months.

During the first four months of 1951 imports into Canada from the United States were valued at \$956,800,000 (up \$336,100,000 from a year ago) and domestic and foreign exports to the United States totalled \$724,700,000. Thus there was an adverse balance of \$232,100,000 for the first four months as against an adverse balance a year ago of \$61,900,000.

CANADIAN MANUFACTURERS' ASSOCIATION
(Incorporated)

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 1, Ontario,
December 29th, 1950.

The Right Honourable L. S. St. Laurent, K.C.,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Mr. St. Laurent:

Some tariff concessions either in the form of lower duties or binding of rates, granted by Canada to other countries at Geneva or Annecy, have resulted in hardship to Canadian industry. We believe that some adjustment, modification or withdrawal of these concessions would be in the interest of Canada.

We understand that Canada's delegates at the International Trade Conference now being held in Torquay, England, have not been authorized by the Government of Canada to negotiate for such adjustments,

modifications and withdrawals on the assumption that other countries are not taking similar action. We are informed that a number of countries, including the United Kingdom, France, Italy, Belgium, Holland, South Africa and Brazil, have asked for withdrawals or modifications of concessions granted by them at Geneva and Annecy, and that this is delaying the tariff negotiations at Torquay. As regards the United States, despite that country's announced intention not to ask for any withdrawals or modifications of concessions granted at Geneva or Annecy, treaty rates of duties applicable on fur felt hats in item 1526a of the United States Customs Tariff have been withdrawn, and the rates which were in force prior to Geneva became effective on December 1, 1950.

As Geneva was the first large scale multilateral trade agreement negotiated bi-laterally by a number of countries, it is not strange that some concessions were granted through errors of judgment or because of lack of necessary information. The last three years have witnessed many changes in Canada's economic structure, new industries, new products and increased production. These facts, coupled with the loss of traditional export markets, have made the retention of the domestic market, or a substantial portion thereof, increasingly important to many industries.

Therefore, the Canadian Manufacturers' Association respectfully urges that instructions be given to the Canadian delegates at Torquay authorizing them to make such modifications or withdrawals in the Canadian schedules negotiated at Geneva and Annecy as in the judgment of the Canadian tariff negotiators are deemed desirable and advisable.

A similar letter has been written to the Minister of Trade and Commerce and the Minister of Finance.

Yours faithfully,

(Sgd.) W. F. Holding,
President.

With regard to our report I asked the clerk of the committee to draft a report, along the same lines as the one made on the Geneva Agreement.

Mr. FLEMING: Mr. Chairman, does Mr. McCormack wish to say anything? Is he prepared?

Mr. BREITHAAPT: He says he is not.

Mr. CRESTOHL: I would like to suggest that we should not close the door to hearing from these three organizations at some date in the future on their opinion as to how these Torquay agreements are working out. Therefore, I think your report should contain a recommendation to the incoming committee that the representatives of these three organizations be invited to follow up and make a report and to give their opinions, after a certain experimental delay has expired, as to how the Torquay negotiations are working out in practice.

Mr. FLEMING: You mean the agreements?

Mr. CRESTOHL: Yes.

Mr. LAING: Were there not four organizations rather than three?

Mr. CRESTOHL: Whatever there are, if there are four they should be invited.

Mr. BREITHAAPT: I think Mr. Crestohl has brought up a very good point. I think it would be a proper follow-up on the thing to see how they feel about it at that time. As Mr. Fleming has said, no one knows how this thing is going to work out now. When the House reconvenes or in the new session it would be interesting to know how they do work out.

The CHAIRMAN: How would it be if I called the three who have troubled to write and ask them whether they would like to make representations in the

late fall of this year or whether they think it would be better to wait until the following year? We could meet again tomorrow after I have had a chance to reach them by telephone. I would very much doubt that by November of this year they would have much more information than they have now.

Mr. FRASER: Three months would hardly give them a chance to adjust themselves.

Mr. FLEMING: If we were hearing them today they would give us their best opinion. If we hear them say in another eight months or ten months they could no doubt give us some information as to the way in which the agreements are actually working out. If we heard them in three months very probably there would not have been enough factual development to enable them to give us much more than an opinion statement.

Mr. Crestohl spoke about giving a recommendation to the incoming committee. I understand that all we can do is make a recommendation to the House but perhaps it would meet the situation if we had a simple recommendation added to the report, to the effect that consideration may be given to a review by this committee of the way the agreements are working out in practice after they have been in operation for a sufficient length of time.

Mr. GINGRAS: In 1952?

Mr. FLEMING: Do not put a definite date, just say after sufficient time.

Mr. BREITHAUP: After all, the decision would remain with the House.

Mr. FLEMING: Yes, to see whether or not they need a review at that time. I really do not see much point in asking for it now, until sufficient time has elapsed for somebody to gather some information about how they are working out.

The CHAIRMAN: My experience has been that recommendations of that nature, unless made reasonably definite, and unless tied down as to date, just die. If the committee is serious about this I would like to telephone these men and get their best opinion as to the earliest date upon which they will be able to give us factual evidence on how the agreements are working. We could then put a date in—"that your committee recommends that this subject be again referred to the Banking and Commerce Committee for study in the session of the year so and so"—and then any member of the House can bring it up on the floor of the House and say: There is the recommendation, and this is the year so and so—what about it?

Mr. FLEMING: Would you consult with them?

The CHAIRMAN: I will telephone them.

Mr. MACDONNELL: Just before we conclude, at our last meeting when we discussed the preferences, there was considerable indication that circumstances might quite easily develop in which those preferences could very easily become much more important to us than they are now. That indeed seemed to me to be the only thing which could be called in any way constructive, and I think we should clear the matter in our minds. Would there be any objection to this committee referring back to the last meeting and considering the desirability of broadening the basis in every way and in particular of pursuing—if there is a convenient way of pursuing—the question of trade within the commonwealth?

The CHAIRMAN: Would you be good enough to draft what you have in mind? I would feel better about it if I had a chance to submit it to Mr. Hector McKinnon. I would not want to do anything in this committee that would be misunderstood by other countries but I would be glad to submit it to him if you would draft it this afternoon. Thank you for bringing that matter up, Mr. Macdonnell.

We will meet tomorrow afternoon at 4 o'clock.

I should mention to the committee that we have a private bill to deal with tomorrow morning and I would like to have a quorum at 10 o'clock.

Mr. FULTON: Provided that the bill gets second reading.

The CHAIRMAN: I think it will.

Mr. CRESTOHL: Seeing that you have been so nice in asking us we will be here.

JUNE 27, 1951.

The CHAIRMAN: Gentlemen, I hope you are not becoming impatient. We are going to wait as a matter of courtesy for Mr. Macdonnell.

Mr. FRASER: He will be here in about one minute.

The CHAIRMAN: Then we will take up Mr. Fleming's suggestion which is the last one on the revised sheet.

Your committee is of the opinion that further study of the Torquay Trade Agreement should be made after a sufficient time has elapsed to accurately assess its actual trading results, and with this in view, recommends that the subject matter of the Torquay negotiations should again be referred to a committee of the House at the 1952 session of parliament.

When Mr. Fleming brought up that suggestion I promised I would contact the Exporters' Association to find out how soon the trade pattern resulting from the agreements would be evidenced, and Mr. Marsh told me that after four or five months had expired actual results should be apparent.

Mr. FRASER: On that, you say: "... should again be referred to a committee of the House ...". Should you not say: "... should be referred to the Banking and Commerce Committee..."?

The CHAIRMAN: Perhaps I was unduly modest.

Mr. FRASER: Personally I think you should put that in.

Mr. MACDONNELL: I apologize, Mr. Chairman, for being late.

The CHAIRMAN: We knew you were tied up.

Mr. CRESTOHL: Who is Mr. Marsh?

The CHAIRMAN: Mr. Marsh is the secretary of the Exporters' Association.

Mr. FRASER: He used to be with Mr. C. D. Howe in Munitions and Supply—

The CHAIRMAN: Do you wish to change that to read "... be referred to the Banking and Commerce Committee ..." or just "... a committee of the House ..."?

Mr. FRASER: I would make it definite.

Mr. CRESTOHL: Why fix on 1952?

Mr. FRASER: That gives them long enough.

The CHAIRMAN: The fall would not give them long enough.

Mr. CRESTOHL: Except that Mr. Marsh tells you four or five months. That brings you within the fall session.

The CHAIRMAN: No, the agreements came into operation in June.

Mr. CRESTOHL: June, July, August, September, October, November—we will still be here.

The CHAIRMAN: I am in the hands of the committee.

Mr. CRESTOHL: I suggested the other day that we might have the information by the fall session and now you confirm it.

Mr. CARROLL: Not that I know anything about it, but I would think it would be better to wait until the 1952 session, and even then I think it is going to be early, because you are not going to have the true import of these under present conditions.

Mr. BREITHAUP: Yes, because there will be so many emergency regulations—they will interfere with the normal functioning of this.

Mr. CRESTOHL: It does not make much difference.

The CHAIRMAN: Then, in dealing with the last paragraph of the draft report, Mr. Fraser moves the words "a committee" be struck out where it appears in the second last line and that we substitute therefor the words "the Standing Committee on Banking and Commerce". All those in favour of the amendment?

Carried.

Then, referring to the other two paragraphs, Mr. Macdonnell was kind enough to put in writing his suggestions, which I will read:

The deliberations of the committee brought out the fact that, while preferences within the commonwealth were not of any great significance when we have a seller's market, on the other hand, in a buyer's market they have been in the past and could easily be again of vital significance.

We, therefore, suggest that consideration be given to the desirability of pursuing in every way possible, by the holding of conferences of members of the commonwealth and otherwise, the expansion of commonwealth preferences in any manner not inconsistent with our other trade obligations.

The committee will recall that when Mr. Macdonnell made his suggestion I said that I would prefer to submit his recommendations in writing to Mr. Hector McKinnon for his opinion. I saw Mr. McKinnon this morning and he reminded me, Mr. Macdonnell, that our present trade obligations are such that no further extension can be made and no further widening of the preferences can be made; and he felt that the way your recommendation was worded it would carry an inference that does not exist. Therefore, I asked him to redraft it and you now have the redraft before you.

The deliberations of the committee brought out the fact that, while preferences within the commonwealth were not of any great significance when we have a seller's market, on the other hand, in a buyer's market they have been in the past and could easily again be of vital significance. The Torquay agreement, as was the Geneva agreement, is based upon the principle that no new preferences will be granted and no existing preferences will be widened.

Your committee recommends that in further trade negotiations with other countries, the Government should follow the existing practice of not narrowing or reducing the margin of preference without receiving in return full and adequate compensation for such action.

Mr. LAING: Mr. Chairman, was this first sentence extracted from the evidence of the witnesses before the committee? I refer to the first sentence beginning "The deliberations of the committee . . .". Did that come out of the evidence? Is that a statement of fact?

The CHAIRMAN: I think that is a reasonably accurate summary of the general statement made by Mr. McKinnon in that regard. I am following exactly the wording submitted by Mr. Macdonnell and Mr. McKinnon has checked it.

Mr. LAING: Is it true or is it just an academic statement?

Mr. MACDONNELL: Do you not remember that Mr. Harkness asked one of the witnesses about the bacon agreement particularly and I think he was told at that time that it had been of great importance. I went through the evidence again and, when you question it, I would be less sure of it had not Mr. McKinnon agreed to it.

Mr. LAING: I was wondering if it was in the evidence anywhere—if it was a statement Mr. McKinnon had made?

Mr. MACDONNELL: Well, I read the evidence over and it seemed to me to be a fair statement.

The CHAIRMAN: It was discussed and although the wording was perhaps not volunteered by a witness it is certainly close.

Mr. LAING: Well, let us get down to facts. I asked a question on trade between Canada and Great Britain and I have received the answer. Our imports in 1933 were \$92 million but in 1950 they were \$404 million. Our exports abroad were of the nature of \$280 million but they have been \$1,200 million since. So I mean to say are they of "vital" significance. We were dealing with puny sums in those days.

The CHAIRMAN: In those days reasonably small sums, weighed with present values, were of extreme importance.

Mr. LAING: That can be so but to say they are of "vital significance"—when you have no market at all a very small sum is probably good, but I think the statement is too strong to find proof for.

The CHAIRMAN: Do you recall what page that was on, Mr. Macdonnell?

Mr. MACDONNELL: It was on the last day.

The CHAIRMAN: I distinctly remember.

Mr. MACDONNELL: I think there was some discussion about apples but it was about bacon that I remember particularly.

Mr. LAING: Out of our preference at that time we got larger sales of wheat at 55 cents a bushel, and larger sales of lumber at \$19 a thousand, but I do not think it is sound to make this statement in the light of the results of the 1932 agreements.

Mr. FLEMING: The witnesses did not say the preference always yielded the price we wanted but the effect of the evidence was that they were of vital significance in the economic situation at that time, and it would be a brave man who would now say that such a situation might never recur.

Mr. MACDONNELL: All it says is "... and could easily be again ...".

Mr. FLEMING: We hope we never come to that situation again but on the other hand if the United States Congress reverses its policies—and there are some disturbing elements down there now—the picture could change very rapidly.

Mr. LAING: I thought it was perhaps attaching too much importance to the evidence to make a statement like that, because when you get the trade figures from 1930 on they speak very loudly. We had a distress situation in the world at that time.

Mr. FLEMING: You had a buyer's market, from the point of view of the market, for a couple of generations. I can see some value in putting in a reference to the preferences because that was one question raised in the House during the debate when these agreements were referred to the committee.

Mr. BALCOM: In the first line of the second paragraph, Mr. Chairman, the committee recommends "in further trade negotiations." Is there a difference there between "further" and "future"?

Mr. MACDONNELL: I have no desire to press this wording, Mr. Chairman, but would it not meet Mr. Laing's view if we said:

... while preferences within the commonwealth were not of any great significance when we have a seller's market, on the other hand, in a buyer's market they have been in the past and could easily in some circumstances be of vital significance.

Mr. LAING: We are merely saying that we should have an expansion of commonwealth preferences if we got into a buyer's market again. That would not be of any use today without convertibility of sterling.

Mr. MACDONNELL: Surely we can discuss only what is within our competence here.

Mr. LAING: The first prerequisite is not going to be the desire of the commonwealth to give preferences to one another if they have not got the currency to pay for the goods.

The CHAIRMAN: Could we reach an agreement in this way?

Mr. CARROLL: This is Mr. McKinnon's own drafting, is it?

The CHAIRMAN: No. In the first paragraph he concurred in Mr. Macdonnell's draft without change.

Mr. CARROLL: He agreed with it but he has made a change in Mr. Macdonnell's paragraph as we have it now.

The CHAIRMAN: Yes.

Mr. CARROLL: I have a fairly distinct recollection of Mr. McKinnon or of some other witness using almost the precise words. I am not absolutely certain of it but I have a fairly distinct recollection. I am pretty sure it was Mr. McKinnon who was giving evidence at the time.

Mr. FLEMING: Well, if Mr. McKinnon has looked over this and if it carries his endorsement, then in view of the regard in which we hold Mr. McKinnon, I for one am prepared to take his statement.

Mr. LAING: How can we say they are of vital significance when, after three years' experience, we have enjoyed such an export trade?

Mr. FLEMING: We must look at the quantity as well as the dollars; and in regard to the total again—the total of world trade at that time—I think it is not the slightest exaggeration to say that they were of vital significance at that time.

The CHAIRMAN: Mr. Laing and Mr. Macdonnell, would this wording meet both of your views: By deleting the words in the fourth line "in a buyer's market", and substituting "under normal trade and currency exchange conditions."

Mr. LAING: That would be acceptable, so far as I am concerned.

Mr. FLEMING: In normal times, that would not meet the situation.

The CHAIRMAN: In normal times there is a buyer's market, is there not?

Mr. FRASER: No.

The CHAIRMAN: No. Well, Mr. Laing, unless you have any very serious objection—

Mr. LAING: No, I have no great objection to it, but I hardly think that it is a factual statement. I would hate to have to try to prove it.

The CHAIRMAN: Could we not substitute "real" for "vital" significance?

Mr. LAING: That does not make it much different.

The CHAIRMAN: You have Dr. Isbister's evidence there. Will you turn it up?

Mr. LAING: I think there was a reference made by one of the witnesses to the buyer's and seller's markets.

The CHAIRMAN: We have turned it up. It is at page 198.

Mr. LAING: What does it say?

The CHAIRMAN: You read it.

Mr. LAING: There is a reference to buyer's and seller's markets.

Mr. MACDONNELL: I think anyone would agree that we had a buyer's market in 1933, and that we have a seller's market now.

Mr. FRASER: We have a seller's market now except for automobiles.

The CHAIRMAN: You will see at bottom of the page:

My rough conclusions would be just to repeat briefly that in the past our market for manufactured goods in parts of the British Empire and commonwealth outside the United Kingdom have not only been assisted by the preferential system but indeed the market was created and based upon the preferential system.

Mr. LAING: The exact words were uttered, but they happened to have been said by Mr. Harkness. May I read them?

The CHAIRMAN: What is the page?

Mr. LAING: Page 199, about the middle of the page.

The CHAIRMAN: Yes, and I read as follows:

Mr. Harkness: From all that it would perhaps be a fair generalization to say that the British preferences have been of great value to us both as far as the basic industry is concerned as well as the manufacturing industries when there was a plentiful supply of goods; in other words, when there was a buyer's market. But when you get into a situation as exists today, a seller's market, they are of much less value.

Mr. Isbister: Well, that is even a little more complex than that because a year or two ago we were approaching a position where there was a very plentiful supply of all kinds of goods but the United Kingdom and sterling area countries were still saving dollars and the preferential system did not help us, but to your statement has to be added additional the fact that preferences are of assistance to us perhaps most in a period when there is a glut of goods and therefore price competition becomes important; secondly, in a period that the United Kingdom and the sterling area have their markets open to us.

The CHAIRMAN: Dr. Isbister's answer, Mr. Laing—

Mr. LAING: —certainly qualifies this first sentence here.

The CHAIRMAN: The last sentence I read is a very plain answer:

but to your statement has to be added additional the fact that preferences are of assistance to us perhaps most in a period when there is a glut of goods and therefore price competition becomes important;

Mr. FLEMING: Am I right in understanding that Mr. McKinnon has been over this? After all we have got Mr. McKinnon's authority behind it, and we cannot do much better than that.

The CHAIRMAN: I think Dr. Isbister's answer is pretty well paraphrased by this recommendation. He certainly refers to the seller's market and the buyer's market and that is most advantageous to us.

Mr. LAING: Could we insert the words, after "easily again": "with improvement in the international currency picture would be of vital importance"?

The CHAIRMAN: Mr. Macdonnell, how was the foreign exchange market in 1932-33? Was there parity?

Mr. MACDONNELL: I would not want to answer that. Actually the pound was strong then.

The CHAIRMAN: Mr. Laing suggests that we insert "on the other hand in the buyer's market and with normal trade exchange."

Mr. MACDONNELL: That seems to me to be something we never discussed in this committee and it is quite foreign. I am not pressing this at all. It seems to me to be one thing that might be of a constructive nature that came out. I say I must agree with Mr. McKinnon.

Mr. BALCOM: Is not Mr. Laing's idea or thought implied here?

Mr. FLEMING: You are only saying "if it could be." Now, that word "could" would presuppose certain conditions.

Mr. MACDONNELL: I do not want to stick to the word "vital".

The CHAIRMAN: I think we have threshed it out pretty well. All those in favour of the amendment as it stands please signify.

Mr. BREITHAUP: What is the amendment?

The CHAIRMAN: You have it in front of you. The first two paragraphs. All those in favour please signify. Opposed, if any?

It is unanimously carried.

Mr. Laing moved the adoption of the committee report as amended by the amendment submitted today.

Mr. CRESTOHL: Before you adopt a final report I would like to make a suggestion. I am rather new at the procedure and therefore may be on delicate ground on the suggestion I would like to make, but from the experience I have had here when we review what transpired we concluded that our team went over to Torquay and simply came back and reported to us, and during the course of our deliberations we have found that it would have been perhaps helpful if we could have seen our team before it went over and presented some of the problems they would have to deal with and perhaps they could have received some direction from us. I want to suggest, if it is in order, that we recommend in future when an international conference is going to take place with respect to trade and commerce that our team meet a committee upon it such as this and discuss with it some of the problems they may face, and receive direction, seek our advice, and when they return we can then hear their report, deliberate with them, see what they achieved and make the comparison. I do not know, as I said, whether my suggestions will be in line with the rules of procedure. Perhaps Mr. Fleming and others who have had more experience than I can clarify that, but it seems to me that we would serve a much more useful purpose if we could have met with those gentlemen before they went over, and then received their report.

Mr. FRASER: Do you not think, Mr. Chairman, that the Tariff Board, during the past few years since the Geneva Agreement, have been compiling data regarding the pros and cons of what was what and then when they went to Torquay they knew what to bargain for; they knew because the manufacturers and the importers and exporters had been approaching them. They acknowledge that.

Mr. CRESTOHL: Then what is actually the function of this committee?

Mr. BALCOM: Educational.

Mr. CRESTOHL: I am just making a suggestion as to what I think is a procedure that might be helpful to them. Of course, they compiled their evidence over a period of years. Let them come to parliament with that evidence, let them seek the advice of the House and then go to bat—not to come back here and face parliament with a fait accompli.

Mr. CARROLL: They are getting some pretty good instructions from the committee in this:

Your committee recommends that in further trade negotiations with other countries, the government should follow the existing practice of not narrowing or reducing the margin of preference without receiving in return full and adequate compensation for such action.

It seems to me we could not give them any better instructions than that if they met us here.

Mr. FRASER: They have to horse trade all the way through over there.

Mr. MACDONNELL: Do you not think, Mr. Chairman, if they came to us first of all they would have to deal purely in generalities, partly because, as Mr. Fraser has said, they could not expose their hand? If there are any trade secrets or negotiating secrets they would have to keep them to themselves. It is an attractive idea but it does not seem to me to be very practical.

The CHAIRMAN: Well, the suggestion is thrown out and we will have time during the recess to study it further and when we meet again Mr. Crestohl can reintroduce it.

Mr. CRESTOHL: I prefaced my remark by saying I may be on delicate ground, not being familiar with the procedure. But when we are faced with a fait accompli what can we do? Should we say you did well, or criticize them saying: You have not done well?

Mr. MACDONNELL: Have not governments got to do that kind of thing in many cases?

Mr. LAING: Did they know what they wanted to do when they went over? They knew what they wanted to do. I think negotiations are tight negotiations.

Mr. CRESTOHL: I am not reflecting on the negotiations but I thought perhaps we should try to make the functions of this committee a little more useful, if possible.

Mr. BALCOM: Any committee member can interview the Tariff Board at any time, see them individually, just the same as a manufacturer can.

Mr. FRASER: Yes, you can meet the Tariff Board at any time.

The CHAIRMAN: I appreciate your point exactly, Mr. Crestohl. My own frank and offhand opinion is this, that these negotiations were referred to this committee in order that members of parliament might know what had happened, might know fully of all the preparations that were made prior to our team leaving for the old country, and might be in a position to criticize if anything wrong had been done. Your stand is that it would be preferable to give advice in advance, rather than to criticize after the event has occurred.

Well, in view of the fact that such adequate precautions were taken by the team in advance to make themselves acquainted with the underlying needs of our exporters and importers, and in view of the fact that the results have been so gratifying, I just wonder whether any committee of parliament, even had it met and discussed the whole problem with the team before it went to Torquay, could have made any helpful suggestions to them? Then, of course, there is the other point that I think would be most important—in any negotiation of this nature Canada's team should not go with its hands tied in advance.

Mr. CRESTOHL: Mr. Chairman, I would like to point out that the objective of my suggestion is not to pass around criticism. My objective is that we meet with the team in advance to be of assistance to them, and to give them such direction as we may be able to give them.

Mr. FLEMING: Not direction, that comes from the government.

Mr. CRESTOHL: Well, perhaps "direction" is the wrong word.

The CHAIRMAN: We are holding a post mortem on something that has happened but, looking over the whole picture, does any member of the committee think that if we had met our team and discussed the whole matter before they left the results would have been any better than they have been?

Mr. CRESTOHL: No one is in a position to say.

Mr. LAING: The best we can expect is that such a meeting would doubly emphasize the representations that were already made by various groups. I have in mind as they advised us, that they had a great deal of representation on the one business of plywood. The British Columbia members have been particularly delighted over this thing and our delight is already confirmed because in British Columbia there are new plywood plants in the course of

construction involving some \$4½ million. Two firms are doubling their plants, the H. R. MacMillan Company, and Western Plywoods. A lot of material came from the plywood manufacturers and plywood was one of the things they went after and they got double the protection from the American manufacturers.

If Mr. Crestohl's suggestion passed then all we could do would be to add strength to the representations from certain groups and beyond that I do not think much could be gained.

Mr. FRASER: You would have to hold meetings on that type of thing, prior to Torquay for instance, in camera.

Mr. FLEMING: Mr. Chairman, I think Mr. Crestohl has put forward a suggestion for consideration and not necessarily as a recommendation in this present report. It is something that we can ponder on and discuss when we come back at the next session.

Mr. CRESTOHL: As I said I am not familiar with the procedure.

The CHAIRMAN: I would suggest you have a chat with the chairman of the Tariff Board and get his reaction.

Mr. FLEMING: You had better have a chat with the Minister of Trade and Commerce too.

Mr. McMILLAN: Is it not the responsibility of the government to put forward these proposals?

The CHAIRMAN: Only in part. The trade makes many proposals. As Mr. Laing has mentioned, the trade made the proposals on plywood and I imagine they gave our team an immense amount of material to use and to help them in making a deal.

Well, gentlemen, you have been very patient during this inquiry and the Chair wishes to thank you.

Mr. FLEMING: As this is our last meeting I think the committee would like to express its appreciation for the work of the chairman and also for the work of our secretary.

Some Hon. MEMBERS: Hear, hear.

