

**Subsection 4.—Trade with the United Kingdom and the British Empire.**

Ever since Confederation the external trade of Canada has been carried on predominantly with one or other of the two great English-speaking countries, the United Kingdom and the United States. In the early years of the Dominion, the United Kingdom, which was then lending us capital on a considerable scale for those times, supplied more than half our imports, though as a customer she came second to the United States. Later on, however, partly as the result of the free trade policy of the United Kingdom and the protectionist policy of the United States, the United Kingdom became the chief market for our exports, holding that position steadily from 1890 to 1920, while in certain of the more recent years the United States has been our largest customer.

As regards our imports, on the other hand, the United States, though in the beginning ranking second in supplying our wants, took first place as early as 1876 and has maintained that position steadily since about 1883, the proximity of the two countries and the increasing population on both sides of the line being largely responsible. During the Great War, when the resources of the United Kingdom were absorbed in the struggle, the percentage of Canada's imports coming from the United States rose as high as 82.3 p.c. in 1918. From 1921 to 1930 it remained fairly constant at about two-thirds, while in recent years it has declined and was 56.8 p.c. in 1936. Our imports from the United Kingdom, which fell as low as 8.0 p.c. of the total in 1919, fluctuated between 15.2 p.c. and 19.0 p.c. between 1921 and 1930, but have been somewhat higher since then and stood at 21.0 p.c. in 1936. (See Tables 5 and 6 of this chapter.)

Statement II above shows our trade with the United Kingdom in three recent years compared with that in 1927 and 1914. It may be noted that in the latest years there has been a very great decline in imports of textiles, partially compensated by some increase in imports of iron, non-metallic mineral and chemical products. Vegetable and animal products continue to make up the major part of our exports to the United Kingdom, but there has been an actual and a great proportional increase in exports of wood and paper products and non-ferrous metals.

The commodities making up Canada's export and import trade with the United Kingdom in recent years are dealt with in summary form in Tables 10 and 11, and in detail in Tables 12 and 13 of this chapter.

**Trade of Canada with the British Empire.**—Canada was the first of the British Dominions to grant a preference on goods the produce and manufacture of the United Kingdom and reciprocating British Dominions and possessions. This preference was extended from time to time to other portions of the British Empire until now it is applicable to practically every British Dominion and possession. In the case of Newfoundland, in addition to the preference, Canada grants free admission to fish and fish products. The British West Indies receives special concessions under the Agreement of 1925 referred to on p. 489. Table 18 on p. 573 shows for the latest fiscal year the imports from countries of the British Empire entering Canada either at lower rates of duty or free under the preferential tariff. The British preferential tariff enacted in 1897 has had the effect of stimulating Canada's Empire trade. When the British preference became effective in 1897, Canada's total imports from the United Kingdom amounted to only \$29,401,000, compared with imports in 1887 valued at \$44,741,000 and in 1873 at \$67,997,000, so that from 1873 to 1897 imports from the United Kingdom declined by \$38,596,000 or 56.7 p.c. After the introduction of the British preferential tariff, the downward