

that position steadily from 1890 to 1920, while in certain of the more recent years the United States again has been Canada's largest customer.

As regards imports, on the other hand, the United States, though in the beginning ranking second in supplying Canada's 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 58.6 p.c. in 1937. 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 19.3 p.c. in 1937. (See Tables 5 and 6 of this chapter.)

Statement V, p. 512, shows Canada's 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 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. 490.

Average Rates of Duty under the British Preference.—Table 18 on p. 577 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. An analysis of the extent of the preference on British goods was given on p. 509 of the 1937 Year Book. To make a fair comparison between the United Kingdom and the United States of the average rates of duty collected on ordinary dutiable imports, imports of alcoholic beverages and manufactured tobaccos should be eliminated, while imports free of duty under the British preference but dutiable when imported from the United States should be added to the dutiable imports from the United Kingdom. After these logical adjustments the average rate of duty on imports from the United Kingdom has been lower in every year since 1922 while the difference in favour of the United Kingdom has become 50 p.c. or more in recent years.

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