

by the United Kingdom of her most-favoured-nation treaties with Germany and Belgium. This left Canada free to confine her lower tariff rates to the United Kingdom and to sister Dominions and colonies. A British preferential tariff, consisting at first of a remission of 25 p.c. of the duty ordinarily paid (Aug. 1, 1898), and later of a remission of 33½ p.c. of the ordinary rate of duty (July 1, 1900), was established. This method of preference was abandoned in 1904 for a specially low rate of duty on almost all imported dutiable commodities.

Subsection 2.—Tariff Relationships with Other Countries.*

Tariff relations between Canada and other countries are governed by: (1) application to Canada of some old commercial treaties of Great Britain; (2) participation in commercial treaties of Great Britain by Canadian Acts of Parliament; (3) Canadian Conventions of Commerce or Trade Agreements; (4) Exchange of Notes respecting reciprocal tariff concessions; (5) British preferential rates granted by the Tariff Act; (6) power of extending, by Orders in Council, British preferential or lower rates, intermediate rates, or other reduced duties as compensation for concessions received; (7) authority to impose a surtax on goods from a foreign country whose tariff discriminates against Canadian goods.

EMPIRE COUNTRIES.

Empire Preferences.—The Tariff Act assented to June 13, 1898, by which Canada replaced the Reciprocal Tariff of the year before by a purely British Preferential Tariff, specifically granted the benefit of the new preferential duties to the United Kingdom, Bermuda, British West Indies, and British Guiana. A provision whereby the benefit could be extended to any British possession whose tariff was equally favourable to Canada was at once invoked to give the preferences to British India, Ceylon, Straits Settlements, and New South Wales. In 1904 these preferences were extended to New Zealand, to the colonies now comprising the Union of South Africa, and to Southern Rhodesia, all of which, about that time, had granted newly introduced preferences to Canada. All these countries, except New South Wales, which had ceased to be a separate customs area, were named in the Tariff Act of Apr. 12, 1907 (still in force, in amended form), as being entitled to British preferential rates. The British preference margin, which had been increased in 1900 from one-quarter to one-third, remained at approximately one-third in the 1907 revision, but has since been much varied and enlarged. The 1907 Tariff contains three columns—British Preferential, Intermediate, and General. Sec. 4 of the Tariff Act empowers the Governor in Council to extend British preferential rates, intermediate rates in whole or in part, or most-favoured-foreign-nation treatment to any part of the Empire or British mandated territories.

British preference has been extended to many new areas under Sec. 4. (See p. 520 of the 1934-35 Year Book.) The year 1937 witnessed its further extension (Order in Council Sept. 29, 1937) to Malta, Gilbert and Ellice Islands, British Solomon Islands Protectorate, Nauru, Papua, and Norfolk Island. The Intermediate Tariff was extended to Hong Kong as from Feb. 4, 1933. Orders in Council were passed which accorded most-favoured-foreign-nation treatment to the United Kingdom and the Union of South Africa on July 19, 1935; to Australia and New Zealand on Aug. 21, 1935; to the British West Indies on Oct. 20, 1936; to all the non-self-governing British colonies and protectorates, Palestine, Tanganyika territory, and the territories of Togoland and Cameroons under British Mandate on

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