

Agreements and the suspension of imports of capital goods from the United States, the trend was reversed, apparently temporarily.

Statement VI, p. 487, shows Canada's trade with the United Kingdom in two recent years compared with that in 1933, 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.

**The Preferential Tariff and Empire Trade.**—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. 462.

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 trend in the value of imports from the United Kingdom was reversed, although the proportion of our total imports coming from the United Kingdom continued to decline. Imports from other Empire countries which were insignificant before the beginning of the century have increased both in actual value and proportion of total imports.

**Average Rates of Duty under the British Preference.**—Table 18 on p. 551 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, while Table 8, on p. 508, shows the average *ad valorem* rates of duty on imports from the United Kingdom, United States, and all countries in each year since Confederation. The apparently higher average rate collected on imports from the United Kingdom than on those from the United States in spite of the preferential tariff accorded British goods since 1897 is due largely to the following factors: (1) imports of alcoholic beverages, which are subject to high duties, bulk largely in imports from the United Kingdom but are negligible from the United States; (2) imports of raw materials for processing in Canada, which are free of duty, form an important part of imports from the United States; and (3) dutiable imports from the United Kingdom are largely highly manufactured goods which are subject to relatively higher rates than semi-manufactured goods for further manufacture in Canada, which form another large element of imports from the United States. 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