

1939, proposing continuance of the agreement subject to the right of either party to terminate it on six months' notice.

FOREIGN COUNTRIES

The power given under Sect. 4 of the Tariff Act to extend the Intermediate Tariff, in whole or in part, by Order in Council, to British countries, applies equally to foreign countries. Another important means of arranging for reciprocal concessions from foreign countries is afforded by Sect. 11 of the Customs Tariff which authorizes the making by Order in Council of such reductions of duties on goods imported into Canada from any other country as may be deemed reasonable by way of compensation for concessions granted by any such country. On the other hand, power is given under Sect. 7 to impose a surtax of $33\frac{1}{3}$ p.c. *ad valorem* on goods from any foreign country that treats imports from Canada less favourably than those from other countries.

Most-Favoured-Nation Treatment.—Mutual guarantee of most-favoured-foreign-nation treatment, or, as it is commonly called, 'most-favoured-nation treatment,' enters into many of the tariff arrangements between Canada and foreign countries. Usually, this means that Canada and the other contracting State agree that each party will accord to the goods of the other the benefit of the lowest duties applied to similar goods of any other foreign origin. There may be reservations. These reservations are likely to be tariff advantages, not relatively of far-reaching importance, such as one State may grant to another on historical, political, or geographical grounds, or some other special relationship. The concessions arising out of most-favoured-nation treatment under the Canadian tariff consist of the rates of the Intermediate Tariff, and lower rates on some goods provided in Trade Agreements with France, the United States, and Poland. It will be seen that the guarantee by Canada of most-favoured-nation treatment to a foreign country does not entitle the foreign country to preferences existing only under the British Preferential Tariff or an Empire Trade Agreement. In other words, Empire preferences are confined within the Empire. On Apr. 26, 1939, a special 3 p.c. tax was cancelled, except as regards imports under the General Tariff, thus enlarging the benefit of most-favoured-nation treatment.

The benefit to Canadian exports of most-favoured-nation treatment in any country depends on the customs and treaty system of the particular importing country concerned. Several foreign nations have maximum and minimum schedules, meaning that there are two scales of duties for practically all goods imported. There may be also an intermediate scale of duties. Some countries maintain reduced duties only on specified items of their tariffs, which they have conceded in one or more commercial treaties. A country, too, may adhere strictly to a single-column tariff. Even when it makes concessions in a commercial treaty it may incorporate these in the normal tariff, thus discriminating against no country. The number of countries maintaining uniform tariffs regardless of the origin of goods, however, is becoming smaller from year to year. The benefit of most-favoured-nation treatment would, of course, depend also on the extent to which tariff favours apply to countries competing in the market in question. It has been the practice to include import restrictions when bargaining for most-favoured-nation treatment but the significance of this is greatly lessened in recent years by countries administering import quotas independently of most-favoured-nation commitments.

War Measures.—A Canadian Order in Council of Sept. 5, 1939, passed under the War Measures Act, brought into force regulations that prohibit trading with