

and the United States and the recent formulation of import shipping priorities, in order to reserve limited shipping space for the most essential requirements, represent other important aspects of war-time import restrictions.

Subsidies and Tariff Adjustments.—The War Exchange Conservation Act facilitated imports from the United Kingdom. Duties on United Kingdom cottons, artificial silks and certain other goods were removed and (on Apr. 30, 1941) imports from the United Kingdom were allowed discounts from the British Preferential Tariff of 25 p.c. on woollens, boots and shoes and 50 p.c. in the case of almost all other goods, except liquor. These tariff adjustments tended to counterbalance restrictions against certain imports from the United States and to help British importers overcome the disadvantage of rising production and transportation costs; at the same time they enabled Canada to utilize some excess sterling balances. The imposition of the retail price-ceiling on Dec. 1, 1941, necessitated further measures of this type to ensure a continued flow of essential imported goods for sale in Canada. The Wartime Prices and Trade Board assured importers that, where necessary, in view of the rising prices abroad, assistance would be provided to them either directly by subsidies provided through the Commodity Prices Stabilization Corporation, or indirectly by reduction in duties and taxes on imported goods, to enable the price-ceiling to be maintained. As preliminary measures, on Dec. 22, 1941, all special or dumping duties on imported goods (except fresh fruits and vegetables) were removed and the Minister of National Revenue was authorized by Order in Council to accept the export selling price as the basis of valuation for duty purposes in the case of commodities that are recommended to receive such treatment by the Wartime Prices and Trade Board with the approval of the Minister of Finance. In addition, on Jan. 20, 1942, an Order in Council provided that import and excise duties imposed in any country from which Canada imports goods would be disregarded in estimating the value for duty purposes.

The general principle underlying all import subsidy arrangements is that consumer goods imported will cost the importer no more than is 'appropriate' in relation to ceiling-prices. The importation of war supplies has, of course, been exempted from the operation of the ceiling and of import price control.

Subsection 2.—Empire and Foreign Import Restrictions Affecting Canadian Exports

The War automatically terminated Canadian trade with enemy or enemy-occupied countries. With the rest of the world, the outgoing commerce of Canada is to a large extent affected by controls in force in many countries which subject imports to the requirement of licence from governmental authorities, quota limitations, restrictions on issue of exchange for payment of merchandise and related official supervision of purchases from abroad. Restrictive measures of this kind vary in different territories and, taken on the whole, undergo frequent modifications.

EMPIRE COUNTRIES

United Kingdom.—The United Kingdom passed the Import, Export and Customs Powers Defence Act on Sept. 1, 1939. Two days later, when war was declared, specified goods were prohibited to be imported except under licence of the Board of Trade. The object was to conserve shipping and financial resources by refusing permission to import non-essential goods. Motor-cars, furs, jewellery, perfumery, toys, electric-light fittings and certain chemicals were, at the outset, among the articles not to be licensed until further notice. Thirty-three licensing