

Loans to Britain and to Foreign Governments.—The United Kingdom Financial Agreement Act approved the financial Agreement signed on Mar. 6, 1946, between the Government of Canada and the Government of the United Kingdom. Under this Agreement the Government of Canada extended to the United Kingdom a credit of \$1,250,000,000 to facilitate purchases of goods and services in Canada, to assist the United Kingdom to meet transitional post-war deficits in its current balance of payments, to maintain adequate reserves of gold and dollars, and to assume the obligations of multilateral trade.

Part II of the Export Credits Insurance Act, 1944, as amended, enabled the Governor in Council at any time before Jan. 1, 1948, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies, at their request (a) to provide them with credits to enable them or any person ordinarily resident in such country to pay the cost of Canadian-produced goods or the cost of Canadian services, or (b) to purchase or guarantee securities issued by them for the purpose of making such payments, or (c) to guarantee obligations undertaken or guaranteed by such government or agency under contracts to purchase Canadian goods and services, if such action is deemed advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country.

The total Canadian post-war direct credits to the United Kingdom under the United Kingdom Financial Agreement Act and to other countries under Part II of The Export Credits Insurance Act are shown in Statement I, p. 901.

Section 2.—The Development of Tariffs

A short sketch of trade and tariffs prior to Confederation is given at pp. 480-482 of the 1940 edition of the Year Book. The 1942 Year Book, at pp. 427-428, traces the development from Confederation to the adoption in 1904 of the present form of preferential tariff.

Owing to the limitations of space in the Year Book, it has been necessary, in regard to tariffs, to adopt the policy of confining any detail regarding commodities and countries to tariff relationships at present in force, and to summarize as much as possible historical data and details of preceding tariffs, giving references to those editions of the Year Book where extended treatments can be found.

Subsection 1.—The Canadian Tariff Structure

The Canadian Tariff consists mainly of three sets of rates, viz., Preferential, Most-Favoured-Nation, and General. British Preferential rates consisted at first (1898) of a remission of 25 p.c. of the duties ordinarily paid but later (1900) were advanced to 33½ p.c. and, after 1904, took the form of a specially low rate of duty on almost all imported dutiable commodities. This is the first broad category of the tariff structure and these rates are applied to specified goods from British countries if shipped direct to Canada. On certain goods special rates may be applied under the British Preferential tariff; these special rates are lower on those goods than the ordinary British Preferential scale.

The second scale is the Most-Favoured-Nation Tariff. These rates apply to goods from countries that have been accorded tariff treatment more favourable than the General Tariff but which are not entitled to the British Preferential rate. To certain