

Other Tariff Relations.—The General Agreement on Tariffs and Trade is a blanket agreement applicable to all contracting parties on the same basis. However, there are also other tariff arrangements in effect to-day which were negotiated prior to the provisional adoption of the General Agreement. In many cases, these earlier trade arrangements are allowed to stand. The contracting parties are also permitted to negotiate new trade agreements, subject to the qualifications of the General Agreement, but they cannot increase any margins of preference or extend new preferences.

Canada has a number of reciprocal tariff arrangements with members of the Commonwealth and other countries. They are grouped as follows:—

- (1) application to Canada of some old commercial treaties of the United Kingdom;
- (2) participation in commercial treaties of the United Kingdom by Canadian Acts of Parliament or Orders in Council;
- (3) Canadian Conventions of Commerce or Trade Agreements; and
- (4) exchanges of notes respecting tariff matters.

Canada extended preferential rates for the first time to the United Kingdom in 1898, and after the First World War most-favoured-nation agreements were made with countries outside the Empire. By the late 1930's, Canada had trade agreements with 32 countries but some of these lapsed during the Second World War and have not been replaced.

New commercial agreements were made during the War with several South American countries which had expanded their trade with Canada and, since the end of the War, most-favoured-nation agreements have been made with Turkey, Greece, Italy, China, Nicaragua, the Federal Republic of Germany, and Austria.

Many of Canada's reciprocal trade treaties are simply exchanges of most-favoured-nation treatment and do not include schedules of tariff concessions. However, some important agreements, such as the Canada-United States trade treaties of 1935 and 1938, do include lists of negotiated tariff rates. Practically all the items bound in these earlier agreements are now covered by the General Agreement.

The benefit received by Canadian exports under most-favoured-nation treatment in any country depends upon the tariff and treaty system in force. Some countries possess a single-column tariff and extend whatever concessions they make to all countries without discrimination. Other countries have minimum, intermediate and maximum tariff rates and their most-favoured-nation rates are either the minimum or intermediate schedules. Sometimes, most-favoured-nation treatment is subject to certain reservations concerning preferential rates granted by one state to another on special historical, political or geographical grounds.

The Canadian Tariff consists of three basic rates of duty, namely: British Preferential, Most-Favoured-Nation, and General. Various modifications in these rates have been made under special trade arrangements, but the British Preferential rates, which are applicable to numerous types of goods from many parts of the Commonwealth, are always the most favourable. In return for this special treatment, Canadian goods enjoy similar tariff advantages in many Commonwealth countries.