

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 Commonwealth 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 non-Commonwealth countries, a special concession under the Most-Favoured-Nation rates may be granted and rates lower than those of the Most-Favoured-Nation tariff may apply by agreement.

The third class of duties is the General Tariff, which is levied on all imports that do not qualify for Preferential or Most-Favoured-Nation tariff treatment.

British Preferential rates apply to all countries within the Commonwealth. They may, however, be modified downward in their application to specific countries when trade agreements are being revised or discussed between Canada and other Commonwealth countries. The whole tariff structure is very complicated. Almost every Budget brought down in the House of Commons changes the incidence of the tariff in some particulars, so that it would be impossible to attempt here a discussion of tariff schedules. The schedules and rates in force at any particular time may be obtained from the Department of National Revenue, Ottawa, which is responsible for administering the Canadian Tariff.

In all cases where the tariff applies, there are provisions for drawbacks of duty on imported materials used in the manufacture of products later exported. The purpose of these drawbacks is to give Canadian manufacturers a fair basis of competition with foreign producers of similar goods, where it is felt to be warranted. A second class of drawbacks known as 'home consumption' drawbacks apply mainly to imported materials and parts used in the production of specified classes of goods manufactured for home consumption.

Too often one-sided competition arises out of unfair practices, such as dumping or the manipulation of exchange advantages. Wide powers have been given, in certain instances, to supplement tariff provisions. Thus, the Minister of National Revenue or, through him, the customs officials have been empowered at times to establish a 'fair market value' as a basis of applying duties to be collected. The term 'fair market value' is vague and open to various interpretations and has been frequently criticized but, in exceptional cases of imports from General Tariff countries, arbitrary valuations have proved effective.

The exchange situation as it affects the Tariff is a different problem. A foreign currency that has become considerably depreciated in relation to the Canadian dollar enables the country concerned to export goods to Canada under a very definite advantage and customs officials have been given power, under conditions such as these, to value imports from such countries at a 'fair rate of exchange'. Much, of course, depends on the manner in which the above powers are applied by the administrative officials and their understanding of the reasons for their application and, while the powers of fixing 'fair market value' and 'fair rate of exchange' have been applied to meet extraordinary conditions in the past, these powers have now been modified by clauses in trade agreements drawn up with individual countries.