

of Directors including the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance and the Governor of the Bank of Canada, insures exporters against losses arising from credit and political risks involved in the export or in an agreement for the export of goods. Policies are generally issued on a yearly basis, covering exporters' sales to all countries. The main risks covered include: insolvency or protracted default on the part of the buyer; exchange restrictions in the buyer's country preventing the transfer of funds to Canada; cancellation of an import licence or the imposition of restrictions on the importation of goods not previously subject to restrictions; the occurrence of war between the buyer's country and Canada, or of war, revolution, etc., in the buyer's country.

The insurance is available under two main classifications—general commodities and capital goods. Coverage for general commodities can be procured by exporters under two types of policies:

(1) the Contracts Policy, which insures an exporter against loss from the time he books the order until payment is received; or (2) the Shipments Policy, obtainable at lower rates of premium and covering the exporter from the time of shipment until payment is received.

Insurance of capital goods offers protection to exporters dealing in plant equipment, heavy machinery, etc., where extended credit for lengthy periods is often necessary. Specific policies are issued for transactions involving capital goods but the general terms and conditions are the same as those applicable to policies for general commodities. The Corporation insures exporters on a co-insurance basis up to a maximum of 85 p.c. of the gross invoice value of shipments. This co-insurance basis also operates in the distribution of recoveries obtained after payment of a loss, and these recoveries are shared by the Corporation and the exporter in the proportions of 85 and 15 p.c. respectively.

The Corporation, from its inception to Dec. 31, 1954, issued policies covering a total value of \$498,828,879, under which insured export sales were \$272,762,845. Premiums paid totalled \$2,577,078, and gross claims paid to exporters during the same period amounted to \$4,412,654. A large majority of these claims resulted from exchange transfer difficulties with relatively few arising from insolvencies. Recoveries made amounted to \$2,821,088. The excess of premiums over operating expenses and net losses was \$196,294 and this sum, together with interest of \$2,340,050 earned on invested capital, has been added to the underwriting reserve which on Dec. 31, 1954 stood at \$2,529,178.

**International Economic and Technical Co-operation Division.**—The administration of Canada's participation in the Colombo Plan, a Commonwealth effort to help the peoples of South and Southeast Asia to raise their standards of living and productivity, is the responsibility of this Division. This contribution is of two types—capital aid and technical co-operation. Under capital assistance, grants of goods or services are made to countries in the area on a government-to-government basis. Technical co-operation embraces the training of Asian peoples in a variety of fields in Canada and the supplying of Canadian technical and professional personnel to advise and instruct abroad. The Division also assists the United Nations and its specialized agencies in the recruiting of technical experts and in the arrangement of courses of instruction for trainees sent to Canada for study. For the year ended Mar. 31, 1955, \$26,400,000 was voted by Parliament for Colombo Plan capital aid and technical assistance.

## Section 2.—The Development of Tariffs

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

Limitations of space in the Year Book has made it necessary, in regard to tariffs, to adopt the policy of confining any detail regarding commodities and countries to tariff relationships in force at present 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 may be found.