

policies are also issued to cover engineering, construction, technical or similar services contracts entered into between Canadian firms and persons in foreign countries who have agreed to purchase such services.

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, 1956, insured export sales valued at \$376,000,000. Premium income was \$3,207,751, and gross claims paid to exporters during the same period amounted to \$7,821,612. A large majority of these claims resulted from exchange transfer difficulties with relatively few arising from insolvencies. Recoveries made amounted to \$4,306,132. The balance at credit of the underwriting reserve as at Dec. 31, 1956, was \$1,418,103.

International Economic and Technical Co-operation Division.—The administration of Canada's participation in the Colombo Plan, a co-operative 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, 1957, \$34,400,000 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.

Subsection 1.—The Canadian Tariff Structure*

The Canadian Tariff consists, in the main, of three sets of tariff rates—British Preferential, Most-Favoured-Nation, and General.

British Preferential Tariff rates are, with some exceptions, the lowest rates. They are applied to imported dutiable commodities shipped direct to Canada from countries of the Commonwealth and from the British colonies and other dependent overseas territories. Some Commonwealth countries have trade agreements with Canada which provide for rates of duty, on certain specified goods, lower than the British Preferential rates.

Most-Favoured-Nation rates are usually higher than the British Preferential rates and lower than the General Tariff rates. They are applied to commodities imported from countries outside the Commonwealth with which Canada has made trade agreements. The most important trade agreement concerning the effective rates applied to goods imported from countries entitled to Most-Favoured-Nation rates is the General Agreement on Tariffs and Trade (GATT).

* The schedules and rates in force at any particular time may be obtained from the Department of National Revenue, Ottawa, which administers the Canadian Tariff.