buyer's country preventing the transfer of funds to Canada; cancellation of an import licence or an export licence or the imposition of restrictions on the import or export 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 three main classifications—general commodities, capital goods and services. General commodities policies cover a policyholder's export sales to all countries except the United States for a period of one year, and are renewable. Two types are available: the contracts policy, which insures an exporter against loss from the time he books an order until payment is received; or 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 up to a maximum of five years may be 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. Specific policies are also issued to cover engineering, construction, technical or similar service contracts entered into between Canadian firms and persons in foreign countries who have agreed to purchase such services. The Corporation may also extend unconditional guarantees to Canadian chartered banks which will agree to provide non-recourse financing to insured exporters who have sold capital equipment abroad on medium-term credit.

The Corporation insures exporters on a co-insurance basis, the exporter retaining a small percentage of the risk involved, and the same principle operates in the distribution of recoveries obtained after the payment of a claim. When, in the opinion of the Minister of Trade and Commerce, a proposed transaction is in the national interest but would impose upon the Corporation a liability for a term or in an amount in excess of that normally undertaken, the Corporation may be authorized by the Governor in Council to enter into a contract of insurance at the Government's risk.

The Corporation also administers direct financing facilities available under the Act in cases where export sales involving capital goods are of such a nature as to warrant credit terms in excess of five years. The Corporation, when authorized by the Governor in Council, buys the promissory notes or other negotiable instruments of the foreign purchaser.

Section 2.—The Development of Tariffs

Limitations of space in the Year Book have 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.

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 commodities from British countries, with the exception of Hong Kong, when conveyed without trans-shipment from a port of any British country enjoying the benefits of the British Preferential Tariff into a port of Canada. Some Commonwealth countries have trade agreements with Canada which provide for rates of duty, on certain specified goods, lower than the British Preferential rates.

* Information relating to rate of duty and value for duty is available from the Department of National Revenue, Customs and Excise Division, which administers the Customs Act and the Customs Tariff.