

Canadian Trade (excluding gold) with Other Countries  
Exclusive of the United States and United Kingdom

Year ending March 31	IMPORTS		EXPORTS	
	% of Total		% of Total	
	British Empire (other than U.K.)	Foreign Countries (other than U.S.)	British Empire (other than U.K.)	Foreign Countries (other than U.S.)
1886	2.5	12.2	4.2	4.5
1891	2.1	13.5	4.4	4.2
1896	2.2	15.8	3.7	4.7
1901	2.2	13.4	4.5	4.9
1906	5.1	10.9	4.6	5.7
1911	4.4	10.5	6.1	7.7
1916	5.5	6.3	4.2	7.8
1921	4.2	9.5	7.6	20.5
Year ending December 31				
1926	5.0	12.4	7.6	19.7
1931	6.8	13.1	8.4	21.7
1936	10.4	12.1	9.0	13.3
1939	10.0	8.7	11.1	12.3
1940	9.8	6.5	12.5	6.8
1941	9.7	5.8	13.6	8.8
1942	6.9	4.0	17.4	13.7

TARIFFS

As was to be expected in a growing country depending on exports to pay its way, the Canadian people have always been aware of both the need and the danger of a protective policy. The immediate effect of Confederation was to abolish the tariff barriers that previously existed between the provinces. The increase in the area of Canada thus extended the area of internal free trade. At the same time it was decided to continue the policy of protection against outside competition, although the tariff actually was lowered from 20% to 15%. Later on, the world-wide depression that commenced in 1873, and the consequent falling off in a revenue based on trade, necessitated increasing the tariff again. The duties were raised to 17 $\frac{1}{2}$ % on most imported goods, with a 20% rate on certain luxuries. Even this increase failed to fill the treasury. In 1879, after the people had declared themselves in favor of a protective policy in the general election of 1878, duties on imported manufactured goods were considerably increased. For example manufactured iron and steel products and machinery were given 25% to 35% protection.

In 1897 Canada enacted a preferential tariff on goods emanating from the United Kingdom and reciprocating British dominions and colonies. Canada was the first to take the step, and it had the effect of stimulating Canadian trade. This preference has been extended from time to time to other parts of the Commonwealth and Empire, until it is now applicable to virtually every British possession.

Canada also grants most-favored-nation treatment in nearly all its tariff arrangements with foreign countries. By this arrangement each country accords to the goods of the other the benefit of the lowest duties applied to similar goods of any other foreign origin. Canada, however, reserves from these special treaties with foreign countries the schedule which it accords to the United Kingdom and to other British countries.