

Margins of preference were negotiable in much the same manner as tariff rates and could be reduced, eliminated, or maintained. Reductions or eliminations or margins of preference were subject to agreement by the parties interested in the maintenance of the preference, who were entitled to ask for compensation.

It will be seen that Canada was doubly involved in negotiations concerning preferences: first by the demands of foreign countries upon other Commonwealth areas, for the elimination or reduction of preferences enjoyed by Canada, and secondly by the demands of foreign countries for the elimination or narrowing of preferences granted in the Canadian tariff for the benefit of other Commonwealth countries. Modifications in preferences enjoyed by Canada in other Commonwealth areas were not extensive. The principal ones are summarized in the paragraphs immediately following:

UNITED KINGDOM

The United Kingdom tariff on aluminum, unwrought, in blocks, billets, ingots, slabs, notch bars, wire bars, sticks, and granules, was formerly 10% on imports from non-Commonwealth countries, while imports from Commonwealth countries were admitted free. Under the Annecy agreement, aluminum will become free of duty from all sources. The United Kingdom tariff on certain types of softwood imported from non-British countries has also been reduced to make it consistent with rates negotiated on the principal types at Geneva two years ago. Imports of all types of lumber from Canada, however, continue duty free.

By way of further explanation, it may be recalled that, before the Geneva negotiations, some varieties of softwood lumber (including sawn, hewn or in the round), when imported into the United Kingdom from non-Commonwealth sources, used to be subject to a rate of 16 shillings per standard while others were subject to ad valorem rates. As a result of the Geneva negotiations, the items subject to specific rates were reduced from 16 shillings to 8 shillings per standard. This reduction was made in return for a reduction made by the United States. Imports from Commonwealth countries continued free of duty. By the Geneva agreement also, the ad valorem rates were reduced, in the main by 2%, narrowing the preference to that extent. The Geneva negotiations, however, did not cover softwood timber, sawn or hewn, less than 11 inches in width and of a value of less than £16.12s. per standard.

This class of timber continued dutiable at 10% ad valorem. This latter rate is now to be converted, under the Annecy negotiations, to 8 shillings per standard, conforming with the rates already established for the principal softwood timber items during the Geneva negotiations. The general effect of the Annecy changes, therefore, is to make all wood and timber of coniferous species (other than boxboards, railway sleepers and sleeper blocks) in the round or hewn or square sawn, but not further prepared or manufactured, dutiable at 8 shillings per standard when imported from most-favoured-nations, though remaining free of duty if of Commonwealth origin.

There is also a small reduction in the most-favoured-nation duty from 10% to 7½%, in the United Kingdom tariff covering softwood weatherboards and other softwood boards (except boxboards) less than 2 inches in thickness and 4 inches or more in width, planed, but not further manufactured than tongued, grooved, etc. These products also continue duty free from Commonwealth countries.

The duty on doors of wood imported from non-Commonwealth countries is being reduced from 20% to 15%, subject as, previously, to a minimum duty of 1s.6d. per door. Free entry continues to be extended to imports from Commonwealth countries.