

2. If there is a decrease in total world trade, will the increased proportion of it which goes to the Empire be sufficient to offset the amount that is lost in the reduction of the total volume?
3. What effect will the Conference have on determining the direction of the future development of world trade - i.e. Nationalism, Continentalism, or Internationalism?

E. Conclusion.

A. EFFECT ON CANADA'S TRADE.

1. Trade Agreements. The agreement having the most effect on Canada is the one with the United Kingdom. The concessions granted by the United Kingdom may be divided into five headings:-
(1) The continuation of free entry into Great Britain for all Imperial products that were previously admitted free (chiefly under the Imports Duties Act of 1932). (2) Imposition of fresh duties on specific imports from foreign countries. (3) The maintenance of certain preferences by an undertaking not to reduce the existing duties on foreign imports (this applies chiefly to lumber, fish, asbestos, zinc and lead). (4) The quantitative regulation of certain meat imports and the removal of the restrictions on the import of live cattle from Canada. (5) An undertaking to restrict the imports of goods whose price is affected by state action and which interfere with any of the preferences (this clause was designed to deal with Russian dumping). The agreements are broadly speaking to run for five years, with the exception of the British preferences on Empire tobacco, which is to last for ten years, and on Canadian eggs, poultry, butter, cheese and other milk products, which may be reviewed after three years. There is, however, a provision that in the event of circumstances arising which, in the judgment of either the British government or the Canadian government as the case may be, necessitate a variation in the terms of the agreement, the proposal to vary those terms shall be discussed by the two governments.

The main concessions given by Great Britain to Canada are those regarding wheat and flour, and meat. The consensus of opinion on the wheat preference is that it will not be of any material assistance to the Canadian wheat trade. It is probable that it will result in some increase in the volume of Canadian exports, but on the other hand it may tend to lower the price. Owing to the restriction on foreign wheat in the British market, there is likely to be greater competition for the European market, with a consequent weakening influence on the price. As Canada will still have substantial amounts of wheat available, even if she should supply the whole of the British market, she will be forced to sell in the European market at the lower price, and by the terms of the agreement she must sell to Britain at this same price. It is felt by many that this depressing effect on the price will more than outweigh any benefits from the increased volume of exports. The preference on flour is considered much more favourably, for it gives the Canadian millers a better chance in the British market, and also is causing a number of American manufacturers of flour to send their wheat to Canada to be ground in Canadian mills, in order that it can obtain the Canadian preference. The following table was recently reproduced in the "Commercial and Financial Chronicle" as illustrating the effect of the Ottawa Conference on wheat imports into Great Britain.