for individual colonies. It provided that import duties on Canadian products may not exceed certain percentages of the most-favoured-nation rates. These percentages vary in different colonies: for example, they may not exceed 50 per cent in Barbados, British Guiana and Trinidad, or 75 per cent in Jamaica. For a few other products--notably flour, dairy products, meat, fish, apples, potatoes and alcoholic beverages - specified margins of preference that were set forth in the agreement were granted to imports from Canada. In fact, virtually every product imported from Canada received some tariff preference.

For its part, Canada granted under the 1927 Agreement free entry to a number of British West Indian products and bound margins of preference on most dutiable imports, including sugar. The most important preference was that on raw sugar imported by refiners for refining in Canada. The bound margin of preference on 96-degree sugar was increased to $1.00 per 100 pounds under the 1927 Agreement, and other raw sugar imported by refiners received equivalent preferential treatment. Other important products on which Canada granted preferences were bananas, cocoa beans, rum, coffee and spices. In addition, Canada gave a general undertaking that the duty on all goods imported from the West Indies but not specifically enumerated in the Agreement would at no time exceed 50 per cent of the General Tariff of Canada.

This agreement was to remain in force for twelve years. However, because of the war it was renewed in 1939 for an indefinite period. It may be terminated on six months' notice.

CUSTOMS UNION PLANNED

The negotiations for the West Indies Federation naturally included discussions on the economic, fiscal and other problems involved. One of these was the proposed establishment of a Customs Union for the federal area. To examine and report on this to the new Federal Government, a Commission on Trade and tariffs was set up under the chairmanship of Sir William Croft. The Commission was to examine the problems involved in a Customs Union, bearing in mind the possible accession to the Federation of British Guiana and British Honduras, and to work out a scheme for this union to be implemented by stages, if necessary. It must submit a report not later than two years after the establishment of the Federal Government. Treaty relations of the West Indies with other countries, including Canada, will probably require some review and revision once the federated units decide on the form and nature of the Customs Union. The Commission may submit its report in 1958.

DOLLAR IMPORT RESTRICTIONS

Without the various trade agreements and particularly the one now in force, it is doubtful whether Canada-British West Indies trade could have become as important in either volume or composition as it is today. However, Canada in recent years has found obstacles in the path of its exports to the British West Indies. These territories, in common with many other non-dollar countries, have maintained restrictions against dollar imports in order to preserve the balance of payments of the sterling area. These restrictions, however, have been liberalized somewhat in recent years through the establishment of the British West Indies Trade Liberalization Plan and the freeing of some basic products from import licensing restrictions. Naturally, Canadians feel it is most desirable that this liberalization continue.

The Trade Liberalization Plan was introduced in 1951 in order to keep the British West Indies market open for Canadian products, and particularly manufactured goods, at least in token quantities. In 1952 the list of commodities which could be imported under the Plan was extended and the quotas increased. The Plan is still in effect.

In addition to the Liberalization Plan, the British West Indies have in recent years placed a number of additional products under world open general licence, thus allowing them to be imported from any country without restriction. Products of interest to Canada under world open general licence include meat, onions, split peas, fish (except fresh and frozen), kraft paper, newsprint, tobacco and apples.

FEDERATION'S FINANCIAL POSITION

The West Indies constitution provides that the Federal Government shall, during its first five years, obtain its revenue from profits on the currency issue and from a mandatory levy on unit governments. It also gives the Federal Government concurrent legislative power to raise revenues by means of excise and customs duties.

The United Kingdom Government has undertaken to increase its contribution to the cost of constructing the federal capital from £500 thousand to such sums as may be required up to a maximum of £1 million. It has also agreed to make an annual grant for the next ten years to help unit governments that are unable to balance their budgets.

Meetings of Canadian and West Indies officials were held in Ottawa in September 1957. At these meetings the West Indian representatives reviewed economic development in the area and indicated ways in which Canada might assist the new Federation.

All Canadians undoubtedly hope that the West Indies Federation will be vigorous and prosperous. It seems probable that the commercial and other links which have bound Canada and the West Indies together over the years will continue and become stronger. And, as the federation becomes established and as individual territories join together in closer economic association, there will be further opportunities for the building-up of the trade which both countries have found so profitable