

delayed for a considerable period, there is much to be said in favour of an immediate attempt to increase the volume of commerce between these two neighbouring countries, whose traditions and ideals of social and economic progress are so alike.

Attention has been directed to the trade agreements between Canada and the other members of the British Commonwealth of Nations signed at Ottawa in 1932. In some quarters the statement has been made that these agreements render difficult the negotiation of a comprehensive and effective trade agreement between Canada and the United States. An examination of the facts will demonstrate conclusively that such is not the case. The agreements concluded at Ottawa in 1932 have been of immense importance in increasing the trade between the several Nations of the British Commonwealth. The market of the United Kingdom in particular has been a most valuable outlet for Canadian products. In return for the market thus assured Canada has continued and enlarged the preferences which had been accorded the United Kingdom since 1897. The Ottawa agreements do not, however, preclude and in fact have not precluded the signatories from offering extensive and valuable tariff concessions to other countries, and it may be stated positively that the Government of Canada is free to enter into an agreement with the United States covering a wide range of products.

The Government of Canada is prepared to join the Government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries. It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs on all natural products. The Government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement:

- (a) A mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country.
- (b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff, involving reductions from the present rates of duty on some 700 items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.
- (c) The reduction by 50 per cent of the existing United States rates of duty, as authorized by the Tariff Act of 1934, on a specified