

Ottawa's ambitions were soon frustrated. At the 1894 Colonial Conference in Ottawa, which attracted representatives from the six Australian colonies, New Zealand, Fiji and Britain, Canada's proposal to strengthen imperial trade relations through a system of British preferential tariffs was effectively defeated when opposed by the two largest Australian colonies, New South Wales and Queensland. The Canadian initiative, worried the two suspicious colonies, seemed designed to undermine Australia's protective tariffs.

Arriving in Australia in January 1895, Larke found his task equally challenging. A protectionist press welcomed the Canadian trade commissioner by warning its readers that "[t]he measure of [Larke's] continuous success will also be the measure of our suicidal folly."³ Only New South Wales heeded his pleas to help Ottawa subsidize Huddart's struggling steamship line. The Eastern Extension Company, which operated a telegraph service linking Australia to Egypt and thence to Europe, promoted widespread opposition to the whole idea of a Pacific cable. The only sign of Australian interest in trade with Canada disappeared abruptly when exploratory talks between Larke and the premier of Victoria were suspended pending Australian federation.

Still, from the Canadian perspective, there seemed every reason to persevere. Despite initial financial reverses, the Canadian-Australian Steamship Line managed to establish a regular shipping service. Bilateral trade, though still minuscule, slowly increased as a result. Canadian exports to Australia--principally timber, canned salmon and manufactured farm implements--tripled in value between 1892 and 1900. Moreover, Canada enjoyed a tidy surplus: in 1900, it exported over \$1.6 million worth of goods to Australia in exchange for imports worth only \$660,000.⁴ At the same time, the six Australian colonies began to moderate their opposition to the Pacific cable. Facilitated by regular steamship and cable connections, commerce between the two British dominions seemed certain to expand following the federation of the Australian colonies in January 1901. Canada's Liberal prime minister, Sir Wilfrid Laurier, was encouraged by Canadian exporters to take advantage of these developments and appointed a second trade commissioner to Australia in 1903.

The new trade commissioner, D.H. Ross, made little progress with the Australians. Most of Australia's exports to Canada were agricultural and so were already admitted free of duty; Australia had little need for the kind of broad reciprocal trade deal desired by the Laurier government. Instead, Australia suggested that the two countries negotiate an agreement to cover a very limited number of items. Protectionist sentiment, whose influence on Australian policy was magnified by a series of unstable minority governments, complicated negotiations. These dragged on inconclusively for much of the decade, slowly straining Canada's patience. When Australia failed to respond promptly to a 1909 offer to conclude a treaty on the narrow basis it favoured, Ross erupted with exasperation: