

4.

which the United States is a large exporter. The preferences the United Kingdom enjoys in the Colonies are not protected by any contract but most of the important preferences in favour of Canada are covered either by the West Indies Agreement or by the Colonial Schedules of the Canada - United Kingdom Agreement. We are, therefore, being pressed very hard to consent to modifications of our margins which would admit of meeting the United States requests at least half way. Unfortunately, termination of the West Indies Agreement would not give Canada any appreciable additional bargaining power so far as the Canadian tariff is concerned because the objectionable margins bound in favour of the West Indies do not affect United States products with the exception of grapefruit. On the other hand, the United States is our chief competitor in the West Indies on most of the products covered by that Agreement. There is a risk that the United States will press even harder for Colonial concessions when they learn that we have given notice of termination of the West Indies Agreement and our defensive position will be proportionately weaker.

5. There is a further point in connection with the United States negotiations which has a bearing on the West Indian situation. When the United States asked for equal treatment with Canadian flour, for instance, in the West Indies, we said the Government could not even consider such a proposal as long as the United States flour had exclusive

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