

Canada's trade pattern

Both in terms of imports and exports Canada's prewar trade reflected a dominating triangular pattern, Canada - United States - United Kingdom, accounting for 85 per cent of her total foreign trade. Great Britain was Canada's largest single export market; the U.S. was the second. The U.S. was the largest source of Canada's imports; Great Britain was the second largest.

CANADIAN BALANCE OF PAYMENTS (in millions of dollars)

| | <u>U.K.</u> | <u>U.S.A.</u> | <u>Other Countries</u> | <u>Net Balance</u> |
|------|-------------|---------------|------------------------|--------------------|
| 1926 | + 58 | - 231 | + 300 | + 127 |
| 1930 | - 106 | - 334 | + 113 | - 337 |
| 1938 | + 127 | - 149 | + 122 | + 100 |
| 1943 | + 1149 | - 19 | + 76 | + 1206 |
| 1944 | + 746 | + 17 | + 234 | + 997 |

Trade barriers

As in most countries with a mixed economy, Canada's trade policy has been marked by a conflict between low-tariff and protectionist views. Canadian policy has been affected by that of the United States, which with some variations has usually tended to be in favour of high tariffs, especially since 1930. Canadian commercial policy for the last hundred years has been characterized by repeated attempts to bring about reciprocal trade agreements with the U.S.A. Two interests in Canada have had to be considered: those of the food and raw material exporting industries (agriculture, lumbering, mining, fishing, etc.) which desired freedom to import low cost machinery, equipment, clothing, and consumer goods; and those of the developing secondary industries which sought for protection against the competition of the large-scale established industries of the United States and Great Britain.

In general, a policy of differentiated tariff rates has been followed, and the rate on each article has been fixed with a view to the amount of fabrication performed in Canada, the extent and character of the market, the importance of the industry, the relative costs of production, revenue aspects, trade agreements and other relevant considerations. Tariff rates have been periodically revised.

Canadian tariff structure

The present Canadian tariff structure is built on three main levels:

1. The British Preferential rates
2. The Intermediate rates
3. The General rates

British Preferential rates apply to all countries within the Empire. Canada was first to introduce this method of preferred treatment for the goods of the United Kingdom and British Dominions. Within the Commonwealth, next to the U.K., Australia, New Zealand and British South Africa are most important to Canada as customers and suppliers.

Intermediate rates apply to goods from countries, not entitled to the British Preferential rate, that have been accorded, under trade agreements, tariff treatment lower than the General tariff. In some instances rates lower than those of the Intermediate Tariff have been granted, and extended to