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REMOVAL OF GERMAN SURTAX.

Gives New Complexion to Our Trade Affairs—Competitive Battle for Canada's Import Trade Will be More Strenuous.

Canada is making leading commercial nations think. Our rapid entry into an important trade arena is due perhaps largely to noteworthy development in the past two decades and consequent increasing market importance. Four nations—Great Britain, the United States, Germany and France—undoubtedly during the next few years will wage a competitive battle for the largest share of Canada's imports, and one which may prove unique in the commercial annals of America. The keen edge will probably be felt most by the first three countries. The United States sets out with decided advantages and a record of last year, when it obtained 60 per cent. of the Dominion's import business. That fact cannot be made a comfortable lounge for the blissful rest of the Yankee industrial captain. His will be a severe task to see that sixty per cent. does not slide down ten points at a time to unpleasing statistics. British preference, the French Canadian treaty and the removal of the notorious German surtax announced this week, to become effective on March 1st, will in due course divert existing channels of trade unless aggressive attempts are made to dam the coming tide. Tariff relations between France, Great Britain and Canada are generally considered satisfactory. The temporary pact with Germany will probably become permanent in the near future. We have yet to hear from the United States as to what tariff treatment the Dominion will obtain.

Of importance is the agreement which has been signed by Dr. Karl Lang, Imperial German Consul for

Canada, representing the German Government, and by Honorable W. S. Fielding, Minister of Finance, on behalf of the Canadian Government. This provides that on and after March 1st, 1910, Germany will admit practically all Canadian products now marketable in that country at the German conventional tariff or minimum rate. Automatically, the Canadian surtax on German imports disappears. To all intents this ends a tariff war of seven years' duration, in which international diplomacy probably played a greater part than is generally known. When Canada granted a preferential tariff to the United Kingdom, the German Government applied to Canadian goods its least favorable customs schedule. In that action, Germany thus refused to recognize that trade within the British Empire was a domestic matter. The Dominion Government, therefore, applied to German imports a surtax of additional duties of one-third of the regular duties imposed by the general Tariff Act, under which formerly German goods were entered into this country. In other words, the duties on goods imported from Germany since April 16th, 1903, have been 33 1/3 per cent. greater than on articles from other countries. Under the new agreement, Germany comes again within the scope of the general tariff, as it did prior to 1903.

The strange feature of this tit-for-tat trade story is that for nearly seven years the German Empire has been content to conduct without official protest its trade with the Dominion under an obvious disadvantage. At the same time its Canadian trade greatly declined. Last