

exports is the inability of the United Kingdom to produce for export a sufficient quantity of automobiles and locomotives and their parts. The result has been that this trade has been diverted to Canada.

(3) Canada's Reciprocal Tariff of 1897 was extended to British India, as the Indian tariff of that time, 5% ad valorem on all goods, was regarded as reciprocal in character. In 1898, when the Canadian Reciprocal Tariff took the name of British Preferential Tariff, the preference to India was maintained, and has never been withdrawn. On the other hand, India has not accorded Canadian goods any tariff preference. Negotiations between Canada and India have been proceeding intermittently since 1932 but so far have not resulted in a trade agreement. In 1927 India created preferences for United Kingdom steel products, in 1930 for cotton textiles, and in 1932, under a trade agreement, granted the United Kingdom a 10% ad valorem advantage on many commodities and 7½% on a few others. The trade agreement preferences to the United Kingdom were reduced in number in 1932. Indian tariff rates, most of them called "revenue" but some "protective", have saved imports from the old 5% ad valorem tariff.

(4) India adopted an import license system which became effective on May 28, 1940. The system favours Canada and other Empire countries, except Hong Kong, as compared with foreign countries. The only goods of Canadian origin requiring import license are: canned or bottled jams, jellies, pickles, sauces, and condiments; patent medicines; motor vehicles and parts; tires and tubes and miscellaneous rubber goods, but not footwear, or apparel; greeting cards, calendars, copy books and some other stationery. Concerning the preserved goods in the first group, it was announced that no licenses would be issued for imports from non-sterling countries, but with regard to the others, licenses are to be issued on a percentage of prewar normal imports. In addition to the goods already mentioned, the following goods, (in all, a total of 60 tariff items) require import licence when imported from any foreign country: jewellery, silk, soap, toilet requisites, bicycles, gramophones, radios, lead pencils, beer, tobacco, confectionery, furs, some leathers, furniture, draperies, apparel, umbrellas, toys and games, hardware, enamelled ware, cutlery.

(5) A limited form of exchange control is in effect but involves no delay or uncertainty of payments for properly authorized imports from Canada. The opening of letters of credit in payment of imports from various countries into India requires the approval of the exchange authorities in London.

(6) There is in India a disposition to favour a protectionist policy in order to proceed with a programme for raising the standard of living of the Indian masses by progressive industrialisation as well as by agrarian development. This growth of protectionist sentiment is by no means peculiar to India, and is perhaps inevitable there until India's competitive position in world markets improves. It appears, however, to be in the interest of Canada, and in the long-range interest of all countries, including India, to encourage the promotion of multilateral trade, on the basis of equality, through international agreements, and maximum collaboration between nations in their domestic economic policies. If, therefore, without appearing to intervene in the determination by India of its own tariff policies, it seems possible