

The Canadian Ministers stated that if they could be assured that the Imperial Government would accept the principle of preferential trade generally, and particularly grant to the food-products of Canada in the United Kingdom exemption from duties now levied, or hereafter imposed, they, the Canadian Ministers, would be prepared to go further into the subject, and endeavour to give to the British manufacturer some increased advantage over his foreign competitors in the markets of Canada.

Meanwhile the Canadian Ministers determined to present to the Conference a resolution affirming the principle of preferential trade, and the desirability of its adoption by the colonies generally, and also expressing the opinion of the Prime Ministers of the colonies that His Majesty's Government should reciprocate by granting preferential terms to the products of the colonies in the markets of the Mother-country. The Canadian Ministers desired to have it understood that they took this course with the strong hope and expectation that the principle of preferential trade would be more widely accepted by the colonies, and that the Mother-country would at an early day apply the same principle by exempting the products of the colonies from Customs duties. If, after using every effort to bring about such a readjustment of the fiscal policy of the Empire, the Canadian Government should find that the principle of preferential trade is not acceptable to the colonies generally or the Mother-country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.

London, 11th August, 1902.

It will be observed that the resolution is wider in its scope than that submitted to the Conference on behalf of the Government of New Zealand, which proposed to confine preferential-tariff treatment to goods carried in British ships. It was considered that this aspect of the question could best be considered in connection with the question raised by the other resolutions suggested by the Government of New Zealand in regard to shipping subsidies, and to the operation of the laws restricting the coasting trade, which are enforced by some nations.

#### COASTING TRADE.

The resolution on this question proposed by the Government of New Zealand was as follows:—

“That, in view of the application of the coasting laws of the United States, and of other nations, the time has arrived for negotiations to be opened with a view to removal or modification of restrictions on British trade, failing which the Imperial Government should take steps to protect the trade of the Empire by passing a law declaring that the colonies and dependencies shall come within similar coasting laws.”

The matter was fully considered by the Conference, especially in regard to its bearing on our treaties of commerce and navigation with certain foreign countries, as to which information was furnished by the President of the Board of Trade, and it appeared that the matter was one for further inquiry and consideration rather than immediate action. The decision of the Conference was expressed in the following resolution:—

“That it is desirable that the attention of the Governments of the colonies and the United Kingdom should be called to the present state of the navigation laws in the Empire and in other countries, and to the advisability of refusing the privileges of coastwise trade, including trade between the Mother-country and its colonies and possessions, and between one colony or possession and another, to countries in which the corresponding trade is confined to ships of their own nationality, and also to the laws affecting shipping, with a view of seeing whether any other steps should be taken to promote Imperial trade in British vessels.”

#### MAIL-SERVICES AND SHIPPING SUBSIDIES.

The resolution proposed by the Government of New Zealand in regard to the mail-services between Australia, New Zealand, Canada, and Great Britain was as follows:—

“That it would be an advantage to the Empire to have subsidised mail-services established as between Australia, New Zealand, Canada, and Great Britain. The steamers carrying such mails to be British-owned, and such steamers to be of such a class, and so fitted, that in time of war they may be armed and used as cruisers.”

It gave rise to an interesting discussion as to the effects on British trade and shipping of the subsidies granted to various foreign shipping firms by their respective Governments, and as to the grant of preferential rates of freight by British lines to foreign goods. The result of the discussion was that the following general resolution was adopted:—

“That it is desirable that, in view of the great extension of foreign subsidies to shipping, the position of the mail-services between different parts of the Empire should be reviewed by the respective Governments. In all new contracts provisions should be inserted to prevent excessive freight charges or any preference in favour of foreigners, and to insure that such of the steamers as may be suitable shall be at the service of His Majesty's Government in war-time as cruisers or transports.”

#### LOSS OF MOST-FAVOURLED-NATION TREATMENT.

In connection with the discussion of the question of preferential trade, the Conference also considered the point raised by the Commonwealth Government as to the possibility of the colonies losing most-favoured-nation treatment in foreign countries in the event of their giving a tariff preference to British goods. As, however, the exports from the colonies to foreign countries are almost exclusively articles of food or raw materials for various industries, the possibility of dis-