

provided that the reduction would be increased to one-fourth on and after the 1st July, 1898. It was a provision of this reciprocal tariff that the reduction in duty would apply to any country the Customs tariff of which admitted the products of Canada on terms which were, on the whole, as favourable to Canada as the terms of the reciprocal tariff were to the countries to which it might apply. The belief and expectation of the Canadian Government were that the reduced rates would apply only to Great Britain, and perhaps one or two of the British colonies; but it was realised that, possibly, under the operation of the British treaties with Belgium and Germany, these two foreign countries and others might have to be admitted to the benefits of the preference. The Law Officers of the Crown subsequently gave an opinion that these treaties applied; as a result of this the benefits of the reciprocal tariff were extended to Belgium, Germany, France, Spain, and many other countries.

The treaties between Great Britain and Belgium and Germany were later denounced, and expired at the end of July, 1898.

On the 1st of August of 1898 the reciprocal tariff was repealed, and superseded by the British Preferential Tariff, which provided for a reduction of one-fourth of the general tariff rates of duty on all goods, except wines, malt liquors, spirits, spirituous liquors, tobaccos, cigars, and cigarettes imported from the United Kingdom, the British colony of Bermuda, the British colonies commonly called the British West Indies, including the following: The Bahamas, Jamaica, Turks and Caico-Islands, the Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands); the Windward Islands (Grenada, St. Vincent, and St. Lucia); Barbados; Trinidad and Tobago; British Guiana; any other British colony or possession the Customs tariff of which is, on the whole, as favourable to Canada as the British Preferential Tariff herein referred to is to such colony or possession.

It was provided, however, that manufactured articles to be admitted under such preferential tariff should be *bond fide* manufactures of a country or countries entitled to the benefits of such tariff, and that such benefits would not extend to the importation of articles into the production of which there had not entered a substantial portion of the labour of such countries. By regulation it was determined that 25 per cent. of the completed cost of manufactured articles must represent British labour in order to entitle the articles to come under the preference.

By Order in Council of the 14th July, 1898, the following British colonies were added to the list of countries entitled to the benefits of the preferential tariff: British India, Ceylon, New South Wales, Straits Settlements.

On the 1st July, 1900, the preferential reduction was increased from one-fourth to one-third.

It is respectfully submitted that the preference has arrested the decline in the volume of British imports into Canada, and given a stimulus to the trade, as a result of which increased sales have been made.

For some years prior to the adoption of the preference the imports into Canada from Great Britain steadily declined, as the following figures show:—

IMPORTS FOR HOME CONSUMPTION FROM GREAT BRITAIN.

| Year. | Dutiable. | Total. |
|-------------|------------|------------|
| | \$ | \$ |
| 1887 | 35,766,273 | 44,962,233 |
| 1890 | 33,267,721 | 43,390,241 |
| 1893 | 31,869,267 | 43,148,413 |
| 1897 | 20,217,422 | 29,412,188 |

The decrease in total British imports between the years 1893 and 1897 was at the rate of 32 per cent.; in dutiable goods alone the decline was 36 per cent.

During that period the total volume of imports entered for consumption declined only 9 per cent.; dutiable alone declined 5 per cent.

The total imports from the United States increased by 6 per cent.; dutiable increased by 7 per cent.

From other countries the total imports did not vary much for this period, but the dutiable alone increased by 64 per cent.

Taking the period from 1890 to 1897 the total British imports into Canada declined at the rate of 32 per cent. while that of the United States and all other countries increased by 18 per cent. The total volume of imports from all countries for this period did not vary very much, there being a decline of only 1 per cent.

To further demonstrate the decline in Britain's trade the following figures are cited:—

| Year. | Proportion of Dutiable Imports from Great Britain to Total Dutiable. | Proportion Dutiable and Free from Great Britain to Total Dutiable and Free (exclusive of Coin and Bullion). |
|-------------|--|---|
| | Per Cent. | Per Cent. |
| 1893 | 45·61 | 36·92 |
| 1897 | 30·53 | 27·58 |