

the Finance Act of this year, stabilized the preferences for a period of ten years, by providing that, so long as the duty is maintained at a rate exceeding or equal to the present preferential rebate, the full pecuniary value of the preferences shall not be reduced.

Effects of Preference.

The combined value of preference and security is already apparent. For example, before the war the Empire supplied between 6 and 7 per cent. of our imports of sugar. In the year 1925-26, the consumption of Empire sugar was 22·5 per cent. of the total consumption of the United Kingdom. Before the war the Empire supplied only 1½ per cent. of our tobacco; the consumption of Empire-grown tobacco is now nearly 11 per cent. (1925-26), and will undoubtedly increase. The larger preference on wines granted a year ago has already resulted in an increase of one-third in the consumption of Empire wines. Before the war our imports of raisins from the Empire were only 2½ per cent.; last year the Empire proportion was 36½ per cent.

Key Industry Duties.

I could take other examples; but I will take one more from the industrial sphere. We have renewed the key-industry duties for a period of ten years. The object of these duties is, as you know, to ensure production within the Empire of articles which are essential to safety in war and to industrial progress in peace. As these duties are based on Imperial security, Empire products have been admitted free. One result has been that the manufacture of acetic acid has been developed in Canada on a large scale, and we imported last year from Canada 6,400 tons.

British Exports to the Dominions: Work of Trade Commissioners.

These and other examples have done much to win general approval for preference as a permanent feature in our limited tariff. And it is right that this should be so, when we remember that over £100,000,000 worth of our exports enjoy preference in different parts of the Empire. You need no assurance that, the more difficulties our manufacturers encounter in the variety and complexity of foreign tariffs, the more they appreciate this tangible and valuable example of your good will. They realize, too, the full importance of studying always the requirements of your markets, a work in which our Trade Commissioners are keen to co-operate.

Imperial Shipping Committee.

The last Conference devoted a good deal of time to questions of communications, which it rightly considered were vital to the development of Imperial trade. The Conference expressed its appreciation of the work of the Imperial Shipping Committee and confirmed its constitution. Since that time the Imperial Shipping Committee has dealt with the following subjects: (1) The prospective size of vessels in the Eastern and Australian trade via Suez, in relation to proposals for the deepening of Colombo Harbour; (2) Canadian marine insurance rates; (3) rates of freight on Canadian flour in the North Atlantic; (4) East African shipping services; (5) certain aspects of the Canadian cattle trade; (6) Prai River railway wharves (Penang Harbour); (7) control and working of Mombasa (Kilindini) Harbour, Kenya Colony.

All the reports of the Committee have been unanimous. The Committee has at present under consideration—Rates of freight in the North Atlantic and their effect upon Empire trade; development of Hong Kong; development of Dar-es-Salaam.

Air Communications.

Air communications will be dealt with by the Secretary of State for Air. I would only say here that the development of an air route to India and Australia, whether it be by airship or aeroplane, must be of great value to trade in rapidity of postal communication and of urgent travel. I think you will be satisfied with the progress which has been made.

Flag Discrimination.

You will remember that the last Conference also directed its attention to the instances which had arisen of flag discrimination against British shipping. Realizing how important the freest facilities for British shipping were to Empire trade, the Conference passed the following resolution:—

“In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare—

“(1) That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.

“(2) That, in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation.”

Although we have had a number of instances of discrimination since we last met, there is no doubt that the existence of that resolution has been of great value.

Maritime Law Conventions.

In connection with shipping, we considered also at the last Conference the Convention for Carriage of Goods by Sea and certain other international proposals. I shall have to ask the Conference