



REFERENCE PAPERS

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 14
July 1946

BACKGROUND OF CANADA'S FOREIGN TRADE

Canada possesses a great abundance in a comparatively small variety of natural resources - a fact which has had tremendous influence on the country's economic development. With a prodigious productive capacity in certain specialized fields, yet lacking population great enough to constitute an adequate domestic market, Canada has to look abroad.

Canada produces wheat, lumber, wood pulp and nickel in much greater quantities than the people of Canada can use. Because, due to a happy combination of natural advantages Canada produces them efficiently and cheaply these products find a ready market abroad in normal times. Other products needed in Canada are not produced there or are produced in limited quantities: some, like natural rubber, tea and cotton, because the climate is unsuitable; others, like wool, silk, china and certain types of machinery, because they can be produced more cheaply in other countries. These commodities Canada must buy abroad. As a result, the Canadian economy is based fundamentally on the ability to export its surplus products to pay for imports of commodities lacking within its borders. Foreign trade, therefore, is the lifestream of the Canadian nation, supplying at least one third of the Canadian national income.

The following table outlines the export history of some typical Canadian products over the last three decades:

CANADA'S LEADING EXPORTS (in millions of dollars)

	<u>1920</u>	<u>1930</u>	<u>1940</u>	<u>1943</u>
Pulp and paper products.....	100.	175.	221.	250.
Wheat and wheat flour.....	279.	223.	146.	301.
Lumber and shingles.....	86.	41.	75.	80.
Autos and parts.....	18.	20.	65.	455.
Nickel.....	9.	21.	61.	68.
Aluminum in bars.....	6.	8.	33.	124.
Asbestos.....	9.	8.	16.	22.

In the stream of goods coming into Canada, the following commodities predominate: