

## CANADA'S TRADE WITH THE COMMONWEALTH

Exports to Commonwealth countries in 1957 constituted about 20 per cent of Canada's total sales abroad, though they declined by some \$50 million compared with 1956, according to an article in the April 26 issue of "Foreign Trade." This decline resulted from smaller shipments of a few important products to only two countries, the United Kingdom and the Union of South Africa, primarily because of special circumstances. Exports of wheat to both these countries were considerably smaller in 1957 than in 1956. Shipments of aluminum to the United Kingdom and of aircraft to South Africa also decreased, the latter because a large contract for military aircraft was completed. Exports of many other products to the Commonwealth, however, rose significantly in 1957 over 1956, reflecting further opportunities for diversification and expansion in this trade.

Exports to the Commonwealth are already widely diversified, so that large areas of Canadian business benefit from this trade. Those to the United Kingdom consist primarily of basic materials and foodstuffs such as wheat, flour, lumber, metals and minerals. Sales to the other Commonwealth countries also include these types of materials to some extent, but manufactured goods play a much more important part than they do in Canada's trade with Britain. The British West Indies, Australia, New Zealand, and the Union of South Africa are all important markets for manufactured products. In many cases, Canadian exports of manufactured goods benefit from preferential tariffs. It is unfortunate that import restrictions maintained in Commonwealth countries for balance-of-payments reasons have applied particularly to manufactured goods. However, in recent years the relaxation of these restrictions has made considerable progress. This means that trading opportunities are considerably greater now than at any time in recent years.

In 1957 Canada's imports from the Commonwealth increased substantially, in contrast to the decline in total Canadian imports. This means, of course, that the Commonwealth countries have gained a greater share of the Canadian market. Three of them largely accounted for this increase: the United Kingdom, Jamaica and Australia. Imports from the United Kingdom went up by \$37 million in 1957 over 1956. The goods chiefly responsible for this rise were steel pipe and aircraft. To some extent these cannot be considered as recurring imports because the larger shipments represent special orders. Nevertheless, a wide variety of other British products -- such as engines, tractors,

machinery and motor cars -- also sold considerably better in Canada in 1957. This diversification and expansion of Canadian imports from the United Kingdom last year indicate further opportunities in this trade. In addition, imports from Jamaica increased in 1957 by \$15 million, mainly as a result of much greater shipments of alumina to Canadian aluminum smelters. Canadian imports of sugar from Jamaica and other West Indies territories also rose in 1957, and purchases of Australian sugar went up by \$6 million.

## INTRA-COMMONWEALTH TRADE RELATIONS

There were some important developments in Commonwealth commercial relations in 1957. Among these were the signing of a new trade agreement between the United Kingdom and Australia. By virtue of this agreement Australia obtained the right to reduce tariff preferences on a wide scale and during the year preferences were actually cut on a range of products, chiefly industrial materials. New Zealand and the United Kingdom held trade consultations in 1957, designed to improve the marketing arrangements for New Zealand products in Britain. A new trade agreement concluded between Canada and the Federation of Rhodesia and Nyasaland provided for the continuation of the exchange of preferential tariff treatment between the two countries. Bilateral trade discussions were held between Canada and the United Kingdom in 1957 and following these a Canadian trade mission, made up of senior businessmen and led by the Minister of Trade and Commerce, toured the United Kingdom with the primary purpose of encouraging Canadian imports from that country. Canada kept under close review in 1957 the need for development capital in various Commonwealth countries and consultations were held with some of them on this matter. Additional loans and grants have been extended in recent months to Far Eastern countries and to the West Indies.

A most important 1957 development in the field of Commonwealth trade was the decision to call a Commonwealth Trade and Economic Conference in 1958. This Canadian initiative was discussed in a preliminary way by the Commonwealth Finance Ministers at Mont Tremblant in September 1957 and it was subsequently decided to proceed with the Conference. It will be held in Montreal in September. Commonwealth countries have displayed considerable interest in this Conference in recent months and preparatory official consultations have been held.