

about 12 per cent and 6 per cent, respectively, more sharply than in the year as a whole. Exports to the Commonwealth, which had been very high in the first, second and third quarters of the year, were actually somewhat reduced in the fourth quarter, while imports for the Commonwealth in the fourth quarter declined by only 6 per cent or about half the rate of reduction for the year as a whole. As in the year as a whole, exports to other foreign countries declined and imports from these countries increased in the fourth quarter. The decline, and the increase, however, were more marked in this quarter.

In the month of December, exports to the United States increased by about 11 per cent and those to the United Kingdom by about 6 per cent. Exports to the Commonwealth fell by more than 30 per cent and those to other countries by some 11 per cent. Imports from the United States increased by some 5 per cent, those from the United Kingdom by 11 per cent and those from other foreign countries other than the United States by almost 27 per cent. Imports from the Commonwealth declined by about 8 per cent.

\*\*\*

### GRAIN SUPPLIES

With coarse grain exports well sustained in 1957-58 and wheat exports the largest in five seasons, the total carry-over of Canadian grain at July 31, 1958 declined by 215 million bushels from the all-time record of a year earlier, when the pile-up on farms and in commercial positions reached nearly 730 million bushels of wheat and over 390 million bushels of oats, barley, rye and flaxseed. Practically all of the past season's decline was in farm stocks in the Prairie Provinces, which fell from the extraordinary level of 560 million bushels at July 31, 1957 to about 350 million in the past summer.

The Prairie grain crops turned out surprisingly well in view of the dry growing season. The total Prairie coarse grain crop was in fact somewhat larger than in the preceding season and just about equal to the average for the preceding ten years, and the wheat crop was roughly the same as the 370 million bushels of 1957, though it was some 120 million bushels smaller than the ten-year average. Favourable harvesting weather played some part in the size of the outturn, but it also appears that modern methods of cultivation are alleviating the effects of drought on crop yields.

Prairie farmers this fall had on their hands considerably less grain than a year earlier, and if the export movement is fairly satisfactory there should be a further reduction in farm stocks next midsummer, though the elevator system is likely to remain as congested as ever. So far this season grain ex-

ports, with the exception of those of oats, have held up well. Wheat exports fell disappointingly in September because of the longshoremen's strike on the Pacific Coast, but they picked up again in October and for the first four months of the crop year amounted to 98 million bushels against 103 million in the first four months of the 1957-58 crop year.

There are a number of favourable factors in the outlook as well. This year's crop, though comparatively small in size, is of high quality. At the same time western Europe will require more than the usual quantity of high-quality milling wheat for mixing purposes since the quality of European crops was rather badly lowered by a wet harvest season. (The large quantities of feed wheat available in Europe may, however, mean a poorer market for Canadian feed barley). France's wheat crop was particularly poor and there will therefore be less competitive pressure from it in export markets. It is not yet known whether negotiations with Russia, which took 15 million bushels of Canadian wheat in each of the past three years, will result in another contract. However, it is clear that the programme of making substantial quantities of wheat available under the Colombo Plan, which was an important factor in boosting exports in the past crop year, will be continued. If all turns out well, exports could again reach 300 million bushels.

While this season, therefore, looks reasonably satisfactory, the long-term wheat marketing problem remains. Importing countries are continuing for various reasons to encourage high-cost domestic wheat production, wheat yields are rising in both importing and exporting countries, and per capita wheat consumption is falling in the industrially advanced countries. Not the least disturbing element in the wheat outlook is the situation in the United States, where a record wheat crop of nearly 1.5 billion bushels was harvested in 1958. It is true that the competitive pressure from this huge crop is alleviated to some extent by the fact that it is somewhat deficient in quality. But it is difficult to feel very sanguine about the future in the face of the complete failure of the United States production control programme and the consequent intensified efforts at surplus disposal. It is clear that as long as unrealistically high price-supports continue to encourage excessive production, United States surplus disposal programmes will continue to be a threat to Canada's normal commercial wheat trade. The United States Secretary of Agriculture said recently that, without these programmes, "our wheat exports this marketing year would be only about 190 million bushels instead of the 425 to 450 million bushels now expected. We believe," he added, "that our exports will rise in the years ahead. We may reach a 500 million bushel