

the addition of 12 young men who will be leaving for their new assignments this summer. This year we have taken in 16 more. It is the largest single group of assistant trade commissioner trainees ever to enter the Trade Commissioner Service. They are now reporting for duty in the Department. In the past two years we have strengthened our representation for Canadian exporters around the world with the opening of six new trade posts in Canberra, Lagos, Moscow, Philadelphia, Tel Aviv and Düsseldorf. A new post in Cleveland, Ohio, will be opened, I hope, before the end of this year.

"Of tremendous importance to the success of our export performance during the past year were the provisions for extended term credit up to \$200 million for exports of capital goods under Section 21A of the Export Credits Insurance Act. They have made Canadian manufacturers competitive with any country in the world in the realm of long-term credits for capital goods. Once arranged, it remained only for Canadian industry to get out and compete in the world's markets and this they did in convincing fashion.

"A quick look at the record shows that, from the establishment of the financing facilities in November 1960 to March 31, 1962, a total of \$184 million has already been committed. So energetic has been the response by Canadian industry that late last year the Government found it necessary to increase the total funds available for financing from \$200 to \$300 million.

"In the field of export-credits insurance, the Corporation has a remarkable record. Since the first policy was issued in 1945, it has insured \$1.05 billion of export sales, including \$410 million under Section 21. At the end of 1961, some 301 policies were in force, covering a wide variety of products to some 95 countries. This was a record, and represented an increase of 22 per cent over the number of policies in force a year previously.

#### ACCESS TO MARKETS

"Efforts to improve our export capabilities would be of no avail if we did not maintain constant vigilance over our means of access to foreign markets. The International Trade Relations Service of the Department, with a highly-trained staff of experts, has this responsibility and will participate in some 25 important international meetings and conferences in the next seven months. Results of these negotiations, changes in customs treatment, imposition and removal of import and exchange controls are fully reported to headquarters, where they are analysed and passed to business and industries which are vitally concerned.

"Working hand in glove with industry at home and our trade commissioners throughout the world, the Department's Commodities and Industries Service has greatly expanded its functions. Apart from providing the link between our trade commissioners and Canadian industry, the commodity officers maintain constant liaison with individual firms and industry associations. Each is an expert in his field. He travels frequently throughout Canada and normally provides the Department's representation on official trade missions. From time to time these specialists are selected to visit particular market areas, acting

as expert advisers to the trade commissioner in connection with a particular export-promotion project. They are frequently seconded to our larger posts, such as London, Paris and Washington, as specialist trade commissioners concentrating on metals and minerals, fish and timber, for example.

"The Commodities and Industries group has built up a well co-ordinated service which can advise businessmen on all phases of transportation, communications and other trade-supporting services. It is also the headquarters base which administers our growing network of regional offices in Canada.

#### PUBLICITY

"The Department's Trade Publicity Branch has a major programme in full swing, producing 34 booklets and brochures for the trade fairs and trade missions programmes, alone. It is also turning out excellent publications to assist new exporters, to point up new market opportunities and in general to keep Canadian exporters fully informed....

"...Our exports for the year 1961 reached an all-time record of \$5.76 billion, an increase of 9.5 per cent above the previous record of \$5.26 billion achieved in 1960. Moreover, our exports to all countries in the fourth quarter of 1961 increased by 16.7 per cent over those for the comparable period of 1960. This dynamic expansion of our exports produced a surplus in merchandise trade of \$125 million in 1961, the first such surplus since 1952. When adjusted for balance-of-payments purposes to take account of non-financial transactions, this surplus is increased to \$179 million.

"Encouraging as this may be, a cloud still hangs over our merchandise-trade situation. I refer, of course, to the large deficit in merchandise transactions with the United States, which last year amounted to \$676 million. Clearly, here is a major target for us to concentrate on. Many of our export-promotion programmes in co-operation with industry are geared to an expansion of our exports to the American market. We are working ceaselessly in the Department of Trade and Commerce to devise new means of reducing the deficit with our largest trading partner. Our current sample-shows programme for American buyers is a case in point.

"In his Budget of April 10, the Minister of Finance put forward certain resolutions calling for changes in the Income Tax Act designed to stimulate production and employment. These include a cancellation of 50 per cent of the tax on the first \$50,000 of a firm's taxable income arising from increased sales and a further cancellation of 25 per cent of the tax on any additional income over the first \$50,000 arising from increased sales. A further resolution calls for a tax deduction of 150 per cent of the amount by which a firm increases its expenditures on scientific research for industrial purposes. Both measures, when passed by Parliament, would take effect from April 1, 1962. They offer similar benefits to firms, whether they produce for domestic consumption or for export...."