

## FOREIGN TRADE TOPS FIVE BILLION

**HIGHEST TOTAL IN HISTORY:** Foreign trade of Canada in 1947 aggregated \$5,385,700,000, the highest total for any year in history, being 26 per cent ahead of the 1946 figure of \$4,266,400,000 and almost three per cent higher than in 1944, the previous record year, and the only other twelve-month period in which the trade passed the five billion mark. Value for December was \$465,000,000 compared with \$485,100,000 in November and \$396,200,000 in December, 1946.

Canada ended the year 1947 with an over-all favourable commodity trade balance with all countries of \$237,800,000 as compared with \$411,900,000 in the preceding year. Debit balance with the United States during 1947 was \$918,100,000 compared with \$496,700,000 in 1946, while the favourable balance with the United Kingdom was \$564,300,000 compared with \$397,400,000.

In December the balance of trade in favour of Canada was \$76,700,000, the highest monthly figure since August, 1946, comparing with \$26,900,000 in November and \$32,400,000 in December, 1946. The month's debit balance with the United States reached the lowest point since March 1946, amounting to \$33,900,000 compared with \$79,800,000 in November and \$60,100,000 in December, 1946. Favourable balance with the United Kingdom was \$52,500,000 compared with \$51,600,000 in November and \$47,800,000 a year earlier.

Merchandise imports attained record values in 1947, totalling \$2,573,900,000 compared with \$1,927,300,000 in 1946, the previous peak year. In December, the first full month in which the import restrictions were in effect, imports declined from the levels of earlier months of the year, totalling \$194,200,000 as compared with \$229,100,000 in November and \$254,500,000 in October. Total for the month was \$12,300,000 above that of December, 1946. With domestic exports in December valued at \$266,200,000, third highest monthly figure for the year, Canada's total export trade in 1947 rose to \$2,774,900,000, an increase of \$462,700,000 or 20 per cent over 1946 and the highest for any peacetime year. The 1947 total has been exceeded only in the three war years, 1943, 1944 and 1945, which averaged \$3,209,900,000, and was three and a third times the total for pre-war 1938.

Re-exports of foreign commodities in 1947 were valued at \$36,900,000 compared with \$27,000,000 in 1946. Total for December was \$4,700,000 compared with \$2,900,000 in November and \$2,400,000 a year ago.

Duty collected on imports rose sharply during the year, aggregating \$325,700,000 compared with \$229,200,000 in 1946.

Canada's merchandise imports in 1947 reached a record total value of \$2,573,900,000 one-third higher than the previous peak figure of

\$1,927,300,000 for 1946 and close to four times the 1935-39 average value of \$684,600,000. Figures for each month of the year exceeded those for the corresponding month of 1946.

Imports in December, the first full month subject to the recently imposed restrictions, showed a substantial drop from the levels of preceding months, amounting to \$194,200,000 as compared with \$229,100,000 in November and the year's peak monthly figure of \$254,500,000 for October. The December value was the lowest for a month since February last year, but was \$12,300,000 above that for December a year earlier.

Imports from the United States in 1947 were valued at \$1,974,679,000 as compared with \$1,405,297,000 in the preceding year. In December the value was reduced to \$141,663,000 -- lowest monthly total since February last -- compared with \$174,388,000 in November and \$145,641,000 in December, 1946. Imports for consumption from the United Kingdom were valued at \$188,531,000 in 1947 as against \$141,341,000 in 1946, and in December, \$20,220,000 compared with \$17,816,000 in November and \$11,571,000 in December, 1946.

Venezuela was the next largest source of supply during 1947, imports from that country amounting to \$46,688,000 compared with \$26,886,000, followed by India at \$42,250,000 compared with \$27,877,000; Cuba \$23,751,000 compared with \$13,228,000; Argentina \$17,961,000 compared with \$14,372,000; Mexico \$16,980,000 compared with \$14,610,000, and British Malaya \$16,908,000 compared with \$5,871,000.

## TOTALS BY COUNTRIES

Imports from other leading countries in 1947 were as follows, totals for 1946 being in brackets; Australia, \$14,222,000 (\$19,754,000); Brazil, \$13,888,000 (\$14,018,000); British Guiana, \$12,358,000 (\$12,187,000); Switzerland, \$11,941,000 (\$11,149,000); Ceylon, \$11,653,000 (\$3,745,000); New Zealand, \$10,831,000 (\$11,956,000); Belgium, \$10,120,000 (\$4,429,000); Newfoundland, \$9,427,000 (\$9,268,000); Colombia, \$9,197,000 (\$9,708,000); Guatemala, \$9,488,000 (\$2,928,000).

Gains were widespread in 1947 among the commodity classifications, increases being recorded for eight of the nine main groups. Major advances were in iron and iron products, which rose to \$762,400,000 as against \$491,100,000 in 1946; non-metallic minerals, \$452,200,000 compared with \$332,600,000; fibres and textiles, \$390,600,000 compared with \$264,100,000; agricultural and vegetable products, \$356,300,000 against \$310,800,000; and non-ferrous metals, \$160,900,000 compared with \$120,300,000.

Imports of animals and animal products, wood and paper products, and chemicals and allied products showed marked but lesser gains.

The miscellaneous group provided the single exception to the upward trend, declining to \$162,053,000 compared with \$181,700,000, due to a sharp falling-off in the value of Canadian goods returned.

Among individual commodities, some of the larger gains in the year's imports were: crude petroleum, \$127,459,000 as against \$89,471,000 in 1946; petroleum products, \$79,735,000

(\$34,272,000); farm implements and machinery, \$105,405,000 (\$68,352,000); automobiles, \$69,540,000 (\$31,702,000); automobile parts, \$98,432,000 (\$66,453,000); rolling-mill products \$77,970,000 (\$53,376,000); sugar and products, \$57,420,000 (\$39,879,000); raw cotton and linters, \$60,481,000 (\$44,397,000); cotton products, \$119,413,000 (\$74,761,000); and wool products, \$54,393,000 (\$34,744,000).

## CONTRIBUTION TO WORLD RECOVERY

**ITS RELATION TO DOLLAR DIFFICULTIES:** In an address to the Canadian Lumbermen's Association, Montreal, February 9, the Minister of Finance, Mr. Abbott, reviewed Canada's assistance to European recovery in both gifts and credits. We came out of the war, he said, with a healthy reserve of U.S. dollars and gold amounting to about \$1,500,000,000 at the end of 1945. A year later that reserve had fallen to \$1,245,000,000 and by the middle of November to approximately \$500,000,000.

Mr. Abbott continued:

Now, if all our transactions in 1946 had been on a cash basis, rather than partly on credit and partly in the form of outright gifts, our exchange reserves, instead of declining by some \$250,000,000, would have increased by \$600,000,000. If all our transactions during the first ten and a half months of 1947 had been on a cash basis, our exchange reserves, instead of falling by \$745,000,000, would have fallen by only \$235,000,000.

In other words, the dire straits of the countries affected by the war, most of them in former years good customers of ours, led us to permit their purchasing a large proportion of their requirements from us on credit at the same time that we financed part, or all, of our U.S. deficit by the using up of previously acquired negotiable assets, our liquid reserves of gold and U.S. dollars.

## CANADA'S REAL CONTRIBUTION

These are striking facts, but they by no means tell the whole story. Our real contribution to world recovery is to be measured, not in terms of the money we have provided by way of relief and credit, but in terms of goods and services. People eat food, wear clothes -- not dollars. An important part of our real contribution is to be found in the measures of price stabilization followed during and since the war which had the effect of protecting not only our own standards of living at home but the purchasing power of the dollars we put at the disposal of our customers and friends.

Nor should we overlook the various contracts entered into to supply essential foodstuffs and other materials to Britain. These contracts, whether government or private, are business arrangements and stand on their own feet. There is no doubt, however, that by demanding less

than could have been demanded and obtained from a hard-pressed customer, by having regard for the ultimate solvency of the customer and by being based on long-run rather than short-run considerations, these contracts have provided tangible assistance at a time when assistance was so badly needed.

## CASE OF B. C. LUMBER

Most of these contracts are well known, but I would like to single out for special reference on this occasion, one that is of particular interest to your organization. I refer to the purchase of lumber from the west coast. This contract provides for the shipment of lumber to the United Kingdom for a period now extended to about two years at prices which are above prices on the domestic market, but below prices currently prevailing on the world market. Such a contract enables the government of the United Kingdom to plan its reconstruction programme, secure in the knowledge that supplies of this product, so vital to the rebuilding of shattered cities and bombed factories, are assured at reasonable prices during the period of reconstruction. This contract is the successor to previous contracts of a similar nature in which the Canadian government had taken a direct interest and to whose fulfillment it has contributed. But the Canadian government had no part in this last contract, and the credit for its terms must go to the industry itself.

Canada's contribution to world recovery has indeed been large. In relation to population and national income it probably exceeds that of any other country. But our contribution is by no means out of proportion to our national stake in the economic restoration of our overseas customers. Abraham Lincoln once said that the United States could not endure half slave and half free. I suggest that a country like Canada cannot prosper in a world split into a highly prosperous dollar area and a starving, depressed "soft currency" area. Our stake in a large and smoothly flowing volume of international trade is enormous -- greater proportionately than that of any other country except possibly New Zealand. With a population of only about twelve million people, we nevertheless rank third in export trade and in total trade. Our export trade accounts for