

# CANADIAN WEEKLY BULLETIN



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## WEEK'S EVENTS IN REVIEW

**CANADA-U.S. TRADE:** "I think our common security can be greatly strengthened by maintaining a stable and high level of trade between our two countries and between North America and Western Europe," said the Minister of Finance, Mr. Douglas Abbott, at the Fifth Annual Virginia World Trade Conference, Richmond, Virginia, on October 1. "That can be best achieved by relaxing rather than renewing restrictions on our trade."

Taking as his topic, "Canada's Trade and the World's Trade," the Minister first gave an outline of the world trading position of Canada, which, he pointed out, was much more sensitive to economic disturbances arising abroad than the United States, and was particularly sensitive to changing conditions in the United States. Then he proceeded to discuss trade between Canada and the United States as follows:

"Canada is your best customer and the United States is our best customer. Really large-scale trade between our two countries has been going on for so long that we almost take it for granted.

"To take a few examples: you in the United States buy 90 per cent of our newsprint exports, 80 per cent of our wood pulp exports, 60 per cent of our asbestos exports and half of our non-ferrous metal exports.

"In turn, Canada buys from the United States a very large portion of its imports of consumers' and producers' manufactured

goods. We import fruit and vegetables from you during certain seasons and we buy most of our cotton from your Southern States.

"Neighbours usually do a good deal of trading with each other, but this trade between Canada and the United States is the biggest two-way trade between two nations anywhere in the world.

"It is clear that the trade between our two countries is of great importance to each of us. We sell you more than we sell to all the countries of the British Commonwealth and of Latin America and Europe -- more than the total Canadian exports to all these markets. We buy from you more than we buy from the other nations of the British Commonwealth, from Latin America and from Europe. You sell us more than you sell the United Kingdom, Mexico, Japan and Brazil -- your next four best customers.

"Canada almost always has a deficit on its trade with the United States. When there was world-wide convertibility of currency we could readily convert our surplus with other countries by selling those foreign currencies we had earned and paying our deficit with the resulting dollars. Sometimes, of course, we financed our deficit with you by borrowing in the United States. Very often the actual sequence of events was the other way around. Individual Canadian businessmen and provincial governments and municipal governments borrowed in New York and spent that money to buy Amer-