

other than the United States and Canada, and mainly in the sterling area. On the other hand, about 70% (about 90% in 1945-46) of her imports came from Canada and the United States. The difficulty of many of Newfoundland's overseas customers in finding dollars to pay for imports from Newfoundland, has on occasion adversely affected the demand, and hence, price, of its products.

### The Fishing Industry

The proximity to the abundant fishery of the North Atlantic is the dominant factor in Newfoundland's economic life. Until little more than fifty years ago, the island's economy was based exclusively upon the fishery. Since then, following the construction of a railway and the opening up of timber and mineral resources, considerable economic diversification has taken place: by 1939, the fishing industry accounted for only one-quarter of total export returns, though in 1945, it was again in first place in exports -- accounting for about 48% of their value. The fishing industry retains its key position in the economy, with at least one-half of the population directly dependent upon it for a livelihood.

The cod fishery is of greatest importance; the historic markets for its main product, dried salt cod, have been the Mediterranean countries, including Spain and Portugal, and Brazil. The demand for dried cod declined during the period between the two wars, due largely to the marketing difficulties in the principal consuming areas, and partly, to the development of other cheap protein foods. The Newfoundland industry had also to meet increasingly strong competition from Iceland and Norway, whose fishing industries are more concentrated and therefore more easily adapted to modern techniques. In consequence, the Newfoundland product has entered into competition with the Canadian in the West Indian market.

There has been a growing emphasis in Newfoundland on the marketing of frozen fish, especially since 1939. During 1946, over 16% of total fish exports came from the expanded cold storage industry producing fillets. Although the United Kingdom was an important market for the new product during the war, the revival of the British fishing industry, and exchange difficulties, have virtually ended sales there; the United States is at present the most important market for this branch of the fishing industry.

Other branches of the Newfoundland fishing industry are the herring, salmon, lobster, halibut, seal and whale fisheries. Fish meals and oils are important fishery by-products, and there is a growing canning industry.

The fishing industry declined seriously during the depression years. The Newfoundland Fisheries Board, set up in 1936 by the government, was given wide powers to enforce processing standards, to regulate shipments and to centralize marketing in order to assist the recovery of the industry. Under the Board's direction, there has been considerable improvement in processing methods and marketing. Group marketing has tended to reduce excessive competition, and to spread returns more evenly throughout the industry. Group marketing led to the establishment in 1947 of the Newfoundland Associated Fish Exporters Limited (NAFEL), which is now the sole selling agency for Newfoundland salt cod.

The wartime expansion of the frozen fish and herring trade has reduced the fishing industry's traditional dependence upon a single product, salt cod. The future of the industry, however, with the ending of war-inflated demands and prices, will as ever be determined by the availability of markets and by Newfoundland's ability to keep pace with its competitors in price and quality.