This shift in the geographical distribution of our exports in 1948 is not primarily the result of any change in the kind of goods we export. Broadly speaking, we are selling abroad in 1948 more or less the same physical amounts of the same things we sold in 1947. These things continue to be mainly agricultural products, forest products and non-ferrous metals, nearly all in an unprocessed or semi-processed state. The big difference is that we have been selling a substantially larger proportion of these things to the United States than we did in 1947.

However, to note only that there has been no substantial change in the make-up of our export bundle in 1948 is to miss some interesting and very significant details. Perhaps the most significant of these is the decrease which has taken place in our exports of manufactured goods. These have never been really important in our total export picture, but the growing industrialization of the country encouraged the hope that we might become less concentrated on the export of primary products which require little or no processing in Canada. However, during the past year Canadian exporters of a wide variety of manufactured products have found themselves shut out of an increasing number of markets by the import and foreign exchange restrictions of foreign governments. As countries have found themselves increasingly pressed for Canadian and U.S. dollars they have taken more and more rigorous measures to discriminate against non-essential in favour of essential imports and to a large extent this has involved a preference for raw materials over manufactured goods. Canadian exports of certain manufactured goods such as autos, trucks and parts, electrical equipment, drugs, dyes and chemicals, rubber manufactures and artificial silk manufactures which amounted to $210 million in 1947 will probably not amount to much more than half that figure this year. Moreover, the world dollar situation being what it is, there is no reason for supposing that the resistance to our manufactured goods in overseas countries has reached its peak or that it will be of short duration. The hardship it causes to individual exporters and the difficulties it places in the way of reducing our dependence on the export of a rather narrow range of raw materials are unquestionably extremely disturbing.

Turning now to the import side, as I have already mentioned the value of our imports from all countries in 1948 will be just about the same as in 1947 - approximately $2.6 billion. Since import prices are, on the average, nearly 15 per cent higher this year than last, it is clear that there has been an appreciable decline in the physical volume of imports.

This decline has been largely concentrated in the goods covered by the import restrictions imposed last November. These measures banned completely the importation of a number of consumer goods and limited many others, including automobiles, trucks and parts, to a percentage of previous imports. On a value basis imports of these goods are expected to drop from about $660 million in 1947 to about $430 million this year, or by about 35 per cent. On a volume basis the decline would be substantially greater. It would probably be wrong to attribute the whole of this decline to the action taken by the government last November. Probably some of the goods were over-bought before restrictions and imports would have fallen anyway. On the other hand, Canadian incomes are higher this year than last and, if unchecked, current consumption of imported goods might well have risen above the 1947 levels.

The items affected by the import restrictions are chiefly consumers' goods. The inflow of producers' goods - fuels, raw materials and capital equipment - has continued at more or less the 1947 rate. No matter how unpleasant it may be for Canadians to get along with fewer imported consumer goods, it is of course much more important that the inflow of raw materials and essential equipment should continue.

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