

We are thus concerned with the possible need of re-orientating an important portion of our foreign trade. I need not labour the importance of maintaining our present volume of trade, and of domestic investment based on it, if we are to maintain our present level of employment and income. This seems to me a joint responsibility of both Canadian exporters and the Canadian Government.

By joint responsibility I mean that our manufacturers must not only be able to compete efficiently, but must also search out every possible foreign market, and that the Government must use all the powers at its disposal to minimize such discrimination against Canadian products as does exist. I would like to use the word 'eliminate' but I think that 'minimize' is more realistic.

It is equally important to consider what basic redirection of our trade may be necessary. A comforting development in this connection is the strides we have already made in expanding our markets in the United States and improving our balance of trade with that country. In this connection it is interesting to note that, on a most conservative basis of estimate, between 40 and 50 per cent of the \$600 million invested in manufacturing enterprises in 1948 will effect immediate and direct gains in our U.S. dollar sales, or reductions of our U.S. dollar imports.

In the first nine months of 1948 we have whittled our adverse merchandise trade balance with the United States down from \$720 million to \$267 million. This is an improvement averaging \$50 million a month. We have done this in spite of some deterioration in the terms of trade resulting from the higher prices for American coal, steel and oil. It is the most tangible evidence possible that Canadian industry has now come of age and can, in an increasing number of lines, compete with any company in any country. The Geneva Trade Agreements were one important step in making it possible for Canadian industry to compete on equal terms and it has been frequently stated that the Government will continue to press for the expansion of these agreements and further relaxation of trade barriers, with particular reference to the American market. The theme for your Conference is well chosen, for without any doubt the Canadian export industry is to-day facing a major challenge, but one which I am sure it will not fail to meet.

It is, of course, relatively easy to point out the problems and to dwell on the difficulties. Much more difficult is the job of finding the answers and deciding on the steps to be taken. No one, I suggest, knows the complete answer, but perhaps a brief review of some of the developments of our external trade in the last few months may point up some of the avenues of promise as against the rocky and, to some extent, impassable roads that I have been discussing so far.

Undoubtedly, the market which must command our first attention is the United States. In the first nine months of this year we have increased our exports to that market by just over \$300 million. Admittedly, the great bulk of this increase is in primary products and what might be described as semi-manufactured goods. I mean such things as refined metal, lumber, newsprint and agricultural products. But, if you will study the trade statistics which are now available in detail for the first six months of the year, and which will shortly be available for the first nine months, you will find some surprising increases between this year and the corresponding period of 1947. The figures involved to date have been small and it would be quite wrong to suggest that the improvement in our position with the United States is to any important degree the result of the export of highly manufactured products. But the point I want to make is that, under the stress of the loss of other markets, and the pressures resulting from our own exchange conservation programme, which, as you know, contains some element of bonus for additional exports, there have been sales to the United States of goods which one would not ordinarily expect to find us selling in that market. I could make some of these increases in exports sound very startling by expressing them in percentages, because heretofore the exports

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