

"A further secondary effect of rising exports has been the tremendous stimulus given to capital goods industries. The additional demands arising from new plant and equipment requirements in export industries have been a major factor in the expansion of construction and equipment-producing industries.

"Our export trade plays a dynamic role in Canada's development.

"There have been some interesting developments recently in our trade with major trading areas. Exports to the Commonwealth increased last year by 88 million dollars. Nearly half of this increase represented greater sales to the United Kingdom alone.

"The items mainly responsible for this increase in export trade with the Commonwealth countries were wheat, barley and other cereals, salmon and uranium. Other products which made substantial gains in Commonwealth markets were flour, drugs and chemicals, and medicinal preparations. Now that import controls are being relaxed, there are good prospects for further increases in our exports to the Commonwealth.

"Commonwealth exporters last year increased their share of the Canadian market from less than 13 per cent to close to 15 per cent at the present time. We expect this trend to continue. Greater interest is being shown by British investors in this country. British capital is moving into manufacturing, communications, construction and real estate projects. Our Trade Commissioners in Commonwealth countries and our Industrial Development officials here are making every effort to encourage greater participation by British business in Canada.

"There have been some improvements in the structure of our trade with the United States. Exports last year amounted to \$2.9 billion, almost exactly the same as the 1957 record. Import statistics are not yet available for the entire year but it is clear from a study of 11-month totals that our trading deficit has been very substantially reduced. Our merchandise trade deficit with the United States for 11 months of 1958 was \$648 million, as compared to \$1 billion a year previously.

"At present, the United States market absorbs close to 60 per cent of our total exports. Canadian firms sell a broad variety of goods there, in over 1,000 different categories. We are continually seeking to increase our exports to the United States, as well as to diversify that trade. In our negotiations with the American authorities, we are making it clear that this country is concerned about the large trading deficits we encounter each year. We are also concerned with regard to restrictions such as have been applied to lead and zinc and petroleum....

"In Europe, we have been encouraged by the recent announcements concerning convertibility and the progress which these traditional trading partners are making towards strengthening

their economies and liberalizing their trade. Roughly 12 per cent of our total export trade goes to Europe and this is increasing each year. For the first 11 months of 1958, exports totalled \$528 million, a 9 per cent increase over the previous year. Wheat sales alone account for one-quarter of our total sales in this area. Substantially expanded sales were noted for copper, aluminum, nickel and aircraft.

"Our exports to the non-Commonwealth countries in the Far East and South Asia for the first 11 months of 1958 were valued at \$129 million, as compared to \$183 million in 1957. Exports declined to all countries in the area with the exception of China, Indonesia and Burma.

"In the Middle East, our trade is small - exports are worth roughly \$15 million annually but the trend of development is more favourable. The principal commodities are wheat, and flour, asbestos milled fibres, aluminum, agricultural machinery, pit-props, drugs and chemicals, oil stoves and washing machines. Our principal markets in this area are Turkey, Israel, Saudi Arabia, Iran, Iraq and Lebanon.

"In Latin America, an area from which we customarily buy close to twice as much as we sell, serious exchange problems led to difficulties. During the first 11 months of 1958, our total sales were down to \$163 million, as compared with \$204 million a year previously. However, within the Latin American group as a whole, there were gains in our exports to Peru, Guatemala, Cuba, Ecuador, the Dominican Republic and Venezuela. Venezuela, incidentally, is becoming increasingly important as a market for Canadian products and has now emerged as our most important customer in Latin America. A characteristic of these markets is the increasingly keen price and credit competition we are being forced to meet from other suppliers.

"The prospects for the future are not unpromising. We face increasing competition in international trade but as a great world trader, we have much experience on which to draw. Canadian businessmen are becoming increasingly active in this age of air travel and have trading interests in 129 countries. The Department of Trade and Commerce's Trade Commissioner Service abroad is staffed by exceptionally able men carefully selected and well-trained. They are constantly on the alert to give information on trading opportunities. The Government's policy is one of expansion of our trade throughout the world.

"Canada has been active in the international forum of GATT and has been giving a lead within the Commonwealth. Our relations with our greatest trading partner, the United States are frank and cordial.

"That is the framework on which our international trade is based. With foreign trade of such vital interest to all Canadians, it is important that management and labour, business