

(3) To aid in distributing available materials in the way most advantageous to the war effort;

(4) To serve as a positive weapon in economic warfare--to cut off as many supplies from the enemy as possible, and also to use exports as a bargaining power to obtain supplies in which the United Nations are **deficient**.

As the war has progressed, shortages, loss of established foreign sources of supply, shipping difficulties and other abnormal conditions have made it necessary to control an ever-widening range of exports until at present all commodities are under some degree of supervision. In Canada several government departments are concerned with various supplies, but, in order to avoid delay and confusion, export control is centred in the Department of Trade and Commerce in its export permit branch.

During the last two years several developments have made this problem of export control increasingly complicated. Ocean transport has become a major problem, and it has been necessary to allocate available shipping space in order of the essentiality of exports. Shipping priority ratings (to South American countries mainly) are granted along with export permits in order to insure that all available space is utilized for essential exports only. Exports to blockade areas also are checked from every angle, which means communicating with agencies in the United Kingdom as well as on this continent, while exports to neutral countries require careful checking of consignees.

The application of prices ceilings in Canada has brought with it the problem of higher prices in other countries. This offers a considerable inducement to Canadian firms to sell abroad rather than at home, and consequently some form of export control has been unavoidable. The Canadian government, in order to keep domestic prices as nearly normal as possible, has been paying substantial subsidies on many products. These subsidies come, in the final analysis, from the Canadian taxpayer and would be lost if these goods were exported without check. As a result, several foods and other commodities have been placed under export control in order that the subsidies may be recovered before export is allowed.

Co-operation with the United States in the field of export control has also been important, because Canada now depends on the United States for a large proportion of its imports. Canadian export control conforms closely with that of the United States, in order that these imported supplies may not be exported from Canada to third countries in evasion of United States export control regulations.

TRADE WITH THE UNITED STATES

As a result of the war Canada's trade with both the United Kingdom and the United States has greatly increased. Long before it became a belligerent, the United States had joined forces with Canada for mutual military and economic protection. Many examples of close collaboration mark the progress of their friendship.

Within six months of its declaration of war, the United States had established economic collaboration and joint policies on the distribution of primary materials with its Canadian ally. On the realization that all-out war production required the maximum use of the labour, raw materials and facilities in each country, it was decided that their production and resources should be effectively integrated. Scarce raw materials and goods which one country required from the other were so allocated between them that the maximum contribution has been made of the most necessary articles with the shortest possible delays. Legislative and administrative barriers, including tariffs, import duties, customs and other regulations and restrictions impeding the free flow of war supplies have been suspended for the duration of the war.