

TRENDS IN CANADIAN EXPORTS

TEN-MONTH TOTAL DOWN: Several factors in the international situation have threatened the level of Canada's exports this year, notably the severe dollar shortage in Canada's overseas markets, business readjustments in the United States, and the development of a supply which approximated the level of world demand in a number of important markets for the first time since before the war. Despite these adverse influences the total value of domestic exports remained above 1948 levels until the end of August, although five of the nine main export groups showed considerable declines. In September, however, exports dipped sharply below the 1948 level for that month, and the cumulative total for the nine months fell \$12.2 million short of that for 1948. October's exports were again lower than those of the corresponding month in 1948, and the cumulative total for the 10 months stands at \$2,415.1 million, \$50 million below last year's 10-month total.

CURRENCY REVALUATIONS

The trends apparent in the export figures for the first 10 months of this year will not necessarily be continued in future months. The September currency revaluations, including the devaluation of the Canadian dollar on September 19, may be expected to have some important effects on trade which have not yet had time to reveal themselves, the Bureau of Statistics reports.

In making comparison with 1948 statistics it is important to note that in the last four months of that year Canadian exports showed much more than the usual seasonal increases. In those months exports of agricultural and vegetable products and of animals and animal products rose sharply, while exports of iron and its products and base metals also moved upwards. One of the most important factors in the high level of exports in the Fall of 1948 was the removal in August of the embargoes on the export of beef and beef cattle to the United States. The meat shortage then existing in that country, with the resulting high prices for beef and cattle in its markets, called forth heavy shipments of these products from Canada to the United States. Exports of beef cattle and meat have continued this year at a high and steady rate, but are not up to the post-embargo rush.

Exports in three of the nine main export groups -- agricultural and vegetable products, iron and its products, and non-ferrous metals and their products -- bettered their 1948 cumulative totals in the first 10 months of this year. But in all three cases exports in October 1949 were lower than in October 1948. The only group to surpass the value of exports recorded for the month of October last year was the wood, wood products and paper group,

which has fallen short of the corresponding 1948 value in every other month of this year and is \$77.4 million below last year's cumulative total for the first 10 months. Chiefly responsible for this group's gain last month was a revival in exports of planks and boards. These averaged about \$4.5 million below 1948 values in each of the first nine months of this year but in October rose above the October 1948 level by \$1.8 million. Newsprint the only major item in this group which, except for one month, has consistently bettered 1948 export values.

WORLD DOLLAR SHORTAGE

The world dollar shortage affects almost all overseas markets; from the Canadian point of view the most important market so affected is the United Kingdom. The severity of that country's exchange problems was emphasized by its recent currency devaluation of about 30 per cent relative to the United States dollar. Despite this situation, Canadian exports to the United Kingdom have been above 1948 levels in each month this year from June till the present, and since August the cumulative totals have been above those of 1948. To some extent, this is due to the increase, effective in August, 1948, in the contract price for wheat. There has also been an exceptionally heavy volume of wheat exports to that market -- 100.5 million bushels in the first nine months of this year as compared with 83.8 million bushels in the corresponding period of 1948. Exports of base metals for industry have also been heavy. But any increase in total exports to the United Kingdom is remarkable in view of the \$50.9 million drop in exports of bacon and hams to that market, and also of the fact that that country's import controls exclude a wide range of imports from Canada.

There has been a downward trend for some months in Canada's exports to the rest of the Commonwealth, although this trend has been countered by especially heavy exports to India, Pakistan, and the Union of South Africa. India and South Africa have this year made large expenditures on Canadian wheat, \$23.0 million and \$17.7 million respectively in the nine months ending September. Neither country customarily buys Canadian wheat in comparable amounts, and no Canadian wheat was sold to either country in 1947 or 1948. Both countries have also spent heavily on Canadian railway equipment this year, \$5.6 million in the former case and \$13.7 million in the latter in the first nine months. In this period India also received delivery of Canadian locomotives to the value of \$15.4 million, representing the filling of orders on which work has been proceeding for some time. To the end of September these exceptional items accounted for 75 per cent of Canadian exports to India.

"CANADA IN TODAY'S TRADING WORLD"

ADDRESS BY MR. HOWE: The Minister of Trade and Commerce, Mr. Howe, on December 6, addressed the Massachusetts Institute of Technology Club of New York on, "Canada In Today's Trading World." He concluded his remarks as follows:

"The trade problem between the dollar world and the non-dollar world is, in many respects, similar to the wartime problem that existed between Canada and the United States. That problem was solved, and solved successfully, to our mutual advantage. Surely our present problems are not beyond our wit to solve. High tariffs are one of the present obstacles. Let us make a real approach to removing that particular obstacle. The alternative is either a collapse of multilateral trade, or a continuation of large scale lending by North America to proud countries which do not want charity and are able and willing to pay for their needs with goods. The objective must be to put an end to loans and gifts by opening up the channels of trade. For leadership in this direction, the world looks to the United States, the country with the strongest economy in the world.

"The unbalance of trade today is in effect being settled with Marshall Plan dollars. Faced with the ending of Marshall Plan aid, every country must concern itself with bringing its trade into balance with the dollar area and particularly with the United States. Again taking Canada as an example, this will mean for Canada the shifting of several hundreds of million dollars worth of imports, from the United States to Britain and European countries. We must increase our imports from Europe, but at the moment we can only do this by reducing our imports from the United States. To the extent that we can increase our sales to you, we can of course balance our position by positive, rather than by those negative measures which are always painful to both sides.

"The magnificent co-operation that was achieved between our two countries during the

war was made possible by the simplicity of the objective. Everyone realized that nothing must be allowed to interfere with the winning of the war. In the result, the objective was attained without disturbance to the pattern of our industrial system. Looking at the problem solely from the commercial point of view, the special exchanges of goods across our common boundary did not interfere with the welfare of any individual groups in either of our countries.

"The problems that we face today are no less serious than those we faced during the war years. Unfortunately, the objectives are not as clear, and the fundamentals not so well understood, in our two countries. Whether we like it or not, the peoples of the world today are divided into three distinct groups -- those who have an abiding faith in what we call democracy, which, in the last analysis, is a recognition of the supremacy of the individual over the state; those who have accepted totalitarianism, which acknowledges the supremacy of the state over the individual; and the third group, those who are trying to decide which of these two systems offers them the best hope for the future. Under these circumstances, there can be no doubt of the importance of the example set by the democracies, and particularly the importance of maintaining prosperity and a high level of employment in their territories.

"In the 1930's, when the level of industrial activity was falling, and we were faced with declining employment, solutions took the form of countries trying to live within themselves. We all know what happened. This time the stakes for which we are playing are even greater and failure would mean throwing away all the efforts and sacrifices of the war years. Above all else, the trade which crosses the Canadian-American boundary must be made an example of what can be done between two like-minded sovereign states, and a model for our trade relations with other like-minded countries.

U.S. AIR COMMANDER VISITS: The Commanding General of the U.S. Continental Air Command, Lt. Gen. Ennis C. Whitehead, arrived at Rockcliffe air station Monday afternoon for a two-day routine visit to Air Force Headquarters. General Whitehead stopped briefly in Toronto Monday morning enroute to Ottawa, and toured the A.V. Roe aircraft plant at nearby Malton.

General Whitehead is meeting RCAF Headquarters officers while in Ottawa, and is also to visit Rockcliffe station, centre for the RCAF's air transport and photo survey activities.

A test pilot in the First World War, General Whitehead was in command of an advanced U.S.

Flying school at the time of Pearl Harbour. In 1942 he went to the South Pacific as Deputy Commander of the Fifth Air Force, and was appointed Commander in 1944.

After the war he was named Commanding General of the Far East Air Force, where he remained until taking up his present appointment.

DEPARTMENTAL STORE SALES: Department store sales in Canada in October -- excluding Newfoundland -- amounted to \$82,938,000, showing a small increase of 0.8 per cent over last year's corresponding total of \$82,307,000.