

CANADA AND EUROPEAN RECOVERY PROGRAM

ernment has prepared, at the invitation of ECA, officials, three different submissions, indicating, under the 53 general headings already mentioned, those Canadian commodities which can be made available to ERP countries. The first submission covered the period April-July, 1948, the second for the period July-October, 1948, and we have also prepared an annual submission covering the period July 1, 1948, to June 30, 1949.

Canada's estimates have not only been made available to ECA officials in Washington, but have also been sent to Canadian Government Trade Commissioners in each of the participating countries. The Trade Commissioners make this information available to the pertinent authorities in each of the participating countries who are responsible for drawing up their country's import requirements and they invite these officials to indicate Canada as a preferred source of supply for those commodities, which it is known Canada can deliver advantageously and in competition with other countries. However, it must be realized that no one in Canada knows more about the availability of Canadian commodities than do Canadian exporters themselves. The Department of Trade and Commerce has, therefore, repeatedly advised Canadian exporters not to depend entirely on Government assistance but, rather, to follow normal commercial procedures and sell their produce to European countries through their European representatives.

RECOVERY ITEMS

If the commodities are such that they can be considered as recovery items, there is every likelihood that such transactions will eventually be financed by ECA dollars. It follows therefore, that unless the Canadian exporter is attempting to sell that type of product which is recognized as a recovery item, it is not likely that he will obtain any direct ERP business. There will, however, be other indirect ways in which he will benefit.

It is Mr. Hoffman's intention to restrict his Economic Co-operation Administration to administrative duties and it will not make any

purchases, although some procurement may be affected through other United States Government agencies, such as the Bureau of Federal Supply, the Department of the Army or the Department of Agriculture. On the whole, it remains the prerogative of the importing country in Europe to decide whether or not it wishes to import through private trade channels or through government-to-government contracts. The European countries will be influenced by that provision of the Act, whereby it is laid down that the Administrator will encourage the use of private trade channels whenever such practice is feasible. For that reason, Canadian exporters have been warned that the first step in securing ERP orders is to have their products placed in the individual import requirements of the European countries and that this can only be done in Europe. Canada has, however, advised each of the European countries that, should they desire to purchase through Government contracts, the facilities of the Canadian Commercial Corporation will be placed at their disposal.

CHAIN REACTION

It is impossible to determine what proportion of Canada's exports will be financed by ECA dollars and what proportion will be purchased through the earnings or from the reserves of the individual countries. It should be noted, however, that the wording of the Foreign Assistance Act of 1948 is such that it places no limitations on off-shore purchases with the exception of agricultural commodities, which are in surplus supply in the United States. The extent, therefore, to which Canada participates in the European Recovery Program will be determined by the amount of recovery-type commodities which Canada can successfully offer to Europe in competition with other Western Hemisphere countries. On the other hand, Canada will also benefit by ECA dollars used to finance exports from other Western Hemisphere countries. In other words, the funds provided under ERP are likely to have a chain reaction.

DAIRY SITUATION: Production of milk in Canada in April amounted to 1,266,692,000 pounds, a decline of almost eight per cent from April last year, according to figures released by the Dominion Bureau of Statistics. All provinces shared in the decline. Farm output in April this year was the lowest for the month since 1940. Fluid sales were approximately five per cent less than in the same month last year.

The total supply of butter -- creamery, dairy and whey -- represented by stocks at the beginning plus May production -- amounted to 41,750,000 pounds, a decline of 6,500,000 from May last year. Reduced stock holdings resulting from the heavy withdrawals during the period of low production were responsible for this situation. On May 1 this year, only 5,250,000 pounds were in storage as compared with 11,250,000 a year ago.