

our exports exceeded the total value of our imports. This, in my opinion, is exciting news. After the war, when the devastated countries of the world were rebuilding and Canada was helping considerably with loans and gifts, we generally had substantial trade surpluses, but these came to an end in 1952. The year 1961 was the first since 1952 that Canada has achieved a surplus of exports over imports. In order to illustrate the trend which we confidently hope and plan will continue, may I set out the net position for 1952 and following years:

1952.....	surplus.....	\$421	million
1953.....	deficit.....	\$ 95.5	"
1954.....	deficit.....	\$ 41.6	"
1955.....	deficit.....	\$240	"
1956.....	deficit.....	\$713	"
1957.....	deficit.....	\$589	"
1958.....	deficit.....	\$156	"
1959.....	deficit.....	\$368.6	"
1960.....	deficit.....	\$ 97	"

The 1961 surplus according to unofficial estimates may very well be of the order of \$100 million.

While sales abroad of primary products, including grain to China, have been an important factor in raising our merchandise export total to a record high and in reaching a net surplus position, we have also seen an impressive jump in the export of manufactured goods. I venture to repeat the well-worn statement that Canada, as one of the great trading nations of the world, must export to live. That statement has never been more true than at the present time. Our bettered export position has without doubt helped to spark the quickening growth of our Gross National Product, and to boost year-end industrial output by about 6 per cent over a year earlier.

Since exports have such a vital effect on our economic health I propose to discuss some aspects of them, and mention what we are doing to meet the problems which have arisen.

First of all, I shall describe some of the developments in the Canadian economy in recent years and the various governmental measures which have led to an improvement in it, all of which, of course, have a definite effect on our ability to sell competitively in foreign markets.

Secondly, I shall detail some of the things being done by the Government here in Canada with a view to improving our export potential. Finally, I shall describe the facilities available and the projects which the Government has undertaken in foreign countries to help our exporters find new markets and expand old ones. I am sure you will appreciate that anything which contributes to the improvement and greater efficiency of

our productive facilities in Canada will have in turn a marked effect on our ability to sell abroad. I do not intend to cover these in detail but I should like to mention some of the more significant ones.

The National Productivity Council is now getting into stride and we have recent legislation to encourage better design. You have heard of the increased emphasis which the Government is placing on the stimulation of research. Valuable assistance in the establishment, expansion and modernization of our productive plant has been given by the Industrial Development Bank. Its credit facilities have been expanded and more advantage of them is being taken all the time. The bank reports that loans in the first quarter of its current fiscal year were up 82 per cent over the same period last year, and last year showed an increase of 84 per cent over the previous one. Since 1958 the bank has almost doubled the number of its branch offices, including new ones at Saint John, New Brunswick, Regina, Saskatchewan, and St. John's, Newfoundland. This expansion, together with the opening by the Department of Trade and Commerce of regional offices across the country, should encourage new and wider diversification of industry.

The forests, farms and fisheries of Canada yield almost half our exports in value. For this reason both Government assistance and private advancement in these fields are of the utmost importance.

In the forest products category, a significant development was the creation of the new Department of Forestry. There has been an intensification of research and development under the direction of that department. In a field such as forestry a high degree of co-operation and co-ordination of effort with the provinces is, of course, most essential. In 1951 the federal Government commenced assisting the provinces financially in their efforts to promote reforestation and to take inventory of forest resources. Since then the federal assistance has been progressively broadened to include capital costs of fire protection facilities, construction of forest access roads and, most recently, stand improvement work. The federal expenditure is distributed among the provinces in proportion to their productive forest area and for the current year is about eight times as large as for the year of inception.

The industry itself is taking successful measures to improve its competitiveness and is directing its attention increasingly to export objectives. In the face of technological developments in other countries and extremely keen competition, the struggle has by no means been an easy one. To give you some idea of the success which is attending these