CANADA'S RELATION TO THE PANAMA CANAL

Canadian Produce for Latin America's Consumption—Direct and Indirect Effects of the New Waterway Upon Canadian Trade and Shipping

The following article, replete with interest, has been specially prepared for The Monetary Times by Mr. John Barrett, the Director-General of the Pan-American Union. This was written shortly before his departure for Europe

The Pan-American Union, of which Mr. Barrett is the capable Director-General is an international organization and office maintained by the twenty-one American republics, controlled by a governing board composed of the Secretary of State of the United States and the diplomatic representatives in Washington of the other American nations, administered by a director-general and assistant director chosen by this board and assisted by a staff of statisticians, compilers, trade experts, translators, editors, librarians and clerks, and devoted to the development and conservation of commerce, friendly intercourse and good understanding among all the American republics.—[Editor, The Monetary Times.]

The effects on Canadian commerce will naturally be two-fold: direct and indirect. In considering the direct effects the first question which presents itself is, what does Canada produce that Latin America consumes? This in turn divides itself into the two questions:—(1) What can western Canada sell to eastern Latin America? and (2) What can eastern Canada sell to western Latin America?

For the present we will consider South American countries only, since this trade will be more directly affected by the new commercial routes, leaving the indirect effects on the trade with Mexico, Central America, and the West Indies, which will unquestionably receive a wonderful stimulus, for later consideration.

Canada's Trade With South America.

According to the Statistical Abstract of the United Kingdom, for 1911, Canada's trade with South American countries during the year ending March 31st, 1911, amounted to £1,740,632, of which £810,075 were imports and £930,557 were exports. Now let us consider for a moment just a few of the products which Canada sold to the world during this year, products which Latin America buys from the commercial nations.

Agricultural implements	£1,219,344
Bacon and hams	1,752,913
Cheese	4,271,756
Coal	1,283,910
Fish (salted, pickled and canned)	2,432,470
Flour (wheaten)	2,847,945
Wheat	10,256,590
Iron in pigs	61,353
Machinery (including sewing machines)	213,372
Wood, lumber, etc.	8,795,690

What has this to do with the Panama Canal? Merely that these are all products which South America buys and that Canada will be placed in such shipping proximity to these countries by the opening of this new waterway that she will be enabled to compete with Europe and the United States in many of these articles of commerce. To illustrate: Chile, one of the leading South American countries on the Pacific Coast, enjoyed a foreign trade in 1910 of $228,604,198, of which $108,582,279 were imports and $120,021,919 exports. Among the imports which may be of interest for Canada's future consideration we find:—

Mineral products	$18,825,139
Coal and oils	18,778,313
Machinery, hardware, etc.	9,512,876
Paper and manufactures thereof	3,360,852

Under the mineral products imported we find:—

Steel and iron	$12,242,739
Other metals	1,995,750
In steel rails alone	45,154 tons.
" structural steel	1,873 "
" corrugated iron	4,395 "
" corrugated iron, galvanized	18,888 "
" sheet iron	2,873 "
" sheet iron, plain	4,564 "

Has Canada any interest in the iron and steel trade of Chile? It would seem so if the following excerpts from an article which appeared in Cassier's Magazine are true:—

"It is now known positively that iron ores abound in practically every province of Canada. * * * At present the chief Canadian blast furnaces draw most of their ore from Belle Isle, in Conception Bay, near St. Johns, Newfoundland. Newfoundland is very rich in iron ores, and nearly 1,000,000 tons are raised annually, most of which is used in Canada. But enormous and rich reserves of hematite ore have been found in New Brunswick, within easy distance of large coal fields. Deposits of huge quantity and high quality have also been proved in Ontario, Quebec and Nova Scotia in the east, and in Vancouver and British Columbia in the west. Recent investigations conducted by the Department of Mines, coupled with private prospecting, inspire the hope that Canada is as rich in iron and steel-making materials as the United States." Again we read: "Already iron ore from Newfoundland is landed at Sydney, within 10 miles of the Cape Breton coal mines, at a trifle less than 10 shillings a ton, and pig-iron is being produced at little more than 30 shillings a ton. The manager of one of the Canadian steel mills claims that he can now make rails at $6 a ton less than they can be produced in Pittsburg." It is said that steel rails have been imported into England from Canada.

East Canadian Products Via Canal.

Be it remembered that we are building for the future in the construction of the Panama Canal. Can the value of this waterway to the future iron and steel industry of Canada be estimated when we consider that Chile, Peru, Ecuador and Bolivia are just beginning to really want railroads, bridges, steel buildings, machinery, etc.? Draw a line—or better still—trace the 71st meridian of west longitude directly south from Quebec and see how close it comes to Valparaiso, the great port of Chile, and how little the deviation from this line to the other ports of the almost 5,000 miles of Pacific Coast of South America. You will then appreciate the enormous saving in distance for the transportation of east Canadian products to western South America via the Panama Canal.

The foreign commerce of Peru for the year 1910 amounted to 11,039,562 libras (the libra being practically the same as the English pound sterling), of which 4,631,280 libras represented imports. Details for 1910 are not available but coal, machinery, iron and steel products, wood and manufactures, dairy products, paper, etc., are among the leading articles. Did Canada sell very much to Peru in 1910? Ecuador's foreign trade amounted to $21,690,476 (United States currency) in 1910. The people of that country needed foodstuffs to the value of $1,286,553, hardware worth $548,310, machinery $459,727, and many other things which Canada has to sell. Did she sell them much of it? Bolivia, which is reached from the Pacific ports of Chile and Peru, had a foreign commerce of $47,215,957, and she bought over $2,500,000 worth of goods from Germany alone, and when you stop to think of it Germany is some distance from Bolivia—via the Strait of Magellan or the Horn. Eastern Canada, which successfully carries "coals to New Castle" in selling steel products in English markets, will have something like 2,000 miles advantage of her European competitors when the Panama Canal is opened up. Is she preparing for it?

New Markets for Canada.

Western Canada, too, has something to sell, and with the development of her agricultural resources; the great fish industry of British Columbia, whose catch for 1909 was valued at $10,314,755; the opening of the great coal fields of British Columbia; the increasing wheat production of Alberta; the enormous production of wheat in Saskatchewan which doubtless may be shipped to either coast for export; all of this immense production of Canada will need new markets. The opening of the Panama Canal brings the markets of Brazil, Argentina, and Uruguay within the comparatively easy reach of ocean shipments of the products of British Columbia while the continually growing wants of the Pacific countries of South America may be supplied by the eastern States of the United States and eastern Canada instead of by continental Europe.

Among food products cheese, salted and canned fish, flour, etc., are imported in great quantities by South American countries. The great demand for lumber, especially yellow and spruce pine, iron and steel and their thousands of manufactures, is constantly increasing as the wonderful development of Latin America progresses and promises in the near future to test the productive power of both Canada and the United States to supply it. The following statistics, taken from official reports of only two of these countries should convince the most skeptical that this is no Utopian dream.