

TRADE REVIEW: Speaking on Canada's trading position in his annual trade review before the House of Commons on June 10, the Minister of Trade and Commerce, Mr. C.D. Howe, declared, "I cannot see that our basic economic strength is substantially different now from what it was two or three years ago."

"For more than a year Canada's exports have shown a slight downward trend," he said. "In 1953 the value of Canadian exports amounted to \$4,117 million compared with \$4,301 million in 1952, a decline of 4 per cent. In the first quarter of the present year exports have undergone a further moderate reduction of about 5 per cent. Since prices are a little lower, the decline in terms of physical volume is somewhat smaller."

"Any decline is of course unwelcome, but it should be borne in mind that this slight falling off in exports followed several years of substantial increases. Total sales abroad in the past year are still 15 per cent above the 1949 level in volume terms. This is about the same as the percentage rise in the national output during the same period. It considerably exceeds the increase in the volume of world trade. In other words, since 1949 Canada has continued to increase her share of sales in the international markets."

SOURCE OF SUPPLY

"The fact that other nations are relying to an increasing extent upon Canada as a source of supply, especially for basic materials, is an important factor in our present expansion. But there are other reasons for Canada's growth. While much of the new burst of expansion, which occurred after Korea, was for the production of goods to be sold abroad, a major portion of the new capacity created in recent years has had the effect of replacing imports."

"The spectacular expansion in oil, natural gas and steel will, in the course of a few years, involve hundreds of millions of dollars less expenditures for imported materials. This type of development could, over the course of time, permit a relative shift of resources toward production for the domestic market."

"This development does not, of course significantly lessen the importance of foreign trade to Canada. The nature of our resources is such that we shall always find it profitable to specialize heavily in the production of certain products and sell abroad the excess over and above our own needs."

"Nevertheless as the size and industrial structure of the economy changes, the role of foreign trade will also change to some extent. In some periods a stable or even slightly declining level of exports is not necessarily indicative of a basic weakening in the economy. The tendency to gauge our economic strength solely on the basis of the movement of exports

is, I think, a dangerous over-simplification of the forces which shape our development. I cannot see that our basic economic strength is substantially different now from what it was two or three years ago when export levels were rising at a rapid rate. . . ."

He mentioned as important factors in the current trends in export trade, "the extraordinary conditions which have affected wheat sales in recent years" and "the declining level of activity in the United States economy". The prevalent view was that the current recession had about run its course.

Earlier, he said in regard to a world trend to freer trade and United States trade policies:

"There is, of course, a great deal of interest in and concern about the increasing protectionist pressures in the United States. There is no need to dramatize these developments by assuming that a trade war is about to break out between Canada and the United States. We are the largest customer of the United States as they are ours. I do not expect a trade war, either cold or hot, as long as we continue on both sides of the border to remember the strong interest of both countries in trading on a neighbourly basis. Our trade agreements with the United States have been negotiated as business deals. Concessions have been received and concessions have been granted and the resulting balance has been of mutual benefit to both countries."

* * * *

WHEAT POLICY UPHELD: The wheat-marketing policy of the Government was approved in the House of Commons on June 16 against two Opposition motions of want-of-confidence.

A Progressive Conservative motion which would have had the House express regret "that the Government has failed to deal effectively with the problem of marketing Canada's wheat surplus," was defeated 137 votes to 58, while a C.C.F. sub-amendment which would have had the House express regret "that the Government has failed to make provision for a floor price to the wheat producers of Canada at levels not less than the Canadian Wheat Board's selling price, basis Fort William/Port Arthur, on Friday, June 4, 1954," was beaten 168 to 26.

* * * *

CANADA-JAPAN AGREEMENT: The Department of External Affairs announced on June 17 that, following the coming into force on June 7 of the Canada-Japan Agreement on Commerce, the Executive Secretary of the General Agreement on Tariffs and Trade has been notified that Canada now accepts the GATT Declaration concerning the application of the General Agreement to commercial relations between the Contracting Parties and Japan.