

A further secondary effect of rising exports has been the tremendous stimulus given to capital goods industries. The additional demands arising from new plant and equipment requirements in export industries have been a major factor in the expansion of construction and equipment-producing industries.

Our export trade plays a dynamic role in Canada's development.

There have been some interesting developments recently in our trade with major trading areas. Exports to the Commonwealth increased last year by \$88 million. Nearly half of this increase represented greater sales to the United Kingdom alone. The items mainly responsible for this increase in export trade with the Commonwealth countries were wheat, barley and other cereals, salmon and uranium. Other products which made substantial gains in Commonwealth markets were flour, drugs and chemicals, and medicinal preparations. Now that import controls are being relaxed, there are good prospects for further increases in our exports to the Commonwealth.

Commonwealth exporters last year increased their share of the Canadian market from less than 13 per cent to close to 15 per cent at the present time. We expect this trend to continue. Greater interest is being shown by British investors in this country. British capital is moving into manufacturing, communications, construction and real estate projects. Our Trade Commissioners in Commonwealth countries and our Industrial Development officials here are making every effort to encourage greater participation by British business in Canada.

There have been some improvements in the structure of our trade with the United States. Exports last year amounted to \$2.9 billion, almost exactly the same as the 1957 record. Import statistics are not yet available for the entire year but it is clear from a study of 11-month totals that our trading deficit has been very substantially reduced. Our merchandise trade deficit with the United States for 11 months of 1958 was \$648 million, as compared to \$1 billion a year previously.

At present, the United States market absorbs close to 60 per cent of our total exports. Canadian firms sell a broad variety of goods there, in over 1,000 different categories. We are continually seeking to increase our exports to the United States, as well as to diversify that trade. In our negotiations with the American authorities, we are making it clear that this country is concerned about the large trading deficits we encounter each year. We are also concerned with regard to restrictions such as have been applied to lead and zinc and petroleum.

There is nothing new in the fact that differences of opinion arise from time to time between our two countries. Upper Canada, 150 years ago, had some matters for complaint. In the York Gazette of February 26th, 1808, there appeared the following editorial comment: