

lion). The total of these totally and partially non-competing items was \$338 million--or half of the value of all agricultural imports.

EXPORTS COMPARED WITH PRODUCTION

There has been some decline since prewar in the quantity of agricultural products exported in relation to production; the figure for 1935-39 averaged 33 per cent and for 1951-55, 28 per cent. In absolute terms there has been no decline because production was higher than prewar. On the basis of 1935-39=100, the index of physical volume of agricultural production averaged 148.9 in the five years 1951-55. Agricultural exports in 1951-55 were equivalent to 42 per cent of 1935-39 production, compared with actual 1935-39 exports of 33 per cent of production. Domestic disappearance as a proportion of production declined also--from 72 per cent in the prewar period to 70 per cent in 1951-55. However, if production had remained at the 1935-39 level, domestic disappearance in 1951-55 would have been 104.0 per cent of output. That is, without the increase in production Canada would have become a net agricultural importer. Imports of directly competing agricultural products (those of a type or class grown in Canada) have shown little variation in relation to production; the figure was 5 per cent in 1935-39 and 4 per cent in 1951-55.

These are total figures, in which a value at the farm is assigned to all important commodities to reduce them to money terms so that the different items may be totalled. They also include, where possible, calculations of the farm equivalent value of manufactured products, as do the commodity figures quoted in this section. Wheat, for example, includes a calculation of the amount of wheat necessary to produce the flour exported, and the figures for livestock exports and imports include the live animal equivalent of the meat products traded.

The grains, with the exception of wheat, have become very much more important on the export side. Exports of oats, for example, increased from 4 per cent of production in 1935-39 to 12 per cent in 1951-55. Exports of barley were up from 17 to 36 per cent and, even more strikingly, flaxseed exports rose from 3 to 46 per cent. The decline of the United Kingdom market for certain products is indicated by the decrease from 66 to 15 per cent for cheese and 50 to 16 per cent for apples.

There have been striking decreases in imports of flaxseed and corn as a percentage of production: flaxseed from 71 to 3 per cent and corn from 180 to 26 per cent. These are an indication of greatly increased production of these two crops: flaxseed output increased from 1,508,000 bushels prewar to 12,611,000 in 1951-55 and corn from 7,010,000 to 22,071,000 bushels.

U.K. MARKET LESS IMPORTANT

The direction of Canada's agricultural trade differs greatly from prewar. The United Kingdom market is no longer dominant. The United States has become much more important--a fact that is brought out particularly when one considers the markets for products other than wheat and wheat flour. Third countries have also emerged as big markets for Canada's agricultural products.

The decline in the importance of the United Kingdom market partly reflects British balance-of-payments difficulties which have led to the curtailment of imports from Canada of a number of agricultural products formerly shipped in considerable quantities. But Canada's situation holds true of other suppliers--the British policy of government assistance to agriculture through guaranteed prices and subsidies has stimulated domestic production and meant less dependence on imports generally.

The United Kingdom remains Canada's biggest single market for wheat, taking shipments of wheat and wheat flour in 1956 valued at \$197.9 million. Other products for which the British market is of major interest to Canada are barley (exports in 1956 of \$37.1 million), oil cake and meal (\$20.4 million), flaxseed (\$19.8 million), and raw tobacco (\$12.8 million). Cheddar cheese and apple exports, for which the United Kingdom Government makes special dollar allocations and which were of much greater importance in prewar years, were valued at \$3.7 million and \$2.3 million respectively.

CHARACTERISTICS OF U.S. MARKET

The growth of the United States market for Canadian agricultural products has been aided not only by the high level of economic activity and the rise in the U.S. population but also (probably to a considerable extent not capable of measurement) by the tariff reductions made under the GATT.

The composition of Canada's agricultural exports to the United States varies considerably from year to year, depending on the relative supplies and prices in the two countries. If the price in the United States is high enough to cover the Canadian price plus duty and freight charges, a number of Canadian agricultural products will, in the absence of restrictions, move to the United States. The cattle and beef trade provides an illustration. In the years 1948 to 1951 Canada made very large shipments of cattle and beef to the United States--over 460 thousand head of cattle in both 1948 and 1951 and nearly 82 million pounds of beef in 1951. In 1956 exports of cattle totalled only 49,000 head valued at \$9.4 million and of beef 12 million pounds valued at \$3.3 million. For short periods in recent years Canada has actually been a net cattle and beef importer.