

"The Canadian manufacturing industry has a well-merited reputation for being far sighted in its outlook. In addition to the creation of new capacity, plants have been improved, new equipment, much of it automatic, has been introduced and research has received increasing emphasis. These activities have caused a significant rise in productivity with a corresponding fall in unit costs of production. Very heavy capital expenditures over the last decade have equipped the Canadian manufacturing industry to compete effectively in world markets. That expenditure is estimated to have been \$10 billion, half of which has been spent in the last four years. Heavy electrical machinery and equipment is being sold abroad in substantial quantities and our trade continues to reach well over one hundred foreign countries.

EXPORT TRADE

"The evidence is to be seen in the volume and the nature of our export trade. In 1958 fully or partially manufactured articles were sold abroad to the amount of \$3.2 billion. Recent sales of Canadian transport aircraft to the United States indicate success in that highly competitive field.

"The present Government has not been inactive in its desire to protect our manufacturing industry against unfair foreign trading practices and to promote the diversification of Canadian manufacturing as well as to assist our export trade. After careful consideration and full consultation with business and industry, the Canadian Government is proposing to provide new facilities which should enable Canadian exporters to compete on even terms with exporters from other countries, where they are competitive in other respects. The new powers proposed for the Export Credits Insurance Corporation are not as far reaching as some of the interested parties suggested, but they are considered appropriate to conditions in Canada at this time. Briefly, the proposal now before Parliament will amend the Export Credits Insurance Act to enable the Corporation, when authorized by the Governor-in-Council, to provide direct guarantees to lenders on approved export transactions. The amendment will also authorize the Corporation to buy, sell, and make loans on guaranteed export paper.

HOME MARKET

"In so far as the home market is concerned the Government has passed anti-dumping legislation designed to defend Canadian producers against certain foreign trade practices. The legislation provides that the value of imported goods for duty purposes shall not be less than the cost of production plus a reasonable allowance for selling cost and profit.

"The home market is vital for our manufacturers. It has always been and will remain

the most important for our industry. In 1958 manufactured goods purchased in Canada amounted in value to over 22 billion dollars. Of this total Canadian manufacturers supplied 81 per cent. The ability to supply such a large proportion of our domestic needs is of particular importance since the Canadian market is expanding more rapidly than that of any other industrialized country. By 1975 our population may reach 24 million and our gross national product is expected to exceed 53 billion dollars. In fifteen years the domestic market for Canadian manufactured articles will have almost doubled in volume and in value.

"In January I mentioned investment intentions of Canadian manufacturers and said at that time that these estimates which were based on a survey during the fall of 1958 were likely to be revised upward this year. This is proving to be correct. In response to better business conditions in Canada and abroad a new feeling of confidence is surging through the Canadian economy. Once again the tempo of new plant construction and the installation of new equipment is rising.

"The diversification of Canadian manufacturing is another field in which both industry and government have a part to play. Part of the emphasis that our Department is placing on investment in Canada is toward the development of manufacturing of lines not now produced in our country. Our imports of fully-manufactured articles exceed our exports by hundreds of millions of dollars annually. This is a fertile field for business enterprise and for national growth.

"Foreign investors are looking with increased interest to Canada. Information reaching me from our field men abroad and from foreign visitors indicates a keen awareness of the opportunities for successful investment, not only in established industries in Canada but in new enterprises. The Government will continue to stimulate the broadening of our industrial base.

"Government policy has been directed along several lines - the shielding of the domestic market against disastrous dumping practices, the sponsoring of trade missions abroad, the promotion of Commonwealth economic conferences, the steady development of our export trade by the maintenance of an active trade commissioner service in 45 foreign countries, the closest co-operation and consultation with our largest trading partner, the United States. These are the measures and the policy whose cumulative effect is evident in the maintenance of Canada's position as the fourth largest trading nation in the world. That position can be strengthened by continued effort and by close co-operation between government and business. The objective for both is the same - the development of Canada.

"The prospects for Canadian manufacturing in the future appear to be bright. One year ago the Prime Minister addressed your annual

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