

Exports of Canadian Produce, Twelve Months Ended September,

	1915. \$	1916. \$	1917. \$
The mine	55,428,149	77,436,746	80,598,252
The fisheries	21,362,398	23,274,772	24,993,156
The forest	47,241,070	53,952,950	52,989,554
Animal produce	86,179,377	111,331,332	157,415,287
Agricultural products	136,573,766	396,455,537	427,927,335
Manufactures	125,099,041	361,381,419	632,536,835
Miscellaneous	3,035,284	8,107,248	5,057,557
	474,937,085	1,031,940,004	1,381,517,976

This large volume of trade is abnormal and not upon a permanent basis. It is unlikely to continue beyond the duration of the war. It accounts for the prevailing prosperity in Canada, and has placed the country upon a strong financial basis, but it is well to remember that the figures are inflated by passing conditions. With the conclusion of the war we must seek more permanent sources of foreign trade.

Trade With United Kingdom

With the great increase in trade, the general tendencies of its volume have not changed. For many years, the United States has had about 60 per cent. of our import trade, but the United Kingdom has been our best market. We have been borrowing money in the United Kingdom and selling most of our merchandise there, but we have been buying the greater part of our purchases in the United States. During the fiscal year ended March, 1917, of our total imports valued at \$845,000,000, \$664,000,000 came from the United States and only \$107,000,000 from the United Kingdom. Britain's industries being mobilized chiefly for war purposes, her sales to Canada and exports generally have decreased. On the other hand, of total Canadian exports valued at \$1,179,000,000, we sold to Great Britain \$742,000,000 and to the United States \$280,000,000. The imports and exports of Canadian produce from and to these countries for the past four fiscal years are shown at a glance in the following table:—

Imports.		
Fiscal year.	United Kingdom.	United States.
1913-14	\$132,070,000	\$395,565,000
1914-15	90,157,000	296,632,000
1915-16	77,404,000	370,496,000
1916-17	107,096,000	664,219,000
Exports.		
Fiscal year.	United Kingdom.	United States.
1913-14	\$215,253,000	\$163,372,000
1914-15	186,668,000	173,320,000
1915-16	451,852,000	201,106,000
1916-17	742,147,000	280,616,000

The United Kingdom is therefore by far our best customer but we buy most from the United States. The sentiment in favor of stronger trade relations between the United Kingdom and Canada is growing as the war proceeds. British firms will undoubtedly give far greater attention to the Canadian market after the war. The Canadian people are more favorable to the removal of obstacles to British trade in Canada. There are, for example, rules regarding the valuation of packages, valuation for duties, bonding and warehousing, dumping, etc., which should be modified. This can be done with strict regard to the interests of Canadian manufacturers and with advantage to British trade here as against that of foreign countries. Canada has been in the war long enough to determine that enemy trade shall have little place here when peace comes.

The great increase in the exports of our manufactures is an indication of our productive and export power. The factory production in Canada last year is estimated at \$2,000,000,000. The exports of manufactures for the twelve months up to September, 1917, were \$632,000,000. Our export trade during war time has not been obtained under competitive conditions. War orders have been placed here as fast as we could absorb and finance them. To some extent, this may continue when war ceases but, so far as one can see, peace orders are not likely to be placed as rapidly, in so large a volume or at such high prices as is the case now. The time will come when trading nations will have to compete keenly for their foreign business. New markets will not be opened and old ones extended by the magic of legislative action. Legislatures may be able to help pave the road to greater trade but the manufacturer must push himself along the commercial highway. The work, in the aggregate, of individual manufacturers throughout the Empire, and not legislation, will prove the most serious obstacle to the progress of enemy trade after the war.

Changes in Industrial Position

The Senate Committee appointed last year to enquire into these problems may be able to gather much information but it is largely upon the individual and collective work of manufacturers and traders that a substantial export business can be maintained.

When we were worrying a year ago as to what our munition plants would do as soon as shells were no longer needed, shipbuilding did not appear in the forecasts. Last year, with the end of the war still in the uncertain future, we commenced to pass through one of the readjustment periods so much discussed. Production in certain sizes of shells ceased and in others was reduced. The first stage of the passing of the munitions industry, which was the mainstay of industrial activity in Canada through 1915, 1916 and 1917, was marked by a minimum of disturbance, because of the initiation of shipbuilding enterprises. Many of our basic industries have been suffering from a shortage of labor and can readily absorb part of the surplus from the munition plants, with advantage to themselves and to the country at large. It is highly satisfactory that this first step in the transition from the shell-making business to the ordinary industrial activities of the country is being accomplished, and is likely to continue for some time, on a scale so gradual as to be almost imperceptible in its effects.

If present plans with respect to the building of ships, both wooden and steel, continue to expand, there is every prospect that the shell-making industry may be replaced in due time by another industry in which activity will continue long after the war ends. Its future, when peace comes, must depend largely on the efficiency which Canadian plants develop in the interval. Last year, we received orders from Great Britain for over \$46,000,000 worth of ships. The passing of the munitions industry in Canada, however, will be delayed by the receipt of substantial orders by Canadian plants from the United States for shells.

Industrial concerns generally have placed themselves in a strong financial position during the past three years. Large earnings have been used to reduce obligations and to build up working capital, several companies, for example, having redeemed their outstanding bonds which were not due for several years.

Our agricultural production can be maintained largely by the proper selection and direction of immigration.