



STATEMENTS AND SPEECHES

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No. 51/36 RECENT DEVELOPMENTS IN CANADA'S FOREIGN TRADE

An address by the Deputy Minister of Trade and Commerce, Mr. W.F. Bull, made to the Canadian Exporters Association, at Montreal, on September 20, 1951.

One of the most interesting and significant developments which has taken place in Canadian foreign trade in recent years has been the changing pattern of our exports. Canada has traditionally sold about 65 per cent of her exports in overseas markets, the other 35 per cent in the United States. In 1950, and so far into 1951, this pattern has been exactly reversed. The redirection of exports points up some of the profound changes which have taken place in the world economy since the Second World War.

How can we account for this changed pattern? In the first place it is a reflection of the power and expansiveness of the American economy. Secondly, since the increase in the United States buying is mostly in products of the forest and mine, it reflects the demand for raw materials and the depletion of United States natural resources. These resources were used up very rapidly in the United States during the Second World War. They have continued to be used up at almost as great a rate up to the present. Under these circumstances Americans have had to look increasingly to other countries for supplies of many of the materials which they were formerly able to produce in sufficient quantities in their own country. The impact of this American demand has been the primary reason for most of the recent large-scale resource development which has taken place in Canada. It is reasonable to expect that this American demand will continue and indeed be enlarged during the next few years providing the United States economy remains vigorous.

A third reason for the redirection of Canadian exports to the United States has been the lowering of American tariffs since the war. It is true that many of the Canadian materials exported to the United States (about two-thirds of our total exports to the United States on the eve of the Geneva tariff negotiations of 1947) have for many years entered the United States free of duty and only 33 per cent had to surmount the U.S. Tariff. At Geneva (1947), Annecy (1949) and Torquay (1951) the Canadian delegation to the General Agreement on Tariffs and Trade have been able to obtain further extensive reciprocal tariff concessions from the United States and we have also benefited by the concessions obtained by others. In 1950 about 42 per cent of the imports from Canada fell into the dutiable category. This reflects the diversification of American imports from Canada. It is also important to notice here that if a tariff rate is specific, i.e., applied to a unit of quantity, it is of decreasing consequence as prices rise. Almost all of the major tariff concessions which the United States is able to offer Canada and which the President is empowered to make under the Reciprocal Trade Agreements Act, as it now stands, have been granted. In these circumstances, the possibility of further tariff negotiations under the present