Nearly one year has elapsed since the Government announced its emergency exchange programme. What have we been able to achieve so far? The drain on our United States dollar reserves has been stopped. There has been a modest increase in those reserves. This is in spite of an unprecedented capital investment programme for industrial development, which involves a substantial U. S. dollar content.

"How has this been accomplished? Comparing the first seven months' trade this year with last year, total exports of merchandise advanced from 1,585 million dollars to 1,670 million dollars, an increase of about 6%. As far as our U.S. dollar reserves are concerned, the important matter is the shift in our exports to the U.S. During this period, Canada's exports to the U.S. increased by 200 million dollars, while our exports to other countries decreased by 115 million dollars. On the import side, during the first seven months of this year our total imports increased from 1,485 million dollars to 1,505 million dollars. However, imports from the U.S. fell from 1,150 million dollars to 1,045 million dollars, a drop of about 9%. At the same time, our imports from other countries increased from 335 million dollars to 460 million dollars, an increase of 38% showing the good results of our efforts to obtain supplies that do not have to be paid for in dollars. The figures speak for themselves. They reflect the immediate and successful response of industry to the challenge presented by our exchange problem."

Administration of Schedule III of the Emergency Exchange Conservation Act has resulted in a postponement of a number of major private capital investments, largely in the field of office buildings. It has also resulted in postponement of Federal public works, and, to a lesser extent, of Provincial and Municipal public works. Unfortunately, we have very little influence with regard to the latter expenditures. The administration has been successful in replacing a large volume of imports by Canadian products. The restrictive provisions of the Act have been introduced only after consulation with the industries affected, the purpose being to avoid unnecessary interference with industry. These conferences took time, with the result that the full impact of the restrictions are only now being felt. Larger savings in U. S. dollar imports should be recorded during the remainder of this year.

I wish to emphasize that U. S. dollar-saving is only one of the objectives of Schedule III, which is also intended to promote industrial growth in the most constructive possible way. The latter is being accomplished. New industries have been established in Canada that will continue to develop and integrate our economy. In that way, we are obtaining permanent results that will tend to make possible an early lifting of artificial controls. I feel confident that we are effecting a permanent correction of our balance-of-payments difficulty.

Important new discoveries are helping the situation. The Leduc oil fields promise to contribute over 100 million dollars a year in savings of dollar expenditures for petroleum. Development of titanium deposits in Northern Quebec will constitute another important source of U. S. dollars. Major investments for refining petroleum in Canada is a step in the same direction. The production of chemicals within Canada, such as glycerine, glycol and acytelene black; soaps, detergents and other drug and toilet preparations; adhesives, resins and plasticizers; cellulose sponge; extracts and essential oils, etc., are all contributors to the improvement in our balance of payments. Further processing of raw materials such as copper and asbestos will help. A number of our manufacturers are finding it possible to manufacture in Canada products that can be sold in world markets, including the U. S. A few of our branch plants have been able to persuade their parent companies to manufacture in Canada certain items which can be sent to the U. S. and to all other foreign markets.