

import more goods and services as a means of payment, and every facility must be extended by the Government at all times to maintain a flow of commerce in both directions. Our exports in 1952 exceeded \$4,350 millions, being mainly pulp and paper, wheat, raw materials and animal products. The value of our imports for 1952 themselves exceed \$4,000 millions, being mainly iron and steel products, non-metallic minerals, vegetable products, textiles and chemicals. Canada's volume of two-way trade places her among the great trading nations of the world. She has replaced France today in third position after the United States and Great Britain.

Canada's exports in recent years have, however, been largely primary and semi-manufactured products. The United States and the free markets of Latin America continue to take the largest proportion. In the sterling area exports to the United Kingdom have been largely primary products shipped by Canadian Government agencies to the British Government, in other words, through the medium of state trading. The growth of trade, currency and quantitative restrictions, particularly in the sterling area, has amounted almost to a prohibition of the export of a vast range of Canadian manufactured goods to the sterling area, the widest trading area in the world. The Canadian Chamber of Commerce, in its declared policy on International Trade Relations, feels strongly that continued governmental and private efforts must be made through all channels to promote a return to multilateral trade, a free flow of capital throughout the world and free convertibility of currencies. Experience with governmental trade restrictions and state trading since the end of World War II indicates clearly that international trade, like domestic trade, is best conducted when it is left in the hands of those most experienced in and closest to the business of trade—the businessmen themselves. Government quotas, restrictions and ventures into trading can never substitute for the full and natural growth of trade developed by private traders. Such restrictions increase the cost of imports to a country because they force the importing country to buy its goods from less attractive and usually high cost sources.

This is a critical year for Canada's foreign trade. While there has been an encouraging increase in the gold and dollar holdings of the sterling area, the balance of payments problem in most non-dollar countries is a long way from solution. Chancellor R. A. Butler of the United Kingdom has already announced that no solution is in sight this year. The British government's economic survey for 1953, published on March 30th last, emphasizes that British living standards can only be maintained by more production and more exports. In place of a deficit of 400 million pounds in 1951, the United Kingdom produced a surplus of one hundred and seventy million pounds in 1952, excluding one hundred and twenty-one million pounds of defence aid. It is estimated that to meet overseas commitments in 1953, Britain must earn a surplus of three hundred to three hundred and fifty million pounds. The gold reserves of the sterling area, now at a level of \$2,000 million are still not adequate for comfort or safety.

Dollars available to the sterling area for direct United States aid will be materially less in 1953-54. In the absence of a solution which, as already stated, Mr. Butler has said is not in sight this year, Canada must always run the risk of having its overseas trade reduced still further not only by further government quotas and restrictions but also by the development of local industries within the sterling area not always economic to replace goods at present purchased from dollar sources.

This is a year of great importance in terms of Canada's trade relationship with the United States. The United States Congress must deal with the American Reciprocal Trade Agreements Act which lapses in mid-June. The outcome of President Eisenhower's recommendation to Congress that this legislation be extended and studied is vital to all countries trading with the United States, particularly Canada. It will be appreciated that the value of