

savings to exporters in overhead, an example of which is cable expenses. Our cable traffic with customer countries is today a very small proportion of what it was prior to marketing group operations.

(4) Power of Fisheries Board to negotiate contracts. During the past ten years, we have been able to make considerable use of this power and have negotiated contracts notably with relief agencies, such as Red Cross, UNRRA, U.S. Army, for quantities of fish running into many millions of dollars. This business would have been impossible if these organizations had to deal with individuals. It is probable that the opportunity to make such contracts will continue for some years and the preservation of this power is therefore of considerable importance.

(5) During the past ten years, the Board has also, at the request and in the interest of packers, negotiated sales of the Newfoundland Scotch Cure herring pack.

(6) Freight rates on Canadian shipping should be studied, particularly to the West Indies. It is quite possible that Newfoundland will benefit from the extension to this country of treatment regarding rates which we believe is accorded by Canada to some of the Maritime Provinces.

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X. *European sales.*

The making of definite arrangements for continuance of sales to Europe of Newfoundland codfish is a matter of great urgency. Of an average catch of a million quintals, approximately half of this quantity must be sold in southern European markets such as Portugal, Spain, Italy and Greece. Such markets, under normal conditions, are regarded as "Sterling" markets, since all these countries trade extensively with the U.K. and Sterling has, up to 1947, been convertible to Canadian dollars. The 1947 position may be regarded as an abnormal one.

Even during periods when exchange difficulties were experienced between the U.K. and some European markets, and Trade and Payments Agreements had to be resorted to, Newfoundland fish was included. This was done in the case of both Spain and Italy and was possible because of the relationship existing and the responsibility which the U.K. felt towards Newfoundland. [...] Newfoundland's case in this matter cannot be too strongly put; if we are to lose our European sales, our production of salted codfish must be halved. This would bring about a condition of extreme poverty to thousands of our fishermen. The difficulty we are likely to experience in discussing this matter with Canada is that she will be asked to accord to Newfoundland fish, relief which she is not extending to the fish of other sections of the Dominion or to other commodities. One argument which can be used is the fact that the Newfoundland area has produced and should continue to produce a respectable surplus of U.S. dollars which are turned over to Canadian exchange control and help in some measure to make up the deficit of other parts of the Dominion. If imports into Newfoundland from U.S.A. decrease through wiping out of the existing customs tariffs between Canada and Newfoundland, our favourable dollar balances should be increased.