

TRADE WITH COUNTRIES OTHER THAN U.S. AND U.K.

There is considerable misgiving that the United Kingdom may have impoverished itself so greatly by its war effort that it will be unable to continue to buy from the dominions as readily as in the past. This accentuates the importance of Canada's trade with other foreign countries, for although such trade has always been limited, Canada is anxious to keep it intact and increase it if possible in the post-war era.

Many (if not almost all) countries outside the actual theatres of war, which in the past were largely dependent on imported consumer goods, have in recent years become much more industrialized, just as Canada itself has increased its productivity enormously along this line during the war. This development may affect Canadian trade in certain lines, but it may merely result in a change in its character rather than in a decrease. For example, if it is impossible to resume Canada's trade in rayon in a given market, the trade commissioners may be able to replace it by exports of pulpwood, possibly on an even larger scale.

Before the war Canada carried on a small but satisfactory trade with Latin America, South Africa, India, Australia and New Zealand, but because of difficult conditions of shipping and supply this normal peacetime trade in civilian goods has necessarily been reduced. Secondary industries have accordingly been developed to meet the wartime need in each of these countries, although it is uncertain how many of these new efforts will continue after the war under normal peacetime competition.

Many of them will not be able to compete with Canada and other industrialized nations unless they are given a high degree of protection, and it cannot be said at present what the tariff structure of other countries will be. Another consideration of importance is that, without the means of keeping abreast of world research in new materials, methods, designs and processes, a good many of the products may become obsolete immediately the effect is felt of the great advance which has been made by such countries as the United Kingdom, the United States and Canada in technique and materials. The purchasing power of several markets has increased materially as a result of the war, and the peoples concerned will be able to buy better quality goods of the type made in Canada, rather than be encouraged, if not forced by financial considerations, to accept the cheaper and poorer quality as formerly offered by Germany and Japan.

Industrialization abroad has had an undoubted effect on Canadian trade based on pre-war standards. Canada may have to export semi-manufactured goods in some cases, rather than the finished products. As against this, however, the skill and ingenuity of Canadian science and workmanship may enable Canada to continue its trade in the forthcoming difficult years of transition.

MERCHANT MARINE

During the war Canada has attained the rank of third greatest trading nation in the world and has developed a ship-building industry which may have a bearing on the future of its external trade. The question has now arisen as to whether it should have a merchant marine fleet operating after the war to protect and foster this trade and to provide shipping requirements for national security.

Canada normally exports to world markets a high proportion of low-cost heavy-bulk goods on which freight rates are of primary importance. The possession of a merchant marine would ensure consultation, indeed an effective voice, in the formation of international shipping control arrangements.

In September, 1939, Canada had 14 fairly large shipyards and 15 smaller boat-building establishments and employed fewer than 4,000 men in the construction of merchant vessels. At the peak of its shipbuilding program, in the summer of 1943, there were 25 major and 65 smaller yards in operation, with 75,500 men and women at work in them.