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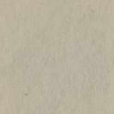
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DEPARTMENT OF COMMERCE



UNITED STATES OF AMERICA

COMMERCIAL AND TRADE AGREEMENTS
OF CANADA

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3rd SESSION, 17th PARLIAMENT, 22 GEORGE V, 1932

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THE SENATE OF CANADA



REPORT

OF THE

STANDING COMMITTEE

ON

COMMERCE AND TRADE RELATIONS
OF CANADA

The Honourable J. S. McLENNAN, Chairman.

OTTAWA
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1932

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THE SENATE OF CANADA



REPORT

THE STANDING COMMITTEE OF THE SENATE
ON COMMERCE AND TRADE RELATIONS OF CANADA

MEMBERS

The Honourable John S. McLennan, Chairman.

The Honourable John Lewis.

The Honourable John McCormick.

The Honourable John McLean.

The Honourable Philippe J. Paradis.

The Honourable Daniel E. Riley.

The Honourable Frederick L. Schaffner, M.D.

The Honourable John Stanfield.

The Honourable Joseph M. Wilson.

The Honourable J. S. McLennan, Chairman.

ORDER OF REFERENCE

EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE
SENATE OF CANADA, TUESDAY, 19th APRIL, 1932

The Honourable Senator McLennan called the attention of the Government to the advisability of placing before the people of Canada information in regard to the Trade and Commerce of the country at the present time; the organization which the Government has for promoting this trade with foreign countries, and the steps being taken in preparation for the Imperial Economic Conference, and moved—

That these matters be referred to the Standing Committee on Commerce and Trade Relations of Canada.

Debated, and—

Ordered accordingly.

ORDER OF REFERENCE
EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE
SENATE OF CANADA, THURSDAY, 19th APRIL, 1932

The Honorable Senator McKeown called the attention of the Govern-
ment to the extracts of papers before the people of Canada information
in regard to the Trade and Commerce of the country at the present time; the
organization which the Government has for promoting the trade with foreign
countries, and the steps being taken in preparation for the Imperial Economic
Conference and moved—

That these matters be referred to the Standing Committee on Commerce
and Trade Relations in Canada.

Debated and—

Ordered accordingly.

MONDAY, May 23, 1932.

The Standing Committee on Commerce and Trade Relations of Canada beg leave to present their third Report, as follows:—

Your Committee has selected from the wide terms of its reference certain matters which could be taken up with some degree of thoroughness in the time at its disposal.

IMPERIAL ECONOMIC CONFERENCE

Your Committee would like to say that it finds a widespread interest in this matter, and particularly as to the preparation of Canada in the way of acquiring and classifying the information necessary to enable its representatives to discuss the many and complicated questions which will come before the Conference.

It will be seen by the evidence of the Canadian Chamber of Commerce and the Canadian Manufacturers' Association, that much is being done in this way of preparation; and while the Government of Canada has, as yet, made no statement of its program, and the personnel which will carry it out, your Committee has reason to believe that Committees covering the whole field are now at work in an effort to make the preparation of Canada fully equal to the requirements of the negotiations which will take place at the Conference.

Evidence taken by your Committee shows that Canadian Corporations have been active in preparing information for the representatives of Canada in the Conference, and that this information is being prepared with a recognition of the fact that all exchanges must be in the fullest sense reciprocal.

Your Committee was also impressed with the evidence given by Mr. Birks as to the desirability of stabilizing exchange throughout the Empire by some means other than a uniform Empire currency.

OTHER AGENCIES

In a time of great and world-wide depression, people are apt to forget what Canada has achieved. Being in population only the twenty-fifth country in the world, in international trade it has risen to be the fifth or sixth. Its volume of trade, with a population of but ten millions, equals that which the United States had when its population had reached seventy-five millions. The sub-joined table will illustrate the expansion of this trade during the present century.

EXPORTS

Year	Raw Materials	Partly Manufactured materials	Fully or chiefly Manufactured materials	Total Exports
1900..	\$ 70,066,372	\$ 29,946,564	\$ 68,959,365	\$ 168,972,301
1931..	305,180,917	142,452,920	352,108,830	799,742,667

IMPORTS

Year	Raw Materials	Partly Manufactured materials	Fully or chiefly Manufactured materials	Total Imports
1900..	\$ 42,958,473	\$ 18,315,158	\$ 111,378,045	\$ 172,651,676
1931..	216,507,083	68,658,172	621,447,440	906,612,695

It, therefore, seemed desirable to examine the machinery by which the Government has assisted this development, and the work of other agencies directed to the same end. Your Committee has taken evidence from the representatives of:—

The Department of Trade and Commerce,
The Canadian Chamber of Commerce,
The Canadian Manufacturers' Association, and
The Department of Agriculture.

Your Committee places on record their recognition of the fullness of the information on which the witnesses drew, the readiness with which that knowledge was made available, and the evidence of the harmonious co-operation of these agencies.

The evidence of all our witnesses was so informative that a synopsis can give little more than headings of the subjects dealt with. It is, therefore, recommended that those interested supplement our brief statement with the evidence of the witnesses.

THE DEPARTMENT OF TRADE AND COMMERCE

The Department of Trade and Commerce (represented by Mr. J. G. Parmelee, Deputy Minister; Mr. L. D. Wilgress, Acting Director of Commercial Intelligence Service; and Mr. R. H. Coats, Dominion Statistician) has a well organized system of (1) securing information as to possible markets; (2) conveying that information to possible shippers in Canada, and (3) bringing Canadian products before possible buyers in foreign countries. These services are provided through three main branches of the Department, viz., (a), the Publicity Department, (b) the Dominion Bureau of Statistics, and (c) personal contact through the Trade Commissioners abroad.

(a) In the main the work of the Publicity Department consists of advertising and arranging for displays at exhibitions and in shop windows, especially in the United Kingdom and on the Continent of Europe. All these activities are administered from Ottawa, but the immediate control is under the High Commissioner in London, or the Minister in countries where there is a Canadian Legation. The Department also publishes the Commercial Intelligence Journal, and compiles directories of Canadian exporters and British and foreign importers, as well as maintaining a Foreign Tariffs Division which is kept well up to date. It also operates a Motion Picture Bureau, the work of which has greatly increased in importance, as witnessed by the fact that at the close of 1931 it had 4,318 films in circulation as against 550 in 1920. This Bureau works in co-operation with the provincial governments of Canada when requested.

(b) The system of collecting and interpreting the trade statistics of the Dominion was ably presented to your Committee by Mr. R. H. Coats. Your Committee, however, while impressed with the efficiency of this service, concur in the suggestion strongly recommended by Mr. Coats as to the obvious desirability of publishing statistical data with regard to the trade of other countries, which is not done at present, owing to the expense involved, although this data is collected by the Bureau. As an example of what such statistics would reveal, the apple imports of Germany are cited, showing that of some \$12,000,000 worth of apples imported annually into Germany, only about \$4,000 worth came from Canada. A study of German trade returns would show the countries with which we might compete. Evidence given before your Committee also shows that some slowness has been shown by the public in taking advantage of the informa-

tion secured by the Bureau of Statistics; however, an increase of 40 per cent in inquiries addressed to the Bureau during the past year would indicate that the public is gradually becoming cognizant of the services at their disposal.

(c) Trade Commissioners.—Young men enter the service as Junior Trade Commissioners, after graduation from a University of recognized standing, and written and oral examination by the Civil Service Commission. They are held in Ottawa for some months' training before being promoted to Assistant Trade Commissioner, and later to full Trade Commissioner, as vacancies occur; from time to time Trade Commissioners are brought back to Canada in order that they may keep in touch with industrial conditions and developments.

It has been made clear to your Committee that in the Department of Trade and Commerce, Canada possesses a world-wide organization by which every prospective buyer of Canadian goods can be put in touch with Canadian producers, that the Canadian exporter can get full information about foreign markets, and that the results obtained by our relatively small staff compare favourably with those obtained by countries making greater expenditures to the same ends. They believe, however, that it is very desirable that the efforts of Trade Commissioners to make personal contacts in the countries where they are placed should not be hampered by inadequate grants for travelling and entertaining. When circumstances permit such allowances to be increased, your Committee would recommend that this be done, but that such expenditures be very thoroughly and promptly audited at Ottawa, and their value measured by the results obtained. The system, as far as it goes, seems excellent, but it is thought that the vacant position of Inspector of Trade Commissioner Services, for which provision is made in the Estimates, should be filled. As difficulty has been experienced in obtaining Trade Commissioners who, in addition to their requisite qualifications, were able to speak the language of the countries in which they were placed, your Committee further recommend that an endeavour be made to encourage the study of foreign languages by men desiring to enter the service as trade representatives abroad.

In the opinion of your Committee it is desirable that where possible the office of the Trade Commissioner should be located in the same building as the Legation, in countries where there is a Minister. It is pointed out that such an arrangement, with no probable loss, and with some economy, could take place in Paris.

It may also be noted that the officials of the Department recognize that direct lines of steamships, and frequent sailings, are of prime importance to Canada's export trade.

THE CANADIAN CHAMBER OF COMMERCE

This organization was represented before your Committee by Messrs. W. L. McGregor, President; W. M. Birks, Past President, and Vice-President of the Federated Chambers of Commerce of the British Empire, and W. McLeod Clarke, Secretary. It is composed of 212 affiliated Chambers of Commerce and Boards of Trade, extending from coast to coast, which are being visited by representatives of the head organization, and are submitting to it replies to the questionnaire recently sent out (a copy of which was handed to your Committee) dealing with general principles and the trend of business opinion. These replies will be analyzed and submitted to the Government in full time for the Conference. Manufacturers throughout the country are said to have already made considerable research in their own departments to see what goods now being imported could be bought in this country, as well as to ascertain what foreign imports

could be diverted to Empire channels. In this connection Colonel W. L. McGregor stated "We have tried to stress this point; that when we go to the Conference we must be buyers as well as sellers."

The activities of the Chamber of Commerce in the organization of foreign trade missions to the West Indies, London, Japan and China, and South America, was outlined to your Committee by Mr. McLeod Clarke. These missions are composed of prominent Canadian business men who paid all their own expenses in connection with them, and established many valuable business contacts.

CANADIAN MANUFACTURERS' ASSOCIATION

This organization is active and energetic in its efforts to expand Canadian trade at home and abroad. It was represented before your Committee by its General Manager, Mr. J. E. Walsh, who was very appreciative of the close harmony and co-operation existing between the Trade Commissioners and the representatives of the Association abroad. Its researches cover transportation, tariff, insurance, trade, industrial relations, commercial interviews, legal questions, etc., and it pays particular attention to arranging exhibits of Canadian produce at Fairs and Exhibitions in which work it also receives close co-operation from the Department of Trade and Commerce.

Among its publications are a magazine called "Industrial Canada" and an annual called "The Canadian Trade Index", which is printed in English, French and Spanish, and is distributed in large numbers free and also sold at actual cost to the Department of Trade and Commerce for distribution through the Trade Commissioners.

Appreciation has also been shown by this Association of the value of educational work among young people, particularly in connection with the University of Toronto. Last year, in co-operation with the Commercial Intelligence Branch of the Department of Trade and Commerce, a series of free lectures on such subjects as invoicing, pricing, exchange, tariffs, packing, etc., was given at the Toronto Technical School. A striking feature was the uniform attendance throughout the course.

BEEF, BACON AND BARLEY

The evidence given by the officials of the Department of Agriculture (namely The Honourable Robert Weir, P.C., Minister, and Messrs. G. B. Rothwell, Live Stock Commissioner, and L. H. Newman, Dominion Cerealist), and our colleagues, Senators Burns and Riley, indicate the difficulties of establishing what is in reality a new trade. An established trade requires an adequate and regular supply, a market which will absorb that supply, and proper facilities in the way of transportation. In the cattle export trade, while the quality of our beef cattle is excellent, that trade has suffered from two causes, (1) uncertainty of supply at the times it is necessary to arrange for ocean tonnage, and (2) certain regulations which our shippers claim are onerous, expensive, and unnecessary, and give an undue advantage to our chief competitor, the Irish Free State. For example, British regulations require cattle from Canada to remain on the feed lots for twenty-eight days; those from the Irish Free State only six days. This gives the buyer of Irish Free State stock the advantage of turning over his capital four times in the period of one transaction had he selected Canadian cattle. With the present low prices there is no inducement to increase herds, with no reasonable prospect of selling them at a profit, but if the connection with the British market is to be retained, the expense and risk of keeping that connection alive should not fall on the individual shipper. Your Committee

trust that some arrangement, through a Pool, or a Marketing Board, may be devised which would equalize the risk and keep alive a connection which, in the coming time of revived business activity, would provide a valuable outlet.

The same may be said of Bacon.

The Committee are pleased to note a growing demand for Canadian Barley by British brewers, who have found our product suitable for blending with the English barley in the malting of light beer which is rapidly gaining favour in Britain. It would appear from evidence given by Mr. Newman that the place of growth is of more importance than the variety for this purpose, and experiments carried out by the Department of Agriculture have shown that the soil of Prince Edward Island, and the Swan River district of Manitoba, is particularly suited to the quality of barley required. Efforts are being made to capture some of this trade, now going to California, but as British brewers will not trade unless a sufficient and continuous supply of uniform quality is forthcoming, your Committee recommend that every encouragement be given to the growing of barley in Canada and the fostering of this trade.

The Committee recommend that 600 copies in English, and 200 in French, of this Report be printed for general distribution.

All of which is respectfully submitted.

J. S. McLENNAN,
Chairman.

(NOTE.—The evidence of witnesses in typewritten form is on file with the Chief Clerk of Committees, The Senate, Ottawa.)

that some arrangement, through a Pool or a Marketing Board, may be devised which would stabilize the price and keep alive a connection with the coming time of revived business activity, would provide a valuable outlet.

The same may be said of Bacon.

The Committee are pleased to note a growing demand for Canadian Bacon by British brewers, who have found our product suitable for blending with the English variety in the making of light beer which is rapidly gaining favour in Britain. It would appear from evidence given by Mr. Newman that the place of growth is of more importance than the variety for this purpose, and experiments carried out by the Department of Agriculture have shown that the soil of Prince Edward Island, and the Swan River district of Manitoba, is particularly suited to the quality of barley required. Efforts are being made to capture some of the trade now going to Scotland, but as British brewers will not trade unless a sufficient and continuous supply of excellent quality is forthcoming, your Committee recommend that every encouragement be given to the growing of barley in Canada and the fostering of the trade.

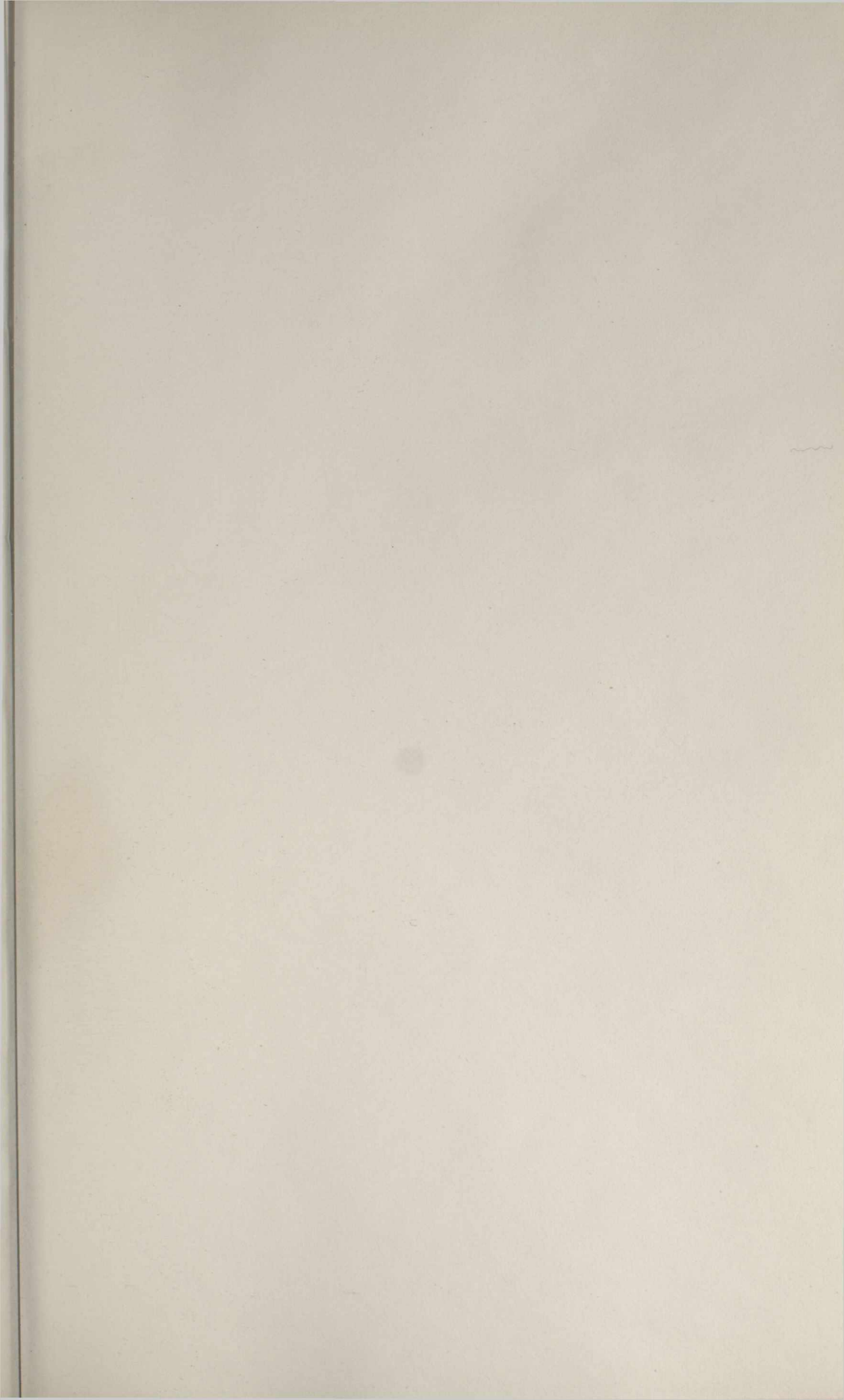
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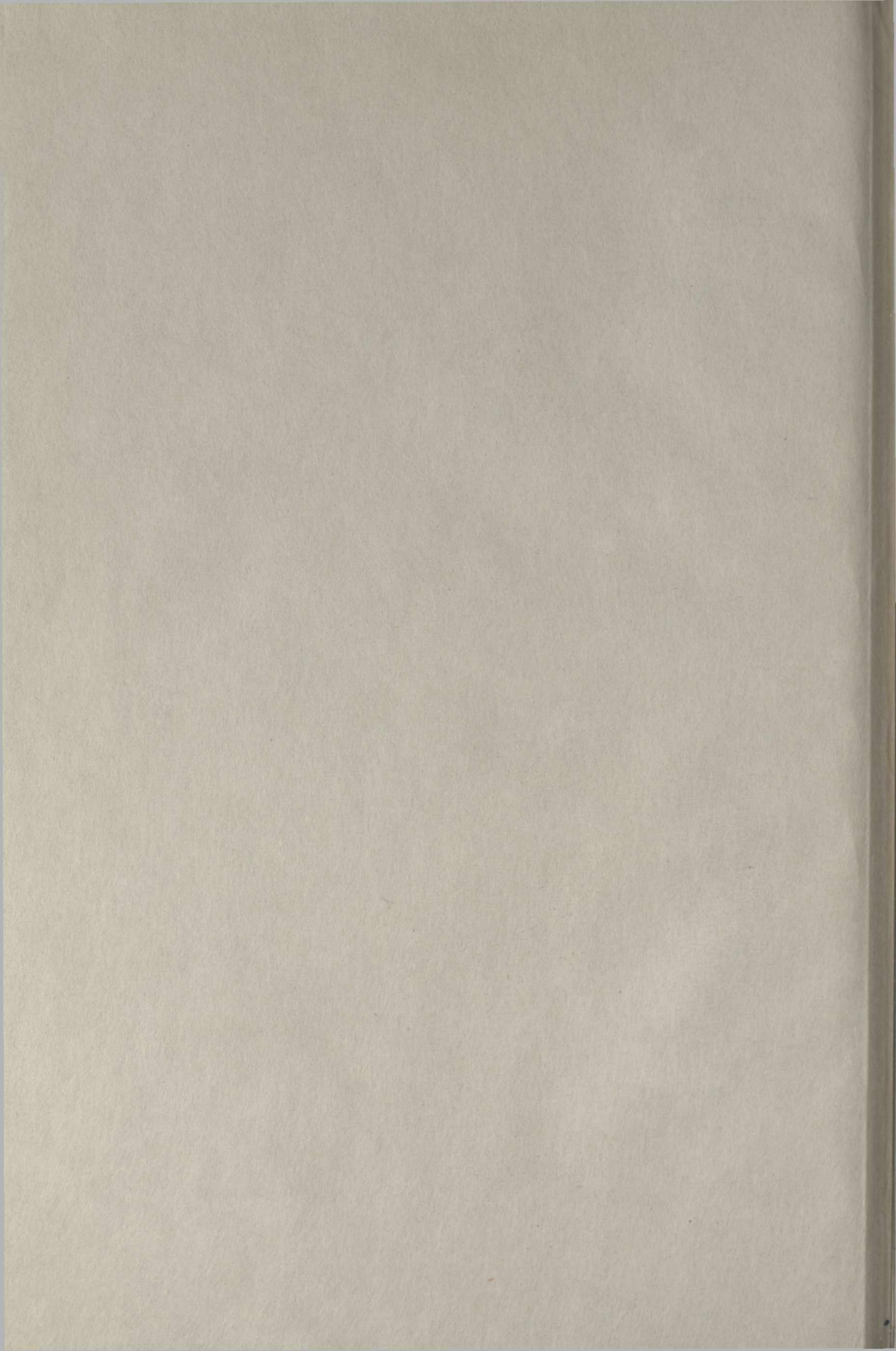
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A. S. McLENNAN

Chairman

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