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CANADA'S TRADE WITH COMMONWEALTH

(An article by R.R. Parlour, of the Foreign Trade Service, Department of Trade and Commerce, in "Foreign Trade", March 30, 1957).

British Commonwealth countries provided a billion-dollar market for Canadian goods in 1956. Canada's exports to the Commonwealth last year gained about 5 per cent over the 1955 figure and reached a value of \$1,056 million--more than one-fifth of total Canadian exports and over half our exports outside North America. The greatest relative increases occurred in exports in Pakistan, the Union of South Africa, and the British West Indies, although the gain of \$44 million in shipments to the United Kingdom was the largest in absolute terms. Almost the only declines came in exports to Australia and New Zealand.

On the import side, 1956 brought a 16 per cent increase in Canada's purchases from the Commonwealth, largely because of larger shipments of manufactured metal and textile products from the United Kingdom and a growing movement of bauxite and alumina from Jamaica and British Guiana to smelters in Canada. As in previous years, most of Canada's sugar imports came from the British West Indies, Mauritius, and other Commonwealth countries.

MAIN MARKETS FOR CANADIAN GOODS

Nearly every category of Canada's exports to the United Kingdom in 1956 showed increases; the chief gains were in wheat, iron ore, aluminum and other metals, newsprint, drugs and chemicals, and canned salmon. However, there was a substantial drop in lumber sales

as United Kingdom imports of softwood lumber from all sources declined, and stocks were consumed. Exports to South Africa were helped by the prosperity in that country, as well as by the absence of discriminatory controls against dollar imports. However, much of the gain resulted from a large sale of jet aircraft, an item which was not exported to South Africa in 1955. At the same time, there was a rise in sales of newsprint but some falling-off in lumber shipments.

Among the British West Indies markets for Canadian goods, British Guiana and Jamaica made the greatest gains during 1956. British Guiana's imports of Canadian flour increased sharply and purchases of Canadian potatoes, animal feeds, tobacco, fish, machinery and paint also went up. Jamaica increased her purchases of flour, fish, tobacco, automobiles, and machinery for the bauxite mining industry. The sharp gain in exports to Pakistan was occasioned principally by the provision of aid under the Colombo Plan and the main increases were in exports of contractors' equipment, locomotives, radio apparatus and wheat.

SALES "DOWN UNDER"

Exports to Australia and New Zealand were smaller than in the previous year but there are indications that the setback is temporary, and that the trend is still upward. Severe import restrictions maintained by Australia in

(Over)

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1956, plus uncertain business conditions, were largely responsible for the drop in Canadian sales to this market. However, Australia's balance of trade has shown marked improvement and prospects for the current year appear favourable. Principal Canadian exports to Australia in 1956 were motor cars and parts, lumber, newsprint, aluminum, asbestos, drugs and chemicals. The drop in Canadian sales to New Zealand was moderate, as locally produced newsprint and paper products began to displace imports from Canada and credit restrictions put a damper on imports of capital goods and lumber. But New Zealand's domestic economy and foreign trade appear to be healthy and prospects are for a gradual removal of import restrictions against dollar goods.

CHARACTERISTICS OF COMMONWEALTH TRADE

There is one aspect of Canada's trade with the Commonwealth which makes it even more important to us than the billion-dollar export total suggests. That is the relatively high proportion of manufactured goods among Canada's exports to the Commonwealth, particularly to those members other than the United Kingdom. The United Kingdom purchased a wide range of goods from Canada, but with the emphasis on raw materials such as wheat, metals, iron ore and wood pulp. In contrast, other Commonwealth markets took a greater proportion of manufactured goods, including such major items as automobiles and trucks, aircraft and locomotives.

Commonwealth markets absorb a wide variety of manufactured goods from Canada and, although purchases of each may be relatively small, the aggregate represents important export business for many Canadian manufacturers. This trade includes such varied exports as the sale of machinery to the United Kingdom, farm implements to British East Africa, gas engines to Mauritius, watches to the Federation of Rhodesia and Nyasaland, synthetic resins to the Union of South Africa, chemicals to Ghana, pneumatic tires to Ceylon, fountain pens to Malaya and Singapore, whisky to Bermuda, textiles to British Guiana, canned and pickled meat to Barbados, paint to Jamaica, files and rasps to Trinidad, and iron pipes and tubes to Australia. Import restrictions imposed by Commonwealth countries in the post-war years have weighed particularly heavily on manufactured goods from dollar countries, but in spite of this obstacle, Canadian manufacturers have maintained a sizeable interest in these markets. If the current trend towards trade liberalization in the sterling area continues, manufactured goods should be the category of Canada's exports to reap the greatest benefit.

One other important feature of Canada's trade with the Commonwealth is that it makes for diversification and balance in her world trading patterns. The Commonwealth link and the existence of preferences in several Com-

monwealth countries give Canada an opportunity to build up her trade not only with the United Kingdom and other senior members of the Commonwealth but with a number of new and fast-growing countries--such as the Federation of Rhodesia and Nyasaland, Ghana, Nigeria, the British West Indies and British East Africa. Commonwealth countries carry on about 30 per cent of the world's trade and Canada should look forward to continued participation in this far-flung commerce.

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NRC SCHOLARSHIPS: The National Research Council of Canada has granted 270 scholarships for 1957-58, with a total value of \$369,200. These scholarships include 74 bursaries worth \$800 each and 135 studentships worth \$1,200 each. All of these are to be held in Canada.

Special scholarships awarded for study abroad include 41 awards worth \$2,000 each. These special scholarships are to be held in the following countries: 19 in the United States of America, 19 in the United Kingdom, and 3 in Sweden.

Twenty post-doctorate overseas fellowships, valued at \$3,500 for married and \$2,700 for single fellows, have been granted for work in the following countries: 9 in the United Kingdom, 4 in France, two in Germany, and one each in Belgium, Denmark, Holland, Israel, and Switzerland.

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OVERSEAS TOUR: A group of 35 students and members of the directing staff of the National Defence College, Kingston, Ont., have started a 53-day tour of the United Kingdom and Western Europe, it has been announced recently by the Department of National Defence.

The group will spend 15 days touring the United Kingdom and the remaining period visiting Norway, Sweden, Denmark, Western Germany, Yugoslavia, Italy, France and Luxembourg. They will return to Ottawa on May 25.

The purpose of the tour is to give the students a balance in the academic knowledge gained during the course by an "on the spot" examination of the political, economic and strategic importance of the areas to be visited.

The tour will provide an opportunity to hear lecturers who are not available in Canada and who are recognized authorities in their own particular field.

The party includes senior officers from the three services and officials from government departments attending the 1957 course at the college. There is also representation from the United States and the United Kingdom.

Since 1948 the National Defence College has conducted annual 11-month courses, designed to study all aspects of Canadian Defence. The curriculum is based on the study of a series of problems dealing with the political, economic and military aspects of defence.

CANADA AT 13 FAIRS:

Canada is participating during 1957 in thirteen international and industry trade fairs, the purpose of which is to assist Canadian exporters in securing a larger proportion of the market for their products in the countries concerned. The first in this series is the Royal Netherlands Industries Fair, which opened April 2 in Utrecht, where household appliances and other consumer items are being shown.

There will be Canadian displays at the Brussels International Trade Fair, the German Industries Fair, in Hannover, the Poznan International Trade Fair, the Vienna International Trade Fair and the Colombia International Trade Fair, in Bogota. Arrangements have also been made for the provision of a Canadian Government information booth at the United States World Trade Fair, to be held later this month in New York, and at the Chicagoland Fair, organized by the Chicago

Association of Commerce and Industry, which opens on June 28.

Specialized shows in Great Britain and the United States, such as the Building Products Exhibition, in London, the Popular Price Shoe Show and National Winter Sports Show, in New York, and the National Shoe Show, in Chicago, will provide facilities for the display of Canadian footwear, wood and wood products, footwear and winter sports clothing and equipment.

The Canadian Showroom in Rockefeller Centre, which has been in operation since December 1951, will continue to feature a variety of Canadian products in separate shows throughout the year. Rubber products and wall-paper have already been shown. Provision has been made for the display of Canadian church furniture, fish products and those items which have been awarded certificates of merit by the National Industrial Design Council.

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ATLANTIC SEAL FISHERY. Gay bunting fluttering in the early morning breeze, the moan and shriek of ship's whistles and the lusty cheering of seal hunters last month signalled the start of Canada's annual seal fishery.

Ships sail each year from Halifax and St. John's, but it is at St. John's, historic sealing centre, that the departure of the sealing fleet is the occasion of widespread celebration. It is the time-honoured custom there to give the sturdy ships and their adventurous crews a rousing send-off.

Increased interest is being shown in the seal fishery this year. Newfoundland firms sent five vessels "to the ice" compared with three in 1956, and there are about eight from Halifax.

Last year, a total of 11 Canadian vessels prosecuted the seal fishery and brought in 154,092 seals. In addition, landsmen took an estimated 50,000 seals. The ships operate off the northeast coast of Newfoundland or in the Gulf of St. Lawrence, while the landsmen make daily treks across ice-covered bays to take seals near the shore.

The only other country participating in this fishery is Norway. Last year the Norwegian fleet consisted of ten ships whose catch amounted to 202,085 seals. Norway co-operates with Canada in the observance of specified dates prior to which no seals may be taken.

The seal fishery always has been, and still is, a gamble from start to finish. The sealers who are paid on a "share" basis, may take home as little as \$5 or \$10 for a month's work or, if fate is kind, up to \$500. This uncertainty doesn't dampen the exuberant spirit that characterizes the sealer. He is there, good prospects or poor, to take part in a great adventure that has become a tradition.

WAGE INCREASES. Salary and wage increases were received by police constables, firefighters and civic labourers in more than 50 Canadian municipalities during 1956, according to information released by the Department of Labour.

The information was based on a survey of 77 municipalities across Canada conducted by the Labour Department's Economics and Research Branch. A total of 73 cities or towns reported on wages and salaries of which 52 or 70 per cent reported increases to police constables. In the case of firefighters 51 municipalities reported increases.

Highest salaries for both police constables and firefighters were paid in Toronto, Windsor, New Westminster and Vancouver, and to firefighters in Prince Rupert, B.C. These employees received salaries in excess of \$4,000 per year. These salaries represent "maximum basic salary" for police constables and firemen which is the rate paid after the probationary and training period has been completed, but before long-term service increases are obtained.

Hourly wage rates for labourers are those paid to workers in that category in the works department of the municipalities. Labourers in other civic departments are often paid at the same rates. Wage rates for civic labourers in 1956 varied from 75 cents an hour in Charlotte-town, P.E.I. to \$1.68 per hour in Vancouver. Hourly increases between 1955 and 1956 ranged from 1.5 cents in Sorel, P.Q. to 20 cents in St. Thomas, Ont. The average hourly increase for civic labourers was 6 cents in 59 cities.

Weekly hours of work for police constables, firefighters and civic labourers were reduced in 1956 in about 11 per cent of the reporting municipalities.

TRIBUTE TO GALT: A man who played a prominent role among the Fathers of Confederation will soon be commemorated by a tablet erected in his honour.

The National Historic Sites Division of the Department of Northern Affairs and National Resources has announced that the tablet in memory of Sir Alexander Tilloch Galt will be placed on the Post Office Building in Sherbrooke, Quebec. Sir Alexander Galt was one of the chief architects of the British North America Act.

Born in London, England, in 1817, Sir Alexander came to Canada in 1835 as a clerk in the office of the British American Land Company at Sherbrooke, in what was then Lower Canada. An extremely able young man, he became commissioner of the company in 1844, at the age of 27. He held the post of commissioner until 1855. Becoming interested in railway development, he was one of the promoters of the old Grand Trunk Railway.

In 1849 he was elected to the Legislative Assembly of Canada for Sherbrooke County as an independent member. He resigned in 1850, but was returned as member for the town of Sherbrooke in 1853. He continued to represent Sherbrooke in the Assembly until 1867, and in the House of Commons until 1872.

Always an exponent of Canadian federation, Sir Alexander became minister of finance with the Cartier-Macdonald administration in 1858, on the condition that the federation of British North America would be a plank in the government's platform. He was a member of the first delegation sent to London to urge Confederation on the British Government. In 1864, he was a delegate to both the Charlottetown Conference and the Quebec Conference, and he attended the Westminster Conference in 1866. It was at these conferences that the groundwork for Confederation was laid. In 1867, he became the new Dominion's first finance minister. However, he retired from office in 1868 because of a disagreement with Sir John A. Macdonald.

Sir Alexander never again held Cabinet office. He severed his connection with political parties, pronounced himself a believer in the future independence of Canada, and in 1872 retired from Parliament. He continued to serve his country long after retiring from politics, and, from 1880 to 1883, he was Canada's first High Commissioner in London. His last ten years were devoted to the development of various enterprises he had launched in the Canadian North West. He was the author of several political pamphlets. After 1890 his health rapidly failed, and he died at Montreal on September 19, 1893.

The erection of a tablet to Sir Alexander Galt's memory is part of the Department's plan to mark permanently the birthplaces or the residences of all the Fathers of Confederation. The tablet will be a fitting tribute to a great Canadian.

NATO VISITORS: Members of the Military Committee of the North Atlantic Treaty Organization arrived at the RCAF Station, St. Hubert, Que., from Washington on Sunday, April 7 for a four-day visit to Canada.

This visit, sponsored by the Department of National Defence in co-operation with other government and private organizations, was arranged to provide these high ranking officers and their accompanying staff officers with a better understanding of Canada's role in the North Atlantic Treaty Organization in support of the deterrent to war.

While in Canada the group will visit Air Defence Command Headquarters at St. Hubert to observe operations of Canada's air defence forces. They will also see ships of the Royal Canadian Navy, Canadian Army equipment, a Defence Research Board establishment, and aircraft production in the Montreal and Toronto areas.

The group arrived in Ottawa on the afternoon of April 8 and heard an address on Canada's foreign policy by the Hon. Paul Martin, Acting Secretary of State for External Affairs. They later attended a dinner at which the Hon. Ralph Campney, Minister of National Defence, was host. Yesterday the group was flown to Toronto to complete their tour.

The visitors are accompanied by General Charles Foulkes, Chairman Chiefs of Staff; Major General H.A. Sparling, Chairman, Canadian Joint Staff Washington; and Brigadier R.P. Rothschild, Co-ordinator, Joint Staff, Ottawa.

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NAVAL CONFERENCE: Ten senior officers of the Royal Canadian Navy, including the Chief of the Naval Staff and three other officers of flag rank, will attend the conference of Commonwealth navies at the Royal Naval College, Greenwich, England, from April 20 to May 3.

The conference, announced in London earlier this month by Christopher Soames, Financial Secretary to the Admiralty, will enable the Commonwealth naval chiefs to attend an exercise called Fairlead and to study matters of common interest in naval strategy and tactics in the light of current technical developments. It will examine implications of cold, limited and global war for naval strategy, with the central purpose being to maintain strong liaison between the Commonwealth navies.

In addition to exercise Fairlead, the Canadian naval officers will attend a further exercise with senior officers of the Royal Navy and the United States Navy to study naval problems related to the North Atlantic.

Vice-Admiral H.G. DeWolf, Chief of the Naval Staff, will head the Canadian delegation. The other officers of flag rank are Rear-Admiral R.E.S. Bidwell, Flag Officer Atlantic Coast; Rear-Admiral H.F. Pullen, Flag Officer Pacific Coast and Rear-Admiral H.S. Rayner, Chief of Naval Personnel.

DEATH OF CANADIAN AMBASSADOR: On the occasion of the death April 4 in Cairo of Mr. Herbert Norman, Canadian Ambassador to Egypt, the following statement was made by Mr. L.B. Pearson, Secretary of State for External Affairs:

"For 18 years Mr. Herbert Norman served his country as an official of the Department of External Affairs with loyalty, devotion and ability. During that time all his actions served only to confirm and strengthen my faith in and my admiration for him.

"During recent critical months in the Middle East, he has been working - or, rather, over-working - under great pressure at Cairo, at times, right around the clock.

"He has also been deeply and understandably distressed by the resurrection by one or two persons in Washington of certain old charges affecting his loyalty, and which were disposed of years ago after a careful investigation. The reasons for these renewed attacks may be obscure; but the tactics used degrade only those who adopted them.

"The combined effect of over-work, over-strain and the feeling of renewed persecution on a sensitive mind and a not very robust body produced a nervous collapse, the tragic result of which has brought to me personally and, I am sure, to his colleagues and friends, both shock and grief and a sense of great loss.

"My deep and heart-felt sympathy goes out to his widow and to his family at this dark hour."

In the House of Commons, Mr. John Diefenbaker, Leader of the Official Opposition, and spokesmen for the other political parties made statements in which they deplored the death of Mr. Norman and the events that led up to it.

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APPOINTMENTS AND TRANSFERS: The Secretary of State for External Affairs announced April 5 the following appointments and transfers in the Canadian diplomatic service.

Mr. Herbert O. Moran, at present Canadian Ambassador to Turkey, has been appointed to succeed Mr. Morely Scott as High Commissioner for Canada in Pakistan. Mr. Moran will be arriving in Karachi in the summer. Mr. Scott will take up duties in Canada.

Mr. E.D. McGreer, at present Chief of Protocol in the Department of External Affairs, has been appointed as Ambassador to Greece and Israel, to succeed Mr. T.W.L. MacDermot, whose appointment as High Commissioner for Canada in Australia was announced earlier. Mr. McGreer will take up his new duties in Athens in the summer.

Mr. Edmond Turcotte, who has been on loan from the Department of External Affairs as one of the three Commissioners for the Royal Commission on Broadcasting, has been appointed Canadian Ambassador to Switzerland, to replace Mr. G.L. Magann, who is retiring. Mr. Turcotte

will take up his new duties in the latter part of May.

Mr. G.A. Newman has been appointed Consul General of Canada in Chicago, to be effective at the beginning of June. He is now Deputy Consul General in Chicago. Mr. Newman replaces Mr. F.H. Palmer, M.C., who is retiring.

Mr. Fulgence Charpentier, who has recently been Chargé d'Affaires in Rio de Janeiro, Brazil, has been named Chargé d'Affaires in Port-Au-Prince, Haiti. He will replace Mr. E.R. Bellemare, who is returning to Ottawa. Mr. Charpentier will take up his new post in May.

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SECURITIES TRADING: Trading in outstanding securities between Canada and other countries in January led to a sales balance of \$6,000,000, according to the Dominion Bureau of Statistics. Net sales of \$14,000,000 to the United Kingdom and \$4,800,000 to other overseas countries were offset by net purchases of \$12,700,000 from the United States, placing the net results of trading in the month in sharp contrast to December when there was an overall purchase balance of \$8,600,000.

Net sales of \$6,200,000 to the United Kingdom in December and \$9,200,000 to other overseas countries were more than counterbalanced by substantial repurchases of Government of Canada bonds from the United States which contributed to an overall purchase balance of \$24,000,000 with that country. The December purchase balance represented the single break in a series of sales balances extending back to August 1955.

January net sales of outstanding Canadian issues amounted to \$13,300,000 compared to net repurchases of \$19,400,000 a month earlier. Included in the January trading were net sales of \$12,600,000 of Canadian common and preference stocks, up \$3,200,000 from a month earlier, despite the fact that net repurchases from the United States rose nearly \$3,000,000. Perhaps the outstanding feature of the month's transactions was the net sale of \$13,000,000 of Canadian stocks to residents of the United Kingdom compared to \$5,000,000 in December and was exceeded in the post-war period only in July of last year when net sales reached \$16,800,000.

Transactions in outstanding foreign securities led to a purchase balance of \$7,300,000 in January compared to a sales balance of \$10,800,000 in the preceding month. Canadians purchased on balance some \$7,600,000 of United States bonds, in contrast to a small sales balance in the previous month. Transactions in United States stocks were in near balance in the month, but in December there had been net sales of more than \$10,000,000.

GROSS NATIONAL PRODUCT CLIMBS

Canada's gross national product was at a seasonally adjusted annual rate of \$31.0 billion in the fourth quarter of 1956, 2 percent above the third quarter rate and about 3 percent above the average annual rate for the year 1956 as a whole. This amounted to \$29.9 billion compared to \$26.9 billion in 1955.

Price factors accounted for a significant part of the increase in the fourth quarter, and related evidence suggests that only about one-half of the value gain represented an increase in the physical volume of production. This would constitute one of the smallest increases in the volume of output since the upswing in activity began in mid-1954. Final product prices were between 3 percent and 4 percent higher for the year as a whole, the gain in the physical volume of output in 1956 amounting to about 7 percent. This increase in the physical volume of production was the second largest in the post-war period, being exceeded only by the record advance of 9 percent in 1955.

On the expenditure side, the major factors in the fourth quarter increase were gains in consumer outlays for non-durable goods and services of 2 percent and 3 percent, respectively, a continuation of the uptrend in business capital investment outlays for non-residential construction and new machinery and equipment (up 6 percent and 3 percent, respectively) and a substantial pickup in the rate of inventory accumulation. Apart from larger holdings of farm inventories, the inventory movement represented an upswing in the rate of accumulation of business stocks at the manufacturing, retail and wholesale trade levels. The swing in retail holdings of motor vehicles was especially pronounced in the fourth quarter, and reflected the earlier timing of the model change-over in 1956.

POPULATION GAIN: Canada's population reached 16,420,000 at March 1 this year, according to the regular quarterly estimates by the Dominion Bureau of Statistics. This was an increase of 112,000 from the previous quarterly estimate of 16,308,000 at December 1 last year and compares with a gain of 79,000 for the corresponding 1955-56 quarter.

Estimated increases are usually lowest of the year for the three months, December, January and February, but a larger flow of immigrants to Canada in the period raised the quarter's gain to levels only slightly smaller than the September-December rise and to the same level as in the June, July and August period. The increase from June 1 to September 1 was put at 112,000 and from September 1 to December 1 at 115,000.

The total estimated gain for the 12 months ending March 1 this year amounted to 448,000 or a rate of 2.8 percent. This compares with

The build-up in inventories at the manufacturing level occurred mainly in the sub-groups of iron and steel products, foods and beverages, and petroleum and chemical products. Partial offsets occurred to this build-up of stocks at the manufacturing and trade levels, with liquidations taking place in forestry, construction and some of the other industry groups. Residential construction continued to decline in the fourth quarter and government expenditures were also lower. Exports of goods and services showed little change, but imports again rose moderately, and the deficit on current account was at a rate of over \$1.5 billion.

These changes in the expenditure pattern in the fourth quarter of 1956 were accompanied by further gains in most of the major components of national income. Wages and salaries rose by 2 percent in the quarter, investment income by 3 percent, and accrued net income of farm operators by about 9 percent; the latter reflects almost entirely an increase in farm-held inventories of livestock. The gain in investment income is attributable to further increases in interest and rental income; while data are not yet available on corporation profits for the fourth quarter, the present estimates allow for little change in this item.

The gain in the physical volume of output in the fourth quarter appears to have been concentrated in the construction industry, durable goods manufacturing, wholesale and retail trade, and mining, quarrying and oil wells. Declines occurred in non-durable goods manufacturing, forestry, and transportation, communication and storage.

estimated increases of 385,000 (2.5 per cent) for the corresponding 1955-56 period, 425,000 (2.8 per cent) in the 1954-55 period, 432,000 (2.9 per cent) in the 1953-54 period, and 394,000 (2.7 per cent) in the 1952-53 period.

3 NEW INSTITUTES: The establishment of three new technological institutes in the Province of Ontario was announced recently by Education Minister William J. Dunlop. These will provide facilities for trade and technical training, and will be developed to the same level as the Ryerson Institute of Technology in Toronto.

The three new institutes will be located in Hamilton, Ottawa and Windsor. The Hamilton one is already in operation, following reorganization and expansion at the former Institute of Textiles. Opening of the Ottawa and Windsor institutes is scheduled for next September.