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CANADA'S TRADE IN AGRICULTURAL PRODUCTS

According to an article in the latest issue of "Foreign Trade", Canada's trade in agricultural products currently reveals something of a paradox. It is declining in importance relative to total trade but, on a volume basis, it has been higher on the average in the past five years than in any similar peacetime period. And in terms of current dollars, it is higher than ever before. Interesting also is the fact that the value of agricultural imports has increased more rapidly than the value of agricultural exports--but imports of agricultural products of a kind not grown in Canada (such as cotton and coffee) make up half this total. Imports which compete directly with products grown in Canada--such as potatoes, soybeans and corn--represent only about one-third, in value of Canadian exports of agricultural products.

SIZE AND COMPOSITION OF TRADE

Agricultural exports for the five years 1935 to 1939 averaged \$307 million, or 33 per cent of total exports, and the 1952-56 average was \$1,006 million which, however, was only 24 per cent of total exports. Despite this relative decline in the importance of agricultural exports and the decrease in the value of money, agricultural exports have risen in absolute terms. By adjusting the value in the two periods to take account of the change in the purchasing power of the dollar, it is estimated that exports in the past five years

have been 48 per cent higher, on the average, than they were before the war.

Wheat is the most important single commodity in Canada's agricultural export trade. It is also one of the three most important in exports of all commodities, competing from year to year for top position with newsprint paper and planks and boards. Exports of wheat and wheat flour have averaged between 50 and 60 per cent of total agricultural exports, with only a small percentage rise from the prewar to the recent five-year period.

A comparison of values in actual dollar terms shows that agricultural imports increased between 1935-39 and 1952-56 by 28 per cent more than agricultural exports during the same period. The rate of increase was, however, only half that of total commodity imports.

A considerable part of Canada's imports of agricultural products is made up of non-competing items. In 1956, for example, out of total agricultural imports of a value of \$690 million, tea, coffee and rubber accounted for \$129 million and raw cotton for \$59 million.

In addition, there are other items which compete to a greater or lesser extent with Canadian-grown products although they are not raised in this country. Outstanding examples are citrus fruits (\$33 million), grapes (mainly of the vitis vinifera variety not grown in Canada--\$9 million), dried fruits (\$12 million), fruit juices (\$19 million), nuts (\$21 million), and raw cane sugar (\$56 million).

(Over)

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lion). The total of these totally and partially non-competing items was \$338 million--or half of the value of all agricultural imports.

EXPORTS COMPARED WITH PRODUCTION

There has been some decline since prewar in the quantity of agricultural products exported in relation to production; the figure for 1935-39 averaged 33 per cent and for 1951-55, 28 per cent. In absolute terms there has been no decline because production was higher than prewar. On the basis of 1935-39=100, the index of physical volume of agricultural production averaged 148.9 in the five years 1951-55. Agricultural exports in 1951-55 were equivalent to 42 per cent of 1935-39 production, compared with actual 1935-39 exports of 33 per cent of production. Domestic disappearance as a proportion of production declined also--from 72 per cent in the prewar period to 70 per cent in 1951-55. However, if production had remained at the 1935-39 level, domestic disappearance in 1951-55 would have been 104.0 per cent of output. That is, without the increase in production Canada would have become a net agricultural importer. Imports of directly competing agricultural products (those of a type or class grown in Canada) have shown little variation in relation to production; the figure was 5 per cent in 1935-39 and 4 per cent in 1951-55.

These are total figures, in which a value at the farm is assigned to all important commodities to reduce them to money terms so that the different items may be totalled. They also include, where possible, calculations of the farm equivalent value of manufactured products, as do the commodity figures quoted in this section. Wheat, for example, includes a calculation of the amount of wheat necessary to produce the flour exported, and the figures for livestock exports and imports include the live animal equivalent of the meat products traded.

The grains, with the exception of wheat, have become very much more important on the export side. Exports of oats, for example, increased from 4 per cent of production in 1935-39 to 12 per cent in 1951-55. Exports of barley were up from 17 to 36 per cent and, even more strikingly, flaxseed exports rose from 3 to 46 per cent. The decline of the United Kingdom market for certain products is indicated by the decrease from 66 to 15 per cent for cheese and 50 to 16 per cent for apples.

There have been striking decreases in imports of flaxseed and corn as a percentage of production: flaxseed from 71 to 3 per cent and corn from 180 to 26 per cent. These are an indication of greatly increased production of these two crops: flaxseed output increased from 1,508,000 bushels prewar to 12,611,000 in 1951-55 and corn from 7,010,000 to 22,071,000 bushels.

U.K. MARKET LESS IMPORTANT

The direction of Canada's agricultural trade differs greatly from prewar. The United Kingdom market is no longer dominant. The United States has become much more important--a fact that is brought out particularly when one considers the markets for products other than wheat and wheat flour. Third countries have also emerged as big markets for Canada's agricultural products.

The decline in the importance of the United Kingdom market partly reflects British balance-of-payments difficulties which have led to the curtailment of imports from Canada of a number of agricultural products formerly shipped in considerable quantities. But Canada's situation holds true of other suppliers--the British policy of government assistance to agriculture through guaranteed prices and subsidies has stimulated domestic production and meant less dependence on imports generally.

The United Kingdom remains Canada's biggest single market for wheat, taking shipments of wheat and wheat flour in 1956 valued at \$197.9 million. Other products for which the British market is of major interest to Canada are barley (exports in 1956 of \$37.1 million), oil cake and meal (\$20.4 million), flaxseed (\$19.8 million), and raw tobacco (\$12.8 million). Cheddar cheese and apple exports, for which the United Kingdom Government makes special dollar allocations and which were of much greater importance in prewar years, were valued at \$3.7 million and \$2.3 million respectively.

CHARACTERISTICS OF U.S. MARKET

The growth of the United States market for Canadian agricultural products has been aided not only by the high level of economic activity and the rise in the U.S. population but also (probably to a considerable extent not capable of measurement) by the tariff reductions made under the GATT.

The composition of Canada's agricultural exports to the United States varies considerably from year to year, depending on the relative supplies and prices in the two countries. If the price in the United States is high enough to cover the Canadian price plus duty and freight charges, a number of Canadian agricultural products will, in the absence of restrictions, move to the United States. The cattle and beef trade provides an illustration. In the years 1948 to 1951 Canada made very large shipments of cattle and beef to the United States--over 460 thousand head of cattle in both 1948 and 1951 and nearly 82 million pounds of beef in 1951. In 1956 exports of cattle totalled only 49,000 head valued at \$9.4 million and of beef 12 million pounds valued at \$3.3 million. For short periods in recent years Canada has actually been a net cattle and beef importer.

INTEGRATED AIR DEFENCE

The Secretary of Defense of the United States, Mr. Charles E. Wilson, and the Minister of National Defence of Canada, Mr. George R. Pearkes, announced August 1 that a further step has been taken in the integration of the air defence forces of Canada and the United States.

The two governments have agreed to the setting up of a system of integrated operational control of the air defence forces in the Continental United States, Alaska and Canada under an integrated command responsible to the Chiefs of Staff of both countries. An integrated headquarters will be set up in Colorado Springs and joint plans and procedures will be worked out in peacetime, ready for immediate use in case of emergency. Other aspects of

command and administration will remain the national responsibility.

This system of integrated operational control and the setting up of a joint headquarters will become effective at an early date. This bilateral arrangement extends the mutual security objectives of the North Atlantic Treaty Organization to the air defences of the Canada-United States Region.

Mr. Pearkes also announced that Air Marshal C.R. Slemon has been appointed Deputy Commander-in-Chief of the Canada-United States Air Defence Command and will take up his appointment in Colorado Springs at an early date. He will vacate his present appointment as Chief of the Air Staff and be replaced as Chief of the Air Staff by Air Marshal H.L. Campbell.

MR. MENZIES' VISIT: The Right Honourable R.G. Menzies, C.H., Q.C., Prime Minister of Australia, was in Ottawa on Thursday, August 1 and Friday, August 2. With him were Mr. E.J. Bunting, Prime Minister's Office, Mr. Hugh Dash, Press Secretary, Mr. J.H. Scholtens, Private Secretary to the Prime Minister, and Miss H. Craig, Personal Secretary.

During his visit Mr. Menzies called on Prime Minister Diefenbaker, who gave a dinner in his honour, had luncheon with the High Commissioner for Australia, and held a press conference.

UNIVERSITY AT LETHBRIDGE: Trend toward decentralization of freshman university studies throughout North America may reach Alberta with the establishment and operation of the Lethbridge Junior College by the Lethbridge School District, and associated school boards.

Approval for the province's and Western Canada's first locally administered public college was given recently by the Board of Governors of the University of Alberta and the Minister of Education.

Provision of a \$25,000 government grant for the college has been announced. Half of the money will be given outright to the college's governing body, for expenditure. The other half of the grant will be used to match grants to the college, up to a \$12,500 limit, by co-operating school districts in the Lethbridge area. Federal grants may also be forthcoming on a per capita basis.

The junior college plan is widely established in the United States.

The prime purposes of junior colleges are to provide early university training close to the students' homes, and to provide programmes of vocation and cultural interest to the community.

Existing legislation provides for establishment of junior colleges by one or more school boards, subject to approval of the Minister of Education and Board of Governors of the University of Alberta. The colleges are under the administrative jurisdiction of local boards.

It is anticipated that the Lethbridge college could be ready for operation in the fall of this year. Additional staff will be engaged to teach first year university classes in association with the Lethbridge high school.

AT MALAYAN CEREMONY: Mr. J.M. Macdonnell, Minister without Portfolio, has been designated as special envoy to represent Canada at the celebrations which will be held in Kuala Lumpur between August 30 and September 3, 1957, to mark the attainment of independence by the Federation of Malaya within the Commonwealth of Nations.

Mr. Macdonnell will be joined in Malaya by Mr. George R.C. Heasman, Canadian Ambassador to Indonesia and Mr. M.P. Carson, Canadian Government Trade Commissioner in Singapore. He will be accompanied from Ottawa by Mr. F.G. Ballachey of the Department of External Affairs.

CANADIAN ENVOY: The Department of External Affairs has announced that Mr. E.B. Rogers, Ambassador of Canada in Peru, has been designated special ambassador for the inauguration of the President of the Dominican Republic, His Excellency General Hector Bienvenido Trujillo Molina. The ceremonies will take place in Ciudad Trujillo on August 16, 1957.

In addition to Mr. Rogers, the Canadian special mission will include Mr. M.B. Bursley, Minister, Lieutenant-Colonel R.J. Graham, D.S.O., C.D., and Mr. A.B. Roger, First Secretary.

RECORD RISE IN POPULATION

Canada's population stood at 16,589,000 at June 1 this year, showing a rise of 508,000 or 3.2 per cent from the 1956 Census total of 16,081,000, according to the annual Census date estimates released August 1 by the Dominion Bureau of Statistics. It was the largest numerical increase for a year in Canada's history and compares with the high average increase of 414,000 for the five years 1951 to 1956.

Major factor in the greater increase last year than in the preceding five years was the sharp increase in immigration to Canada since June 1 last year. Total number of immigrants in the twelve months was about a quarter of a million as compared to the peak year's figure of 194,000 in the years from 1951 to 1956.

Ontario had the largest numerical gain among the provinces during the year with an increase of 217,000 or 4.0 per cent to 5,622,000 from 5,405,000. Québec was second with a rise of 130,000 or 2.8 per cent to 4,758,000 from 4,628,000. British Columbia was next in

EXERCISE "SEA SPRAY": Eight Canadian destroyer escorts and two British submarines under Canadian operational control will take part in Exercise "Sea Spray" from September 4 to 13. "Sea Spray" is one of a series of NATO exercises to be conducted in North Atlantic and adjacent waters this fall.

The Canadian ships will join more than 75 United States warships of all types, including aircraft carriers, battleships, cruisers, destroyers, submarines and an additional group of replenishment vessel.

The Canadian naval force, based at Halifax, will include four St. Laurent class destroyer escorts - the St. Laurent, Assiniboine, Ottawa and Saguenay - and four Tribal class destroyer escorts - the Nootka, Haida, Huron and Micmac - plus the submarines Alcide and Amphion of the Royal Navy's Halifax - based Sixth Submarine Squadron.

Sponsored by Admiral Jerauld Wright, USN, NATO's Supreme Allied Commander Atlantic, the exercise is designed for the co-ordinated training of naval and air forces earmarked for NATO and will be conducted by Vice-Admiral Robert B. Pirie, USN, in his NATO capacity as Commander Striking Fleet Atlantic.

Area of the exercise will range across the North Atlantic from waters off the coast of Canada and the United States to waters in the vicinity of the United Kingdom.

Co-ordinated training in all phases of under-way tactics and anti-submarine warfare, involving surface, air and submarine forces, will be emphasized in "Sea Spray".

The exercise is a part of the Allied Command Atlantic's routine training cycle de-

numerical gain but had the largest proportional rise with an increase of 89,000 or 6.3 per cent to 1,487,000 from 1,399,000. Alberta followed with an increase of 37,000 or 3.2 per cent to 1,160,000 from 1,123,000. Fifth in population, Saskatchewan had the only decrease with a small decline to 879,000 from 881,000. Prince Edward Island's population remained unchanged at 99,000.

Population estimates for the remaining provinces are: Newfoundland 426,000 (415,000 at June 1, 1956); Nova Scotia, 702,000 (695,000); New Brunswick 565,000 (555,000); Manitoba, 860,000 (850,000). Populations of the Yukon and Northwest Territories were unchanged at 12,000 and 19,000, respectively.

The Bureau's population estimates are based on a population accounting which starts with the 1956 Census, adds births and immigration, and deducts deaths and an estimate of emigration. Family allowance statistics are used for purposes of estimating interprovincial migration.

signed to increase the efficiency of NATO sea forces operating under common doctrines. On its conclusion, Canadian elements of the combined force will deploy for further exercises.

FOREIGN TRADE AT NEW PEAK: Canada's commodity exports and imports both reached new record values for the period in the first half of this year, although a drop from last year in the June values of each left small margins over the previous values in the first six months last year, according to preliminary figures for June published by the Dominion Bureau of Statistics on August 1. It should be noted, however, that there was a smaller number of working days in June this year than usual. Total exports in the half-year were slightly under 1.2 per cent higher in value than last year, and estimated imports 2.2 per cent higher.

Total exports in June were valued at \$394,100,000, down \$35,000,000 from \$429,100,000 a year ago, bringing the half-year total to \$2,330,500,000 for a gain of \$26,500,000 over last year's half-year total of \$2,304,000,000. Estimated value of June imports was \$454,600,000, a decline of \$36,000,000 from \$490,600,000 last year, leaving the half-year total \$63,300,000 above last year's at \$2,908,500,000 against \$2,845,200,000. With the larger drop imports than exports, the import surplus in June declined to \$60,500,000 this year compared to \$61,500,000 last year, but the larger gains in imports in earlier months resulted in a rise in the import surplus for the six months to \$578,000,000 against \$541,200,000.

STATEMENT ON IMMIGRATION

Mr. E.D. Fulton, Acting Minister of citizenship and Immigration, made the following announcement July 25:

"A review of the movement of Hungarian refugees shows that as at July 19, Canada had received a total of 33,070 refugees. It is anticipated that this total will have risen by mid-August to more than 34,000 admitted since the fall of 1956. Of this total, 5,000 will have been taken by arrangement from the United Kingdom, 3,000 from France, 2,000 from The Netherlands, 1,500 from Italy and 1,000 from Yugoslavia. The remainder, more than 20,000 will have been taken direct from Austria.

"The Inter-governmental Committee for European Migration reports for the period to July 15, 1957, show that a total of 142,054 Hungarian refugees had been moved from Austria to 36 countries. Canada's total given above compares with 33,205 admitted to the United States. According to these statistics there were about 28,000 Hungarian refugees remaining in Austria at the end of June 1957. Other information indicates that the rate of border-crossings into that country from Hungary had dropped to an average of 19 per week at the beginning of July.

"The Canadian Government has recently reviewed the whole situation with regard to the movement of Hungarian refugees in the course of a general survey of immigration statistics. Recognizing the tremendous assistance given by Austria to the refugees, and the continuing difficulties which are faced by those remaining in Austria, it has been decided to continue the refugee programme on a somewhat modified basis for the balance of 1957. This modification takes into account both the winter accommodation situation in Canada and the effective rate of absorption of new population, in the light of the very heavy intake of immigrants through the normal channels, which reached a high of 175,000 in the first six months of this year.

"It has been decided accordingly that for the balance of 1957 Canada will continue to

accept only those Hungarian refugees who are sponsored by close relatives residing in Canada in a position to receive and care for them, or by responsible persons, firms or organizations in Canada prepared to provide employment to such refugees immediately upon their arrival. With regard to the latter category, Immigration officials, before approving applications, will have to be satisfied that such employers can and will fulfill their undertaking, that the sponsored refugee will not fill employment vacancies for which Canadians, immigrants or refugees already in Canada are qualified, and that they will be paid at prevailing wage rates.

"This decision applies for the balance of 1957. The policy will be reviewed again prior to the commencement of the new immigration season next year.

"It is significant to note that, of the approximately 32,000 Hungarian refugees who had been admitted to Canada to the end of June 6, 208 were receiving emergency assistance from the Department of Citizenship and Immigration. This figure includes those who arrived during the last week of June.

"In connection with immigration generally, Mr. Fulton also pointed out that, judging by the large number of immigrants admitted to Canada during the first six months of this year (approximately 175,000), it is estimated that the total number admitted in 1957 will be the greatest since 1913, when 400,870 immigrants were received in Canada.

"In order to keep the total flow of immigrants within the absorptive capacity of our economy and the availability of housing accommodation, immigrants coming for open placement, i.e., those with no pre-arranged contract, in most occupations have been issued visas valid only for arrival in Canada before July 31, 1957. However, a large number of close relatives of immigrants who arrived earlier are expected to come to Canada between August 1 and December 31."

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AIR DEFENCE No. 419 All-Weather Fighter Squadron, the RCAF's fourth CF-100 squadron to leave Canada for NATO duty with No. 1 Air Division in Europe, made its overseas move last week.

When No. 419 arrived at its overseas base, No. 4 Fighter Wing at Baden-Soellingen, Germany, Canada's programme of moving four CF-100 squadrons overseas for duty with NATO will be complete.

Based at RCAF Station North Bay, Ontario, No. 419 Squadron flew its jet interceptors across the Atlantic in Operation Nimble Bat IV.

Following the pattern laid by the three previous "Nimble Bats" carried out last Nov-

ember, February, and May, the aircraft crossed the North Atlantic by way of Goose Bay in Labrador, Keflavik in Iceland, and from there to Baden-Soellingen.

Air Transport Command, providing support for Nimble Bat IV, carried half the squadron's ground crew from North Bay to Baden-Soellingen. The other half was drawn from Air Division personnel.

As No. 419 Squadron took off from North Bay on its flight to Germany, No. 414 Squadron, a Sabre unit based at Baden-Soellingen, disbanded. Simultaneously, a new CF-100 squadron was formed at North Bay and was designated No. 414 All-Weather Fighter Squadron.

CANADA'S TRADE IN AGRICULTURAL PRODUCTS

(Continued from P. 2)

There is, however, another point about the United States market--and other markets where imports are permitted without quotas and similar restrictions. This is that a quality product will command a premium. Canada's export trade in pork products is a case in point. Although the U.S. price for hogs has been below the Canadian, Canada has recently enjoyed a considerable market in the United States for pork cuts and bacon and hams because they are quality products which command a higher price. In 1956, the United States took 31.5 million lb. of pork valued at \$12.5 million and 10.6 million lb. of bacon and hams valued at \$8.3 million.

A characteristic of the U.S. market for Canadian agricultural products is that it is difficult to show any trend, as the cattle and beef situation reveals. The grains (including grain products and byproducts) with an export value in 1956 of \$89 million are at present the major agricultural export group, followed by live animals and meats (\$42 million) and furs and miscellaneous animal products (\$31 million). The individual commodities making a major contribution to the export total are wheat (mainly feed wheat), barley, fresh pork, bacon and hams, mink skins and forage crop seeds.

In this trade a large number of items appear for which the United States provides the principal, or perhaps the only, export market. Exports of many of these reach several million dollars in value each year and are of considerable importance to local areas. Some examples, with the 1956 value of exports shown in brackets, are fresh apples (\$4.0 million), fresh and frozen blueberries (\$2.2 million), potatoes (\$5.7 million), turnips (\$2.1 million) and maple products (\$5.5 million).

EXPORTS TO THIRD COUNTRIES GROWING

The postwar development of Canada's export trade in agricultural products has also been marked by the expansion of trade with countries other than the U.S. and the U.K. Figuring largely in this move towards diversification of Canadian markets abroad are Japan, the Federal Republic of Germany, the Netherlands, Belgium and Venezuela. These countries are markets for a wide range of Canadian agricultural products, the most important of which is wheat. In 1956 Japan bought wheat valued

at \$56.7 million, barley \$10.8 million, and flaxseed \$6.3 million. Most important in the considerable range of agricultural products shipped to West Germany were wheat \$74.1 million, barley \$5.0 million, and rye \$4.7 million. Major agricultural exports to the Netherlands included wheat \$21.1 million, flaxseed \$5.2 million and soyabean oil \$2.9 million. Wheat (\$29.1 million) and flaxseed (\$4.4 million) were the biggest agricultural exports to Belgium. Canada's agricultural export trade with Venezuela follows a different pattern; the two largest items are wheat flour (\$8.4 million) and whole milk powder (\$5.2 million).

AGRICULTURAL IMPORT PATTERN

When we turn to Canada's agricultural imports, we discover that the United States supplies about half of these. The range of products coming across the border into Canada is very wide, some of the more important items, with 1956 values, are soybeans \$24.4 million, Corn \$12.6 million, soybean oil cake and meal \$11.5 million, turkeys \$5.4 million, fresh citrus fruit \$30.7 million, grapes \$8.6 million, fruit juices \$17.4 million, fresh vegetables \$37.5 million, potatoes \$9.3 million and raw cotton \$29.4 million.

Other countries from which Canada imports considerable quantities of agricultural products include Australia, Brazil, India, Malaya, Ceylon and Mexico. The most important agricultural products imported from Australia are raisins, raw sugar, canned meats and wool. Brazil ships principally coffee, Ceylon tea and coconut oil, India tea, Malaya crude rubber, and Mexico raw cotton.

FUTURE TRENDS

As predicted by the Royal Commission on Canada's Economic Prospects, it is to be expected that, with a continuing increase in population and industrial development, the home market will continue to absorb more of Canada's agricultural production and reduce the dependence of agriculture on the export market. Wheat will undoubtedly remain one of Canada's most important exports and outlets will continue to be needed throughout the world. In fact, the Commission foresees wheat exports in 1980 little changed from the present level. In addition, there should be outlets for a wide variety of high-quality products from Canadian farms in a number of countries which enjoy a high level of industrial development.