



STATEMENTS AND SPEECHES

INFORMATION DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS

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No. 53/9 CANADIAN GOODWILL TRADE MISSION TO LATIN AMERICA

Statement by the Minister of Trade and Commerce,
Mr. C.D. Howe, made in the House of Commons,
February 26, 1953.

The year just past has been another remarkable record of achievement in our foreign trade. Our exports have continued to advance and reached a total value of \$4.4 billion in 1952, an increase of \$400 million over 1951, the previous highest year. It is worth noting that the total volume of our exports in 1952 increased by even more than their value.

At the same time, many leading import commodities experienced a sharp fall in price during 1952. In spite of this, the total value of Canadian imports remained at approximately the same level as in 1951 - at just over \$4 billion.

Almost all of the \$400 million increase in our exports in 1952 went to overseas countries. Thus, while our exports to the U.S. rose to \$2.3 billion last year and continued to be the most important single factor in our foreign trade, the proportion of our trade going to that great market has declined steadily in recent years and fell last year to 54 per cent of our total exports.

It is gratifying to note that our exports to the United Kingdom and Commonwealth countries increased in value, in volume and in proportion, rising to over \$1 billion. Similarly, our exports to Europe, to Latin America and to other countries - notably Japan - increased substantially last year and totalled about \$1 billion.

Sound commercial and economic policies have enabled Canada not only to maintain high levels of foreign trade, but also to diversify that trade. Canada's policy is to build up a sound exchange of commodities with every country in the world. In this we are succeeding to a remarkable degree...I wish to report on our trade with Latin America and particularly on the results of the Canadian Goodwill and Trade Mission which has recently returned from a visit to Latin America.

Our trade with the twenty Latin American countries continued to be one of the brightest spots in the world trade picture. This trade has experienced a rapid expansion in recent years. In 1938 our total trade with this area was valued at \$33 million. Last year the total amounted to about \$560 million. As a percentage of our trade with all countries, trade with Latin America has tripled since prewar. Over 6 per cent of our exports go to those countries and about 7 per cent of our imports come from them.

The reasons for the growing importance of this area in Canada's trade pattern are obvious. Latin America has a population of over 150 million and vast natural resources complementary to our own. As in Canada, the whole area is in the process of economic expansion, with high production, rising living standards and increasing import requirements. We are natural trading partners, each in need of what the other can supply.

Since the war, our traditional exports to Latin America have been supplemented by a wide range of other products. The area has become one of our best customers for manufactured goods, many of which are currently denied access to other markets. Many countries in Latin America, including Cuba, Venezuela and Mexico, are open dollar markets where trade is unrestricted by import and exchange controls, just as Canada is an open market for their products.

Our relations with Latin America have been strengthened substantially in recent years. Since the end of the war we have concluded new trade agreements with many of these countries and we now maintain most-favoured-nation trade relations with all of Latin America with the exception of Honduras. In recent months we have further strengthened our diplomatic representation by establishing embassies in Venezuela, Colombia and Uruguay.

It is against this encouraging background and as a positive contribution to the expansion of Canada's trade that the Government decided to organize a Goodwill and Trade Mission to visit many of the countries of Latin America early this year. I was privileged to lead this Mission on a 5-week tour of nine countries, leaving Ottawa on January 5, and returning on February 10. We visited the following countries:

Brazil	Venezuela	Haiti
Argentina	Colombia	Cuba
Uruguay	Dominican Republic	Mexico

The Mission also made unofficial visits to Puerto Rico and to Trinidad, where we were privileged to meet a number of businessmen. In Trinidad, we were able to discuss matters of mutual interest with the Governor, Sir Hubert Rance, and with the Hon. Mr. Gomes, Minister of Labour and Industry, and other members of the Government, and to see something of the development of that British colony.

The Mission was composed of a small group of government officials and seven Canadian businessmen, drawn from widely representative branches of the Canadian economy. Three of the latter group speak Spanish fluently and spoke for the Mission on a number of occasions. These businessmen called on those concerned with the interests they each represented and thus, by dividing the Mission, we were able to cover a wide cross-section of interest in the countries we visited. Special thanks are due to these businessmen who helped materially in making our trade mission a success.

Their names and affiliations are as follows:-

D. W. Ambridge, President and General Manager, Abitibi Power & Paper Co., Ltd., Toronto, and representing the Canadian Chamber of Commerce.

- J. M. Bonin, Managing Director, La Cooperative Agricole de Granby, Granby, P.Q., and representing La Chambre de Commerce de la Province de Quebec.
- J. S. Duncan, Chairman and President, Massey-Harris Co., Ltd., Toronto, and representing Canadian Manufacturers' Association.
- Alex Gray, President, Gray-Bonney Tool Co., Ltd., Toronto, and representing Canadian Exporters' Association.
- F. L. Marshall, Vice-President in charge of Export for the House of Seagram, Montreal, and President, Canadian Inter-American Association.
- K. F. Wadsworth, President and General-Manager, Maple Leaf Milling Co. Ltd., Toronto.
- Clive B. Davidson, Secretary, Canadian Wheat Board, Winnipeg.

The businessmen who accepted our invitation to join the group paid their own expenses, including cost of their transportation in an RCAF aircraft. The government officials who were attached to the Mission contributed much to its success and were most helpful in our contacts with government and business. The crew of the aircraft, drawn from RCAF personnel, made a splendid impression, particularly when the Mission was receiving military honours. The fact that the Mission travelled in an RCAF North Star aircraft added considerably to its success.

The purpose of this Mission was to gain new first-hand knowledge about some of the countries with which we have been doing such satisfactory business, to learn what more we can do to develop and strengthen our trade with them in both directions. We did not go with the object of signing or revising trade agreements or of entering into any specific negotiations. This was a visit of friendship and goodwill to strengthen the broad basis of trust and mutual interest on which alone a sound flow of trade can be developed.

I may say with confidence that the object of our Mission has been achieved in the fullest measure. In all of the countries visited we were received by the head of the state, to whom I transmitted letters of greeting from our Prime Minister. We also had the privilege of meeting high government officials, key industrialists, and leading representatives of business, banking, agriculture, and other organizations. The various business members of the Mission had every opportunity to establish direct contact with their opposite numbers in each country. Many fruitful and valuable discussions were had, and I am glad to report that, while we were not, as a Mission, concerned with making immediate business deals, many of the individual members of our group were able to conclude satisfactory arrangements for further business on the spot.

I intend to go into some detail regarding each one of the countries on our tour. Before doing so, however, there are several comments of a general nature, which I would like to make.

The warmth and cordiality of the reception accorded to the Canadian Goodwill and Trade Mission in each country visited was beyond anything we had expected. We

know this was intended not for us as a Mission but, through us, for all the people of Canada. The publicity we were accorded by press, radio and television was quite extraordinary. There is in all of these countries a fund of goodwill and genuine friendship for Canada that augurs well for the future of our relations and for the long-term prospects of our trade. It was my privilege in each country to thank the government and the people for the magnificence of their reception and their hospitality.....

Wherever we went, we found the keenest desire to increase trade with Canada, and particularly to develop direct trade with Canada, as against indirect trade through third countries. While this is something that depends largely on transportation facilities, I believe that much can be done along these lines right now. I would urge Canadian exporters and importers to look into the possibilities of further developing direct connections with their customers and suppliers in Latin America. The Department of Trade and Commerce here in Ottawa and all our officers in the field will do all they can to be of assistance.

Wherever we went, also, we were asked about the possibilities of further Canadian investment in these countries. As you know, there are already many important Canadian interests established in various countries of Latin America. We were happy to meet numerous representatives of these organizations during our tour, and I may say that they contributed greatly to the success of our Mission. The Brazilian Traction, Light and Power Co., in Brazil, the International Power Co., (Montreal), in Venezuela, the Royal Bank of Canada, the Sun Life, the Confederation Life, the Aluminum Company of Canada, the Mexican Light and Power Co., the Massey-Harris Company and many other Canadian organizations have impressive records of business success in Latin America and have played a significant part in the development and expansion of the countries in which they are established. We saw and heard about many new opportunities for profitable investment in these countries, and I hope that Canadian companies interested in foreign investment will investigate fully the possibilities available to them in Latin America.

Our bonds with Latin America are more than purely commercial or economic. Increasingly, Latin American students are coming to our schools and universities for their education. We are interested in seeing an even greater interchange of ideas and of technical knowledge between Canada and the countries of Latin America.

Brazil

Our first official stop was in Brazil.

We spent three days in Rio de Janeiro, the capital, and another three days in Sao Paulo, the booming industrial centre to the south. We were received in Rio by President Getulio Vargas and by several of his ministers, with whom we discussed many aspects of our mutual trade. We also had important meetings with trade and business organizations and met a number of leading personalities.

Canada's trade with Brazil has become increasingly important. Our exports to Brazil in 1952 reached over \$81 million while our imports from Brazil amounted to about \$35 million. Brazil is one of our best markets for motor vehicles

and electrical apparatus, for many other types of equipment and materials. We have recently been supplying a large part of Brazil's wheat requirements and, shortly after our visit, Brazil announced her intention to import a further large quantity of Canadian wheat. Canada is an important market for Brazilian coffee, for cotton, iron ore, tropical fibres, waxes, quartz and other products.

We were glad to learn, while in Brazil, of the plans being made for a solution of their current exchange difficulties. Brazil is giving priority to the liquidation of its commercial arrears. It has introduced a new exchange bill which will, it is hoped, enable it to move its cotton surplus and to sell abroad more of its cocoa and lumber.

As part of her exchange-saving measures, Brazil continues to maintain strict import restrictions against many dollar goods. These restrictions are affecting a number of traditional Canadian exports to that market, particularly codfish, wheat flour, whisky and other consumer goods. I know from my conversations with the Minister of Finance and other members of the Brazilian Government that they are as interested as we are in an early re-opening of the Brazilian market for these goods.

Brazil is a country with tremendous possibilities for expansion. We had an opportunity of visiting the Volta Redonda Steel plant, the largest in Latin America, as well as a number of modern industries in the Sao Paulo area. I was personally most impressed with the efficiency and organization of all these plants.

The growth of the city of Sao Paulo is itself the best illustration of the progress of the country. This is said to be the world's fastest-growing city, and now has over 2 million inhabitants. The 400th anniversary of the founding of the city of Sao Paulo will be celebrated in 1954 with a centennial exhibition. The Canadian Government proposes to participate in this exhibition and it is hoped that many of our Canadian manufacturers will take advantage of this exhibition to show the products they have to sell in Brazil.

Keeping pace with the tremendous industrial and population growth of this area, as in Rio and in other parts of Brazil, the operating subsidiaries of the Brazilian Traction, Light and Power Co. are giving a tangible and impressive demonstration of what Canadian capital and skill can accomplish in cooperation with the people whom they serve.

In the neighbourhood of Rio de Janeiro, we visited the Paraiba-Pirai diversion project. This large-scale power expansion project undertaken by Brazilian Traction will take several years to complete and will raise the capacity of one of the main power plants supplying the Brazilian capital from 190,000 kw to nearly 900,000 kw.

Near Sao Paulo, we visited the Cubatao power installations, also operated by Brazilian Traction subsidiaries, where important generating plants are being expanded to take care of rapidly increasing demand.

Canadians may well be proud of the engineering work being carried on by this Canadian company. The work is not only spectacular, but involves features that are unknown outside Brazil. It was a privilege to meet the Canadians who are managing this vast enterprise and the engineers who are carrying out the development programme. The company has a tremendous responsibility for making possible the rapid industrial expansion of Brazil, and those in charge are fully conscious of that responsibility. These men are a great credit to Canada and are our ambassadors of goodwill in Brazil.

Argentina

From Brazil, we proceeded to Argentina for a three-day visit in Buenos Aires. President Juan Peron of Argentina received the Canadian Mission. We also had meetings with the Minister of External Relations, the Minister of Foreign Trade, and with several other cabinet ministers.

I was privileged to address a joint meeting of the British Chamber of Commerce and other business associations who joined together for the first time on this occasion. We were also received by the Buenos Aires Stock Exchange. We visited the Terminal Grain Elevator of the port of Buenos Aires, one of the largest in the world. I was indeed happy to note the great improvement in Argentina's wheat position. After the serious droughts of 1950 and 1951 Argentina's wheat crop had fallen to 75 million bushels, one-third of her ten-year average. The current crop is estimated at 275 million bushels, and this should contribute substantially to easing Argentina's trade and exchange difficulties.

Canada's trade with Argentina in 1952 totalled about \$12 million, with our exports valued at \$8 million and our imports from Argentina amounting to about \$4 million. Tractors and farm machinery are the main items in our exports at present. We also sell Argentina small quantities of aluminium, asbestos, newsprint and rubber tires. Our main imports are: canned meat, quebracho extract, hides and skins, and vegetable oils. When we recall that Argentina became our largest market in Latin America in the immediate postwar years, we should be encouraged to look for a very substantial increase in trade levels in the future.

Although possibilities of trade are limited by the fact that our principal products are largely the same, we are hopeful that our trade with Argentina can be substantially enlarged. A mutual desire to that end was evident during our visit.

Uruguay

The Mission spent two days in Montevideo, Uruguay, where we had the pleasure of calling on Sr. Martinez Trueba, President of Uruguay's National Council, and on other members of the National Council. Members of the Mission had a valuable round-table conference with Uruguayan government officials. Arrangements were made enabling us to meet many of the leading representatives of Uruguay's business community.

Our trade with Uruguay is of moderate size. Last year, our exports amounted to \$5 million while we imported about \$2 million from Uruguay. Uruguay is a traditional and important market for Canadian seed potatoes, and a small but valuable outlet for newsprint, farm machinery,

aluminum and other goods. Currently, many items that we are anxious to supply are restricted entry because of Uruguay's exchange situation. I am glad to say that this situation is showing considerable improvement, and we hope the day will not be far distant when Uruguay will relax its import restrictions against certain Canadian goods. Our imports from Uruguay consist mainly of wool and wool tops, canned meats, and hides and skins.

I hope that, with the exchange of Embassies between Canada and Uruguay, and as a result of our visit, we may see a significant expansion of trade in both directions.

Venezuela

The Mission spent 6 days in Venezuela. We stayed in Caracas, the capital, for 5 days, and spent one day in Maracaibo, the great oil centre. Venezuela is one of our most important dollar markets in Latin America - a valuable market for wheat flour, milk, motor vehicles, copper, aluminum, newsprint, electrical apparatus and many consumer goods; it is also our largest source of supply for crude oil imports. Our exports to Venezuela totalled \$36 million in 1952, and our imports, traditionally much higher in value, amounted to about \$136 million. We are interested in reaching a closer balance in our trade with Venezuela through an expansion in our sales to that country, and we are also anxious to seek new products that we can import from them. We had most interesting meetings with Cabinet Ministers of the Government.

Venezuela has an ample supply of dollars, derived largely from the export of petroleum. There are no restrictions on imports to that country. It is perhaps the largest import market in Latin America and imports from Canada are far below the scale that we would desire. The market is highly competitive, but still offers a fertile field for those Canadians who will visit that country in an effort to sell Canadian products. Members of our Mission obtained important on-the-spot orders and all expressed the opinion that Canada is doing a very poor selling job in that country. Industrial expansion is in progress at an astonishing rate and almost any product of the type made in Canada is being imported in volume, including manufactured goods, metals, pulp and paper and food.

We also had an important meeting with officials of the Flota Grancolombiana, the joint shipping line of Venezuela, Colombia and Ecuador, which now extends its service to Canada on the East Coast and will shortly do the same on the West Coast. All ships owned by this company were built in Canada and are contributing greatly to the development of trade between Canada and the Latin American countries it serves. Plans are under way to expand the fleet of refrigerated ships which will help further to promote direct shipments from Canadian ports.

While in Caracas, we had an opportunity to visit the Caracas-La Guaira super-highway, now nearing completion, which will connect the city of Caracas with its seaport. This is one of the major construction projects in Latin America.

In Maracaibo the Shell Caribbean Company conducted us on a tour of part of the oil fields which have played such an important part in making Venezuela's currency one of the hardest in the world.

There is no doubt in my mind that Venezuela will continue to be one of our most important trading partners. We shall continue to need crude oil imports in large volume for our East coast and Maritime markets for many years to come and we will thus be contributing substantially to Venezuela's strength and prosperity.

Colombia

From Venezuela the Mission proceeded to Colombia, where we spent 4 days in Bogota, the capital, and also visited Barranquilla, the main Atlantic coast port.

The Mission were received by the Acting President of the Republic, Dr. Urdaneta Arbelaez, and also had interviews with several cabinet ministers. We had very interesting meetings with the directors of the Banco de la Republica, with the president and officials of the Flota Grancolombiana, with the Colombian Coffee-Producers Federation, and with other business organizations.

Among the numerous matters discussed with government officials was that of Colombia's wheat import policy. In the past, this has made it difficult for Canada to supply as much of the wheat as we would have wished. Under the new arrangement being introduced, Colombian importers will have a greater opportunity to plan ahead, and will thus be in a position to buy more wheat from Canada in those periods when local production is insufficient. I was also informed by Dr. Cabal, Minister of Agriculture, that Colombia will be lifting its current embargo against Canadian meat and livestock when the United States does so.

We had an opportunity to visit the ancient salt mines of Zipaquira, near Bogota, and the new soda-ash plant nearby, which began operations last year. We also visited the modern pharmaceutical laboratories of Frosst and Co., of Montreal, a new Canadian enterprise in Colombia.

Colombia is a country with a highly diversified economy. It is in a strong financial position and offers an important dollar market for many Canadian goods.

Our exports in 1952 totalled nearly \$14 million, and our imports were about \$18 million. Machinery, newsprint, asbestos, wheat and flour, malt and aluminum, are among our main exports to that market. In return, we buy coffee - Colombia is our second largest supplier - and smaller quantities of bananas and other items. Our first purchase of rice from Colombia was announced recently, and I hope that a more diversified import trade with Colombia may be developed. We shall soon have a Canadian embassy established in Bogota, and can look forward to an era of even closer relations between Canada and Colombia.

Dominican Republic

We had a brief but busy stay in Ciudad Trujillo, Dominican Republic, during which we were received by President Hector Trujillo, and members of his cabinet, and numerous other government and business representatives.

The Dominican Republic is one of the world's largest and most efficient sugar producers, and was an important supplier to the Canadian market during the difficult war years. We had an opportunity to visit the most important sugar property on the island, the Rio Haina estate. Its modern sugar mill is doubling its capacity. This project, initiated in 1949, has been financed entirely with local Dominican capital, with an investment totalling some \$40 million.

Our trade with the Dominican Republic has grown substantially. In 1952 we exported to the value of nearly \$5 million, mainly fish, wheat flour, rubber tires, newsprint. Our imports totalled about \$6 million, consisting largely of raw sugar and coffee. This is an open dollar market, and I am sure that the recent establishment in Ciudad Trujillo of a Canadian Trade Commissioner post will be of great assistance to our trade.

Haiti

Our visit to Haiti, though unfortunately all too short, was extremely useful and rewarding. Canada has traditionally close and cordial relations with the Republic of Haiti, not only in trade but also in the cultural field.

In Port-au-Prince, the Mission was received by the President of the Republic, Colonel Magloire, and by members of his cabinet. We had a detailed discussion of our trade interests with government officials and with the Chamber of Commerce of Haiti.

Haiti has long been a market for our fish and flour, and is also buying numerous other goods in Canada. Our exports in 1952 totalled almost \$3.5 million. Our imports of \$2 million last year, consisted largely of raw sugar, tropical fibres, coffee and bananas. Haiti is particularly interested in developing sales of rum in this market and I hope that some satisfactory arrangement may be reached on this subject.

Our newly-appointed Trade Commissioner to Haiti will be paying particular attention to developing our trade with this country.

Cuba

From Haiti we proceeded to Cuba for a two-day visit.

Our official calls included meetings with the Minister of State, Dr. de LaCampa, with the Minister of Commerce, Dr. de LaTorre and with the Minister of Agriculture, Dr. Jacomino. The Mission were received by the President of the Republic, Major General Batista.

As you know, and as I already explained in this House, I took the opportunity of our visit to Cuba to have full discussions on the subject of sugar production and marketing. I have already reported in detail on this matter. I may say that I received the fullest co-operation from the directors and members of the Cuban Sugar Stabilization Institute and from other prominent representatives of the sugar industry. We had an opportunity also to visit the Hershey Sugar Mill, which is the largest single producer of refined sugar in Cuba with a daily productive capacity of 1,000 tons.

Our trade with Cuba has been rising rapidly since 1947, when Canada received substantial tariff concessions as a result of negotiations under the GATT. In 1952 we exported to Cuba \$24 million of goods, including large quantities of wheat, newsprint, wheat flour, copper, fish, malt, potatoes, milk, oats and machinery. From what I saw, there is still a wide field for a further expansion of Canadian sales in that market. Our imports from Cuba in 1952 totalled some 20 million dollars, and consisted mainly of raw sugar, synthetic yarns, pineapples, fibres and tobacco. Cuban raw sugar has been entering the Canadian market under the terms of a special arrangement entered into at Torquay in 1951. This arrangement comes to an end this year. Whether it should be renewed, and in what form, is a matter for future discussion in the light of conditions at that time.

While in Cuba, I expressed the Canadian Government's hope that the current problems in world sugar-marketing may be solved to the satisfaction of both producers and importers through the medium of an international sugar agreement which will be discussed later this year. Cuba's 1951-52 crop of over 7 million metric tons of sugar is the largest in history and the Cuban Government is this year restricting the current crop to well below that figure. It is certainly in Canada's interest that the Cuban economy, so dependent on sugar production and export, should continue at a high level of prosperity and stability.

Mexico

Our four day visit to Mexico City was the last stop of our tour before returning to Canada. The Mission were received by the President of the Republic, Dr. Ruiz Cortines, and also had meetings with the ministers of the government. The Foreign Minister of Mexico, Mr. Padilla Nervo, preceded Mr. Pearson as President of the United Nations General Assembly and is a great friend of Canada.

We had particularly valuable conferences with the Banco National de Mexico, with the Confederation of National Chambers of Commerce and with the Importers-Exporters Association of Mexico. At these meetings the Mexican representatives formally proposed the creation of a joint Mexican-Canadian Chamber of Commerce or similar association of private trade interests in both our countries. I understand that this proposal, which has much to commend it, is now being given the fullest consideration.

Mexico is Canada's second largest market in Latin America. Our exports in 1952 totalled almost \$40 million and included a wide range of products with the main items being motor vehicles, newsprint, machinery, woodpulp, farm implements, electrical apparatus, aluminum and asbestos. It is also one of our most important suppliers of raw cotton and of many other products including peanuts, fresh vegetables and fibres. Canadian imports from Mexico in 1952 were valued at about \$24 million. Canada has become one of Mexico's main customers. Mexico is keenly interested in the further development of her tourist trade with Canada, and I hope that an increasing number of Canadians will visit that beautiful country. We are hopeful that direct air services between Canada and Mexico may soon be established and this will aid in promoting even closer relations between us.

....I have given a brief review of our official visits to nine Latin American countries. We have come back from our tour with increased knowledge and with increased confidence in the future of our relations. But I am sure I speak for all members of our Mission, and particularly for the business representatives who were with us, and were able to prove this for themselves, when I say that what impressed us most was that our trade with these countries can be expanded to still much greater levels. Latin America is one of the world's major trading areas, selling over \$3¹/₂ billion yearly to the United States alone and buying almost \$300 million monthly from the U.S. - our nearest competitor. I believe Canada's share of this trade could be greatly increased and our position in these markets further improved. The opportunities are there, and it is up to us to make sure they are grasped and developed.

This is a job that must primarily be done by Canadian businessmen themselves. There is no substitute for personal, direct, on-the-spot contacts and relations. I would most strongly urge senior Canadian businessmen to go to the countries of Latin America and see for themselves what new fields are open to them. I would like to think that our own visit was but the first of many such visits in both directions by business groups and individuals. There is no better way of getting to know one's customers and suppliers and of finding new customers and new suppliers.

I took the opportunity of my stay in each country to extend to the governments and business groups of those countries an invitation to come and visit us in Canada. I know many of them are making plans to do so, and I have assured them that they will meet with the warmest and most cordial reception among us. I also invited the governments and business groups of each country visited to attend our International Trade Fair. Many of them have already done so, and more will come in future years.

Like Canada, the countries of Latin America are countries of the future. We have come closer together over the years. May I express my sincere hope that we shall continue to work together in our programme for the expansion of our economies.

S/A