

Effect on Movement of Important Commodities

That the view taken in the early days of the War has been justified by events is seen in the fact that, after eighteen months at war, Canada was still in the position of having a large supply of agricultural products either on hand or in prospect. The United Kingdom had, by the end of 1940, expressed a desire for only a few Canadian farm products in excess of shipments then being made, viz., cheese, evaporated milk and flax fibre. Canada is able to supply the United Kingdom with a greater quantity of bacon (see below under "Live Stock") and cheese than was called for in the 1939-40 Agreement; eggs were being shipped in larger numbers than usual, but more of certain grades could at that time have been sent if needed. The United Kingdom is not prepared to take Canadian tobacco, apples and other fresh fruits; she is ready, however, to handle canned tomatoes, dried and canned apples, fruit pulp, fruit pectin and honey.

Live Stock and Live-Stock Products

One effect of the War on the live-stock industry in general has been a sharp curtailment in the imports of purebred stock. This, in turn, has stimulated the use of home-raised breeding stock with certain classes of animals. Lack of export markets for surplus grain and shortage of experienced farm help are other factors that are certain to influence the trend of stock raising.

Bacon.—Bacon hogs represent the only class of live stock to be much affected by war demands. To ensure ample war-time supplies of bacon, the United Kingdom Government negotiated an Agreement for delivery by the Canadian Government of a minimum of 5,600,000 lb. of the product weekly, up to Oct. 31, 1940, at a price of \$18.01 per 100 lb. f.o.b. Canadian seaboard. The volume exported has been in excess of the 280,000,000 lb. maximum annual export provided for under the Ottawa Agreement, and the price has been attractive in relation to feed costs. The effect has been to accelerate an already upward trend in hog production, setting an all-time record in the number of pigs on feed.

European competition has disappeared, and Canada is now the sole supplier of imported wiltshire bacon to the United Kingdom, and is in a position to make an even greater contribution than in 1939-40.

Under a new Agreement, 425,000,000 lb. of wiltshire sides and cuts will be shipped to the United Kingdom between Nov. 1, 1940, and Oct. 31, 1941. This represents about 95,000,000 lb. more than was exported under the 1939-40 contract. The net return under the Agreement will be \$67,300,000. In addition, livers, kidneys, tongues, bladders and casings having a net value of about \$2,000,000 will be supplied. Prices for the various selections of wiltshire sides range from a top of \$16.10 per 100 lb. delivered at Canadian seaboard for Grade A, No. 1 Sizeable, to \$12.75 for Grade B, No. 3, weighing 70-80 lb. per side.

The strong demand of the United Kingdom for volume with quality has given impetus to further improvement in every phase of marketing and production. Under the Agreements, the Government, through the Canadian Bacon Board, has been the sole agency for delivery to the British Ministry of Food. This has resulted in strict regulation of volume and quality, a close relation between hog and bacon prices and elimination of wide price fluctuations in the hog market.

Beef.—War has had little effect on the market for beef cattle. At the outbreak of war, the movement of Canada's surplus was almost entirely to the United