

States market, and has since continued in that direction. During the first year of the War a sharp increase in the purchasing power of labour maintained good prices for all classes of meat, particularly beef, and exports to the United States were restricted only by the comparatively high prices prevailing in the domestic market.

Owing to the necessity of conserving shipping for war-time essentials, experimental shipments of fresh young beef to the United Kingdom were discontinued but this has not materially affected the market. Similarly, Canada's dairy cattle trade with the United Kingdom was suspended at the outbreak of war; the trade in dairy cattle with the United States, however, has not been affected.

*Wool.*—Except for the stimulating effect on wool production, war has brought no important change in the sheep industry. Production of lamb and mutton in Canada does not meet domestic requirements and imports exceed exports.

Returns for wool, however, have been higher than they were before the outbreak of war. Prior to the War the outlet for Canadian wool was world wide, and much of the fine wool was exported to England and the Continent. Under present war and insurance risks, it would not be practicable to export overseas any part of the 1940 clip. British requirements are taken care of amply through control of the entire clips of New Zealand, Australia and South Africa. The Wool Administrator of the Wartime Prices and Trade Board has been vested with power to retain in Canada all the home-grown product suitable for war purposes. Under permit from the Wool Administrator, some exports have been made to the United States, but sales have been confined mainly to the home market

### Dairy Products

Cheddar cheese and evaporated milk are the only Canadian dairy products that the United Kingdom has requested in greater than peace-time quantities; and, largely as a result of a favourable season for dairying throughout the Dominion, a substantially increased production of both of these has been possible without interfering with the normal production of other products.

*Butter and Cheese.*—Under an Agreement concluded on May 28, 1940, between the Governments of the United Kingdom and Canada, the British Ministry of Food arranged for the purchase of 35,000 long tons of Canadian cheddar cheese during the production period ended Nov. 30, 1940, on a price basis of 14 cents per lb., No. 1 Grade, f.o.b. ship or railway car at Montreal. This was followed immediately by a request from the British Ministry that Canada ship any cheddar cheese that might become available over and above the amount specified. An assured market for the season's cheese output and butter stocks greater than those of the previous year had a somewhat depressing influence on butter prices but stimulated cheese production, with the result that exports of cheese made through the Dairy Products Board to Nov. 30 reached 39,895 long tons.

The Dairy Products Board, set up as the sole agency for delivery to the British Ministry of Food, found it necessary to curtail cheese exports to non-Empire countries in order to conserve the maximum amount for the United Kingdom. This was done by prohibiting the export of the regular sizes and shapes of cheddar cheese manufactured since Apr. 1, 1940, and by confining the shipments of matured cheddar cheese and other types of cheese eligible for export to firms established previous to the outbreak of war: