

## Section 2.—Geographical Distribution of Canadian Trade

Since Confederation the records of Canadian trade have emphasized the importance of trade relationships with the United Kingdom and the United States. In the early years of the Dominion, when the United Kingdom was lending Canada capital on a considerable scale, that country supplied more than half of the Canadian imports, even though, as a purchaser of Canadian goods, she took second place to the United States. To-day, though there have been vast changes and shifting trends, Canadian trade is still carried on predominantly with these two countries.

It is the purpose of this Section to outline these main trends. Subsection 1 outlines the effect of the War on world trade. In Subsection 2 reference is made to Canada's place in the world economy, thus providing a background for the detailed treatment of trade by continents and leading world countries appearing in Subsection 3; with the United Kingdom and the British Empire in Subsection 4; and with the United States and other foreign countries in Subsection 5.

### Subsection 1.—The War and World Trade\*

The War has altered the structure of world trade. An indication of this will be seen from a perusal of the government controls, etc., that have been made effective in Canada, as outlined at pp. 434-439. Another factor that has hampered external trade has been the difficulty of exchange transactions between many countries. The statement on p. 447 gives the foreign trade of fifteen countries for 1938; the figures are taken from the League of Nations publication "International Trade Statistics" and converted into millions of Canadian dollars. The imports of the fifteen countries amount to about \$19,000,000,000 out of total world imports of \$24,000,000,000. Asterisks indicate the countries between which the flow of trade has now been stopped. The statement merely points out the obvious effects of the War as a result of the circumstances that German and Italian trade is now confined to Europe; that Japan, due to her position, is, since making war, cut off from trade with all the other fourteen countries of the table; and that neutrals trade with all countries except in so far as they are prevented by blockade or counter-blockade. The figures of trade between countries that are marked with asterisks aggregate about \$4,250,000,000, or over 35 p.c. of the total of \$11,750,000,000.

Needless to say, the remaining two-thirds of the trade indicated in the statement has been vastly transformed since 1938. International exchange on the continent of Europe is now part of the administration of the Nazi "New Order" compelling subject peoples to provide supplies for the German war machine. On the Allied side, external trade has been freely converted, along with the other sections of each country's economy, into those fields that will best support the war effort. Thus, although five-sixths of Canada's external trade in 1938 was with countries still accessible, yet all of her trading activities have been oriented towards the prosecution of the War. Imports from the United States for 1941 are  $2\frac{1}{2}$  times those of 1938. Exports to the United Kingdom have likewise increased enormously. Emphasis in both import and export trade has been shifted; the former being now largely made up of basic materials for the war effort, and in the latter purely commercial goods have given place to the sinews of war.

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