

Subsection 4.—Trade with United States and Other Foreign Countries

The relative importance of the United Kingdom and the United States in the trade of Canada from Confederation to the outbreak of the Second World War is discussed at pp. 414-415 of the 1941 Year Book.

Since the outbreak of the War there has been a sharp expansion in imports from the United States. Although most of this has been in iron and its products, increases have been general in other groups. To a large extent this rise is a reflection of the war expenditures of the Dominion Government. The large volume of British purchases in Canada has also contributed to the rise since the United States is the source of many of the parts and materials required as well as of machine tools and other capital equipment employed in new kinds of production. Furthermore, the increased volume of industrial activity accompanying the War has enhanced the national income with the result that the greater demands for consumers goods have also led to increased imports from the United States.

While Canada's exports to the United States have also increased since the start of the War, this increase has not been on a scale comparable with the sharp rise in imports. The exchange problem that has arisen with the War is described in the Section on the balance of international payments (see p. 511).

A record of the value and proportion of trade with the United States since 1886 is given in Table 8, pp. 455-456. The commodities of Canadian export and import trade with the United States are shown in Tables 16 and 17, pp. 468-499.

Canadian Trade via the United States.—Imports from overseas countries via the United States have steadily declined in recent years, especially those from the British Empire. This decrease has followed: (1) general propaganda to utilize Canadian sea and river ports; (2) additional concessions to goods imported under the Preferential Tariff if they come direct. Provision has been made, in trade treaties and agreements negotiated with foreign countries, that goods must be imported via a Canadian sea or river port in order to obtain the full benefits of special rates of duty. This provision was cancelled so far as wheat is concerned, under the United Kingdom-United States Trade Agreement that came into effect Jan. 1, 1939. Between 1920 and 1939 imports via the United States decreased from 9.5 p.c. to 2.7 p.c. of the total imports from overseas countries but in 1940 they rose to 4.6 p.c.

The proportion of exports from Canada to overseas countries going via the United States showed a considerable decline between 1927 and 1939, the percentages by fiscal years being: 1927, 39.4; 1930, 33.7; 1932, 18.7; 1935, 17.3; 1936, 18.4; 1937, 16.5; 1938, 11.4; and calendar year 1939, 10.8. In 1940, owing to war conditions, they rose to 14.4 p.c.

12.—Values and Percentages of Trade with Overseas Countries Via the United States, 1940

Country	Imports Via United States		Domestic Exports Via United States	
	Value	P.C.	Value	P.C.
	\$		\$	
British Empire				
United Kingdom.....	42,263	1	27,637,364	5.4
Eire.....	Nil	—	74,060	1.3
Australia.....	11,398	0.1	5,767,522	17.0
Bermuda.....	300	0.5	19,891	1.3
British East Africa.....	183,903	10.6	4,415,735	92.2

¹ Less than 0.1 p.c.