

In order to stimulate increased production of butter and avert a threatened shortage during the winter of 1942-43, a subsidy of 6 cents per pound butterfat was paid the producers after July, 1942. In December, 1942, this subsidy was increased to 10 cents per pound butterfat for the period ended Apr. 30, 1943. In spite of subsidy, however, it became necessary to introduce butter rationing in Canada in December, 1942. A subsidy of 8 cents per pound butterfat was paid to producers during the period May to December, 1943, and this has been increased to 10 cents from January to April, 1944.

Cheese production in Canada totalled 207,000,000 pounds in 1942, an increase of 33·1 p.c. over 1941 and 56·1 p.c. over the five-year average 1936-40. Exports in 1942 represented approximately 70 p.c. of the total production. Although the Canadian domestic supply of cheese was regulated and restricted by the Dairy Products Board, it has not been necessary to ration cheese. The domestic consumption of cheese dropped to 41,300,000 pounds in 1942, a decrease of 20 p.c. over the previous year.

The export price of cheese, together with Government quality bonuses, provincial subsidies, and export subsidies, have been the chief factors regulating the cheese supply. In 1942 a favourable cheese price relationship resulted in high production, but in the first five months of 1943, due to a higher price for butterfat for butter, this relationship between butter and cheese was reversed and cheese production declined about 50 p.c. The fourth cheese contract between the United Kingdom and Canada was for 150,000,000 pounds of cheese to be shipped from Apr. 1, 1943, to Mar. 31, 1944. This is an increase of 25,000,000 pounds over the previous contract. The contract price is 20 cents f.o.b. factory shipping point, representing an increase of 5/8 cent to 1 cent per pound over the 1942-43 contract. This is supplemented by a Dominion bonus payment and provincial subsidies in Ontario and Quebec. Furthermore, to meet British needs, Ontario and Quebec cheddar cheese was removed from the domestic market during the summer of 1943.

The production of evaporated milk in Canada has been increasing over the past few years, and 1942 production was approximately twice as great as the average for the period 1936-40. There has also been an increased demand for whole-milk and skim-milk powder by the Red Cross and the Department of Munitions and Supply. The loss of certain important markets in the Far East has resulted in a decrease in the total demand for condensed milk. From December, 1941, to May, 1942, it was found necessary, in order to increase production of concentrated milk products, to pay a subsidy of 40 cents per 100 pounds for all milk going into the manufacture of concentrated milk products. In the spring of 1943, a subsidy of 25 cents per 100 pounds was again granted for a short period.

The Canadian Government's commitment to the United Kingdom for evaporated milk for the period from Apr. 1, 1942, to Mar. 31, 1943, was 668,000 cases—10,000 above the previous contract. The price per case at Montreal was \$4·45 as compared with \$4·00 in 1941-42.

Eggs and Poultry.—During 1942 and 1943, the production of eggs and poultry rose to new levels. In turn domestic and export demands have gone up rapidly.

From the beginning of the War to May 1, 1940, eggs were exported to Great Britain by private firms to private British importers. In May, 1940, the British Ministry of Food became the sole importer. On Apr. 15, 1941, control of exports by Canada was assumed by the Special Products Board. Exports from Canada amounted to 1,274,000 dozen eggs in 1939. By 1943 a new contract with the