

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.

Subsection 1.—Canada's Place in the World Economy

An outline of Canada's place in the world economy before the outbreak of war is given at pp. 404-408 of the 1941 Year Book.

Subsection 2.—Changes in Distribution Brought About by the War*

The War has altered the structure of world trade and Canada, being a leading trading nation, has been immediately affected. The Government controls of trade and the exchange restrictions that it has been found necessary to impose (see pp. 441-445) indicate some of the impediments that exist in the international trade field under present war conditions.

The main transformation has, of course, taken place in trade with belligerent countries. With the Allied Nations, especially with the United Kingdom (exports) and the United States (imports and exports) trade has bounded forward, and with neutral countries within the present trading area a satisfactory level has been maintained considering all existing conditions. With enemy countries, however, including all the extensive occupied areas, trade is entirely cut off and the resulting situation is one of great abnormality.

The relaxation, early in 1944, of censorship restrictions (in force since the beginning of the War) concerning the publication of information regarding the destination of exports from Canada and the sources of imports into Canada makes it possible to secure a more detailed picture of the phenomenal expansion of Canadian trade, particularly of exports, during the war period. While the great bulk of exports goes to the countries most definitely engaged in the United Nations war effort, there are approximately fifty countries to which the Dominion is exporting goods in varying but steady quantities, in spite of war handicaps.

In 1943 Canada's export trade amounted to \$3,001,352,279: this was two and one-half times greater than in any year of the War of 1914-18 and three times greater than in 1939. Exports alone during 1943 were considerably higher than total external trade in 1939 and total trade was three times higher than in the last pre-war year. Trade figures by months from January, 1940, to the latest month available in 1944, together with summaries of exports by principal commodities and by countries for 1943 are given in Appendix I to this volume.

Marked changes have characterized the trade of the Dominion since 1939. The Minister of Munitions and Supply has thus described the industrial changes and adjustments of the war years: "The first year of war, 1940, was a year of planning

* All figures for 1943 given in this Subsection are preliminary and subject to revision.