

## 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 in Recent Years

The War altered the structure of world trade and Canada, being a leading trading nation, was immediately affected. The Government controls of trade and the exchange restrictions that were of necessity imposed indicate some of the difficulties that existed in the international trade field under war conditions.

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

**Exports to Principal Destinations.**—In 1939 purchases of the United Kingdom and United States represented 76.6 p.c. of all Canadian exports; in 1944 they took 73.7 p.c. and in 1945, 67.1 p.c., a decrease of about 12 p.c., marking the decline of wartime trade. Exports to the United Kingdom increased from \$328,100,000 in 1939 to \$963,200,000 in 1945. These figures do not include shipments of food and war material on British Account consigned from Canada direct to theatres of war such as Egypt, French Africa and Italy. Exports to these destinations on British Account were credited in Canadian trade statistics to the country of consignment, rather than to the United Kingdom. Shipments of agricultural products consisting mainly of wheat and flour rose from \$94,200,000 in 1939 to \$237,000,000 in 1945, while animal and animal products advanced from \$73,600,000 to \$226,900,000, the increase in this group being concentrated in the food items of canned fish, meats, cheese and eggs. The flow of guns, trucks, tanks and military vehicles of all kinds to the United Kingdom swelled the exports in the iron group from \$16,000,000 in 1939 to \$297,400,000 in 1944; this group, however, decreased to \$162,500,000 in 1945. The non-ferrous metals—aluminum, copper, nickel, lead, zinc, etc.—already at a high level in 1939, advanced from \$83,400,000 to a peak of \$135,300,000 in 1944 but decreased to \$78,400,000 in 1945. Exports of chemicals and products to the United Kingdom valued at \$5,700,000 in 1939 reached a peak of \$31,100,000 in 1942 and amounted to \$16,400,000 in 1945. The miscellaneous commodities group includes shipments of shells, aircraft, ships and Canadian military stores,