

Canada lacks many products required by modern industry and many consumer goods that have become an important part of the present high standard of living in this Dominion. Import statistics reveal a large number of items that are not now being produced or are made available in insufficient quantities to meet domestic demands. Coal and certain machinery, cotton and wool, petroleum products, sugar and fresh fruits, tea and coffee are imported to meet the needs of Canadian industries and householders. Payment for these commodities is effected through the sale of Canadian products in other lands.

Maintenance of a large volume of trade is of two-fold importance to Canada. Only by exporting on a large scale can she obtain the advantages of large-scale production, and her needs for the many items not produced in this country can be satisfied only if sufficient Canadian products are sold on the international market to furnish funds with which to purchase such imported commodities. Total domestic exports for 1946 amounted to \$2,312,000,000 and imports for consumption to \$1,927,000,000. In this first year after the War, Canadian trade was maintained at a high level, as the productive capacity, which had increased so greatly during the War, found foreign outlets for its produce.

The transition from war to peace was not accomplished without difficulty: Many of Canada's customers ended the War with their foreign exchange reserves diminished and their ability to carry on foreign trade on a pre-war scale impaired. At the same time, their requirements for food and capital goods had increased. Without assistance of some kind, it would have been impossible to maintain the flow of essential goods to these countries.

Canadian Government trade and financial policy has been designed to bridge the gap between foreign requirements and Canada's own great capacity to produce. The principal method used in providing foreign governments with purchasing power is the system of loans and credits to various nations, and the supply to many countries of donations of food, clothing and equipment through the medium of UNRRA. These arrangements have proved mutually advantageous. Many countries whose economies had been severely dislocated by the War were assisted in their program of rehabilitation, and Canadian supplies of food have meant much to a world threatened with starvation. From the Canadian point of view, the loans have enabled Canadian industry to continue production at maximum tempo, and have averted the dangers of unemployment in export industries.

Such export credits and donations approximate \$2,000,000,000 in the aggregate, including a contribution of \$154,000,000 to UNRRA. The total Canadian post-war loans and credits to the United Kingdom and other countries are shown below, with the amounts advanced or encumbered up to Jan. 31, 1947:—

<i>Country</i>	<i>Amount Authorized to Jan. 31, 1947</i>	<i>Amount Advanced or Encumbered to Jan. 31, 1947</i>
	\$	\$
United Kingdom.	1,250,000,000	540,000,000
Belgium.	100,000,000	51,000,000
China.	60,000,000	22,374,165
Czechoslovakia.	19,000,000	5,283,348
France.	242,500,000	145,400,000
Netherlands.	125,000,000	66,973,322
Netherlands Indies.	15,000,000	5,400,000
Norway.	30,000,000	16,406,000
Union of Soviet Socialist Republics.	3,000,000	2,866,099
TOTALS.	1,844,500,000	855,702,934