

goods. The increased domestic sales of goods produced in Canada resulted in increased requirements for fuels, producers materials and capital equipment. Prosperity in the agricultural sector, in part due to the subsidizing of exports, increased the demand for imported farm machinery. The level of imports was apparently affected little by the price rise occurring throughout the year, with availability the prime consideration.

The total value of imports in 1946 approximated \$1,900,000,000, with almost three-quarters of the total coming from the United States. In spite of the increased production for export in other countries, the United States appears to have a firmer grip on the Canadian market than it did before the War. The Canadian demand for United States goods is the result of a combination of factors. From the 1920's on, the Canadian preference for United States manufactured consumer goods, or for domestic goods on the United States pattern, has been steadily growing. This growing preference is not unnatural, in view of the increasing growth of United States branch plants in Canada and the exposure of Canadians to United States radio, magazines and national advertising campaigns. The United States position has been further enhanced by the proximity of its industries to Canadian consumers, a minimum of foreign exchange problems between the two countries, and the use of the same language and similar methods of business. The return of the Canadian dollar to parity with the United States dollar early in July, from a 10 p.c. discount position, served partially to offset the price increases and improved the relative position of United States goods on the Canadian market. The trend in the last three months of 1946 was particularly pronounced, as the value of imports from the United States in that quarter was more than four times as great as an average quarter in the five years 1935-39, and one-third larger than the average for the same period in the wartime years 1941-45. Exports to the United States have not kept pace and the commodity deficit on current account amounted, in 1946, to over \$500,000,000. It is possible, however, that the import figures for 1946 may be inflated by abnormal inventory accumulation and capital formation deferred by the War.

Apart from the United States, the sources of Canadian imports may be divided into three principal geographic groups. The first of these is the United Kingdom, commercial imports from which were valued at \$141,000,000 in 1946, an increase of 16 p.c. over 1945 and 14 p.c. over the 1935-39 average. Principal imports from the United Kingdom were woollen fabrics and yarns, cotton fabrics, tin and tableware.

The group, second in importance, comprised other countries of the Commonwealth; total imports from this source were 16 p.c. higher than in 1945. The principal countries, with the chief items of imports from each, are listed below:—

<u>Country</u>	<u>Value</u>	<u>Item</u>
	\$'000,000	
India... ..	27.9	... Jute fabrics, tea, rugs.
Australia.... ..	19.8	... Wool, raisins, rabbit skins.
British Guiana.....	12.2	... Bauxite ore, sugar.
New Zealand.....	12.0	... Wool, sausage casings.
Jamaica. ....	10.5	..... Sugar, bananas, rum.

Imports from Latin America, at \$125,600,000, were the third group in importance but showed by far the greatest increase of any of the groups. The 1946 total was 45 p.c. higher than the corresponding figure for 1945 and more than five times