

Canada took an active part in the deliberations of the Food and Agriculture Organization Conference held at Washington in December, 1949. The Conference dealt with means of increasing food production to the pre-war per capita level, of maintaining certain price relations between commodities and export and import prices, etc., for financing agricultural and development projects and for technical assistance to economic development. The Conference also decided to establish a Committee on Commodity Problems rather than establish an international commodity clearing-house proposed by a committee of experts convened to consider how to handle food commodity surpluses.

In keeping with its increasing importance as a world trader, Canada has steadily extended the Foreign Trade Service of the Department of Trade and Commerce in the post-war period. At the end of 1949 there were 56 senior officials and 41 assistants working abroad in 45 offices in 39 countries. During the year trade offices were opened in Istanbul and Manila, and trade officers were attached to the Canadian consulates at Boston and Detroit. Canada has also fostered trade by holding an annual international trade fair and by exhibiting at trade fairs elsewhere. The third Canadian International Trade Fair is being held at Toronto from May 29 to June 9, 1950. During 1949 Canada was an exhibitor at the British Industries Fair, the Milan International Fair and the Junior Chamber of Commerce Fair at Brussels. It also opened a new exhibit in the Canadian Court of the Imperial Institute, London, where it has had a continuous series of exhibits since 1894. Several travel and tourist exhibits also toured a number of United States cities during the year, and dairy exhibits were prepared for dairy expositions in the United States and the United Kingdom.

Canada maintains relations with 49 countries under trade agreements, conventions of commerce and similar arrangements. A number of these are with Commonwealth countries and provide for the exchange of tariff preferences. Of the 49 countries 36 are either members of or have made application to accede to the General Agreement. During 1949, Canada and Austria agreed to exchange most-favoured-nation treatment, while Venezuela failed to renew the *modus vivendi* it signed with Canada in 1941 and Ecuador terminated its *modus vivendi*, also in force since 1941.

In the field of immediate external trade problems, the outstanding development of 1949 and early 1950 was the devaluation in September, 1949, of the Canadian dollar by 10 p.c. in relation to the United States dollar. By doing this Canada made an adjustment to an intermediate position between the United States dollar and the pound sterling. Among the reasons that determined this decision were (1) the desire not to have Canada 'priced out' of important world markets by other countries' devaluation, nor to devalue to such an extent as to prevent many of these countries, such as the United Kingdom, from increasing the level of their exports to Canada so as to earn additional funds with which to buy Canadian exports; and (2) the desire to narrow Canada's own dollar gap with the United States by reducing the price of exports to and increasing the price of imports from that country without at the same time setting up strong new inflationary influences. Behind both sets of reasons was the necessity of protecting Canada's balance of payments position after devaluation, since the level of foreign exchange reserves had not attained a level considered adequate for the country's needs.

Devaluation was preceded by several important inter-government conferences on trade problems. In July meetings were held of Commonwealth Finance Ministers