

CHAPTER XXII.—FOREIGN TRADE

CONSPECTUS

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NOTE.—*The interpretation of the symbols used in the tables throughout the Year Book will be found facing p. 1 of this volume.*

The subject of foreign trade covers more than treatment of imports and exports of commodities, important though this is. In its broader sense, it is made up of the total international exchanges of goods, services, securities and other financial exchanges all of which are presented in their proper relationship in the three Parts of this Chapter. Part I gives detailed statistics of external commodity trade. Part II summarizes external transactions from a standpoint of the balance of international payments. Part III outlines the various ways in which the Government promotes and encourages trade relationships, and reviews as well the Canadian tariff structure.

Review of Foreign Trade

Review of World Trade, 1948-49, as it Affected Canada

Certain favourable factors operated in 1948 to expand Canadian export trade. Continued high economic activity in the United States encouraged higher levels of exports to that country and United States tariff concessions assisted this movement. Certain Canadian export restrictions to the United States, including those on meat, cattle and grains, were also lifted and this permitted those commodities to move in greater volume to the United States at a time when the demands for many of these products were declining in overseas countries. The maintenance of most of the import restrictions throughout the year kept Canadian imports from the United States at a reasonable level, however.

The most important result that emerged from Canada's trade during 1948 was a substantial increase in the balance of exports. This contributed materially to the marked recovery in Canada's foreign exchange reserves which had reached a critically low level during the previous year. The result noted, however, was accomplished at the expense of unprecedented shifts in the directions of Canadian trade. The traditional export balance with overseas countries—particularly the United Kingdom and other members of the Sterling Area—was reduced and Canada's import balance with the United States underwent considerable contraction.