

or lesser degree. It is clear that if wood were difficult or expensive to obtain, many products taken for granted to-day would disappear from the markets, or would become much more costly through the use of higher priced substitute materials in their manufacture.

Canada's transportation services rely in no small measure upon the volume of business derived from the forest industries. The tonnage of unmanufactured forest products alone not including products of the wood-using industries, accounted for more than 17 p.c. of the total tonnage moved by the railway companies in 1948.

FOREIGN TRADE AND DOMESTIC UTILIZATION OF PRODUCTION

The history of the development of Canada's natural resources and of the expansion of her industries shows clearly how essential a high level of export trade is for the maintenance of her economic welfare. Statistics for the forests and forest industries bear out this statement fully. The early lumber industry was founded on the shipment of squared timber and, later, pine and spruce deals to Great Britain, and lumber to the United States. The pulp and paper industry sells 75 p.c. of its paper production in foreign markets.

Canada's favourable balance on commodity trading account is of very great significance in affording a means of settling her debit accounts abroad. In building up this commodity trading surplus the net balance of trade in wood products is of outstanding importance. Credits acquired from the sale of forest products are not only large but have been maintained for many years. In 16 of the years since 1929 forest products have provided larger contributions to the country's favourable trade balance than any other commodity group. In 1948 the net balance for wood, wood products, and paper amounted to \$880,000,000. Three-quarters of the exports went to the United States, and earned large credit items in United States dollars. These are of particular importance to-day, as they enable Canada to pay for many United States products which are essential to a high standard of living.

The commodity group "Wood, Wood Products, and Paper" leads all others in the total value of exports. Lumber, wood-pulp, and newsprint are the most important forest products which this country exports. In 1948, the favourable balance from trade in these totalled over \$785,000,000. Other forest products important as exports are pulpwood, shingles, and plywoods and veneers.

While Canada exports large quantities of forest products the Canadian market also absorbs a considerable portion of the output of the forest industries. On an average, around 90 p.c. of all the primary forest products are manufactured in Canada and the percentage has been rising in recent years. Sawlogs, pulpwood, and fuelwood account for over 95 p.c. of primary production; exports of sawlogs and fuelwood only amount to around 1 p.c. and exports of pulpwood to less than 20 p.c. of production.

Lumber marketed in Canada usually runs to a little more than half the saw-mills production. About three-quarters of the wood pulp manufactured in Canada is used by Canadian paper mills. Exports are largely made up of the chemical pulps. More than 90 p.c. of the groundwood pulp output is used in manufacturing in Canada. Canada is famous as a producer of newsprint, yet, being a country with a small population, it can use only from 5 to 10 p.c. of its output. The domestic