

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 the treatment of imports and exports of commodities, important though this is. In its broader sense, foreign trade 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 the Canadian tariff structure.

Review of Foreign Trade*

World Trade in 1948 and 1949 as it Affected Canada

The value of total world trade in both 1948 and 1949 was at approximately the same level, viz., slightly over 10 p.c. higher than in 1947. The volume changes were less, with 1948 a little above 1947 and 1949 about 5 p.c. greater than in 1948. The share of United States trade in the total value was still very large, but it was declining—from 21 p.c. in 1947 to 17 p.c. in 1948 and 16 p.c. in 1949. Canada accounted for approximately 5 p.c. of the world trade.

In 1948 and 1949, Canadian exports were at their highest levels in history. However, in view of the inconvertibility of many currencies, this situation must be regarded from two sides. Canadian exports to the Sterling Area and to other soft-currency countries actually declined considerably. This development would have created serious problems for the Canadian economy had not exports to the dollar countries increased to more than offset other losses. This increase provided Canada in 1948 and 1949 with levels of exports which contributed greatly to the maintenance of domestic prosperity.

Restrictions on dollar expenditures by the Sterling Area and other soft-currency countries became particularly widespread in 1948 and 1949 and affected Canadian export trade very materially. The inability of these countries to earn sufficient

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