

Most of the main world trading nations, Canada included, are associated in the General Agreement of Tariffs and Trade (GATT) and continued their efforts in 1961 toward the reduction of duties and the removal of import restrictions. New techniques for wider tariff reductions, better access to world markets for agricultural commodities and further aid for exports from under-developed countries were studied.

In Latin America, the seven original signers of the Latin American Free Trade Association (LAFTA)—Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay—have ratified the Treaty of Montevideo, which thus became effective in July 1961. Colombia and Ecuador have subsequently become members and the treaty is open to adherence by all other Latin American countries. The aim of the Association is to remove customs duties and other trade restrictions at a minimum reduction rate of 8 p.c. annually, reaching a duty-free status in twelve years. In Central America, further steps were taken in 1961 toward economic integration and the establishment of a common market among Central American countries.

The future impact of these regional groups on Canadian trade is difficult to judge, particularly if the main members of EFTA should agree to participate in the European Common Market. At present, a large proportion of Canadian exports to the EEC countries enter those markets duty free, but if and when the proposed common external rates are implemented almost half of these products will be dutiable. Under current conditions, the bulk of Canadian exports to Britain are imported without payment of duty and almost half come in under a Commonwealth preference. If Britain joins the European Economic Community, the competitive position of Canadian merchandise on the British market may well undergo significant changes. Other re-alignments in world trading arrangements may emerge; for instance, there is a distinct possibility of major change in United States trading policies which could lead to a reduction of tariff barriers of consequence to Canadian trade. Continued entry into world markets is of vital importance to the Canadian economy.

Canadian Trade in 1961.—Exports.—The principal components of Canadian export trade are drawn from the forests, farms and mines of the nation. Shipments of wood, wood products and paper, agricultural and vegetable products, and non-ferrous metals and products together account for over two-thirds of the total exports. Newsprint remained the leading commodity, shipments being valued at \$761,300,000 for 1961. Wheat exports, at \$661,800,000, were 61.2 p.c. greater than in 1960, the main amounts going to Britain, West Germany, Japan and Communist China. Lumber shipments, which had slowed down at the beginning of the year, picked up during the last half to rise to \$354,900,000 or 2.5 p.c. above 1960 figures. Wood pulp followed, at \$346,700,000, a 6.6-p.c. advance. Nickel, at \$338,500,000, the fifth export in value, was 34.8 p.c. above shipments in the preceding year.

Exports of aluminum, copper and uranium all showed decreases in 1961 as compared to 1960 shipments. Aluminum, at \$250,700,000, was 6.9 p.c. less; copper, at \$201,800,000, was 9.9 p.c. below; and shipments of uranium and concentrates, as a result of the deferral of contracts, were down 26.9 p.c., being valued at \$192,700,000. Crude petroleum exports rose by almost two-thirds to reach \$154,300,000 and fish products at \$141,100,000 were 4.8 p.c. above the 1960 figure. A decrease of 12.7 p.c. was noted in 1961 iron ore shipments, which declined to \$135,800,000; asbestos, at \$131,300,000, rose 9.3 p.c.; and plastics and synthetic rubber accounted for \$103,800,000, somewhat lower than in the previous year. Sales of non-farm machinery rose by 44.2 p.c. to \$96,700,000. Farm machinery, including tractors, at \$79,800,000, fell by 6.6 p.c. although sales began to pick up toward the end of the year.

Domestic exports to the United States in 1961 advanced 6.0 p.c. and were valued at \$3,109,109,000 as compared with \$2,932,171,000 during the previous year. Shipments fell off considerably in the first quarter but rallied in the second, gained substantially in the third and advanced 23.1 p.c. in the fourth quarter. The chief gains were in nickel and crude petroleum while aircraft and natural gas added substantial amounts. Shipments of uranium and concentrates were off by more than one-quarter and copper exports were