



American demand for newsprint is rising slowly but new domestic mills in the south and west, where usage is growing faster, are meeting much of this market. Meanwhile, the main markets for Canadian newsprint in the American northeast and mid-west are growing slowly. However, shipments of newsprint to the United States, which account for four fifths of Canadian production, have remained practically unchanged since 1956. Canada produces over 42 p.c. of world newsprint and newsprint accounts for over 40 p.c. of Canada's exports of forest products. Thus, the weakness in newsprint in recent years helps to explain the decline of forest products to one quarter of total export value, and the relative increase in mineral products (including fuels) to one third of the total.

Demand for paper and paperboard has been rising steadily in most parts of the world. For Canada this has meant increased exports of chemical pulp to world markets as well as higher shipments of paper and board to the domestic markets. Three quarters of Canadian exports of pulp are to affiliated companies or to the free market in the United States. However, Canada's exports of chemical pulp account for only 10 p.c. of American demand as compared with 70 p.c. for newsprint. Although still amounting to less than 10 p.c. of the total of 3,100,000 tons, Canada's exports of chemical pulp to Britain have been rising slowly; at the same time, exports to Japan tripled to 166,000 tons in 1963 and those to the Common Market rose by one third to some 180,000 tons.

Canada's Forest Industries.—The development and location of Canada's forest industries is the result of various market factors and changing technology at home and abroad. In early times, large areas of forest were burned when they were considered an obstacle rather than an asset. Yet the forests provided the early settlers with wood for housing and income from the export of masts and square timber to France and later to Britain. Consequently, the forest industries began with the establishment of sawmills