

Mutual Aid was again the principal means of financing the current account deficiency of the Sterling Area in 1945. The amount of Mutual Aid to Sterling Area countries was \$838,000,000. Of this, \$777,000,000 was for the United Kingdom and the remainder was distributed among Australia, India, New Zealand and the British West Indies. In addition, following the termination of Mutual Aid, there were interim advances to the United Kingdom in order to maintain the export of food amounting to about \$164,000,000, advances to India to cover the purchase of locomotives, and to Australia.

Special receipts of United States dollars from the United Kingdom contributed \$33,000,000 to the financing of the current deficit in 1945, this being part of an adjustment in connection with the United States dollar cost to Canada of Mutual Aid production for the United Kingdom. There was also some financing from Sterling Area sources arising from a decline in British official balances in Canada. There were large repayments on the \$700,000,000 loan totalling \$64,000,000 during the year. Canadian private repatriations of securities held in the Sterling Area totalled about \$72,000,000, an amount considerably higher than private repatriations in earlier years during the War.

**Transactions with the United States, 1945.**—In the balance of payments with the United States there was again a small surplus on current account due to the continuation of some of the abnormal sources of large receipts which had been prominent also in 1944. The current surplus of \$30,000,000 compares with \$31,000,000 in 1944, the only other year in which this unusual development has occurred. There were sharp declines in two of the abnormal sources of United States expenditures in Canada—receipts from the sale of munitions and from the sale of grain. But there were smaller expenditures by the Dominion Government in the United States in 1945 than in 1944 when large special payments to the United States Treasury amounting to \$280,000,000 on current account were made. Receipts from the sale of munitions were in the neighbourhood of \$200,000,000 in 1945 compared with considerably more than \$300,000,000 in 1944. Receipts from the sale of grain to the United States declined even more sharply, being approximately \$100,000,000 in 1945 compared with about \$300,000,000 in 1944. Exports of commodities to the United States other than munitions and grain were slightly higher in the aggregate than in 1944, and more than double the level of receipts from all exports to the United States in 1939, higher prices as well as larger volume contributing to some of the increase. United States Government expenditures on defence in Canada were much smaller than in the previous year, when they had contributed a substantial amount to current receipts. Net exports of non-monetary gold showed a further decline in 1945 amounting to only \$96,000,000.

The most outstanding gain in other receipts was from the expenditures of United States travellers in Canada. While these increased very sharply, the balance of receipts on travel account increased only moderately since there was also a sharp increase in expenditures of Canadian travellers in the United States.

Canadian payments to the United States in 1945 for merchandise were approximately the same as in 1944, although imports of merchandise from the United States underwent many changes during the year. While gross imports declined appreciably, a large part of this decline occurred in imports of goods that are not purchased by Canada. Imports of lend-lease goods on United Kingdom account and United States Government free issues of aircraft engines and equipment imported in connection with aircraft being constructed for the United States declined sharply.