

or are in progress. New investment in heavy manufacturing, on the other hand, is declining in importance, while industries manufacturing for the domestic consumer market are increasing their outlays. New investment by agriculture and the construction industry has been on a smaller scale in 1953 than in the previous year.

Foreign Trade.—The world-wide upsurge in demand commencing in the latter part of 1950 had a pronounced effect on a number of Canada's basic exports, notably foodstuffs, metals and wood products. By 1953 much of the urgency previously attached to many of these demands had subsided and prices of international commodities had, in general, declined from the peaks reached earlier. Nevertheless, the physical movement of goods has shown little tendency to decline. The value of Canadian exports has remained at a high level with 1953 totals somewhat lower than those of 1952. When allowance is made for lower prices, the volume of export trade has not changed significantly.

Basically, conditions have continued favourable for Canadian exports. Non-dollar countries for the most part began 1953 with augmented dollar purchasing power and generally have maintained this position during the year with some exceptions, of which France and Brazil are the most important. In the United States, Canada's best customer, a high level of activity prevailed throughout the year. As a result, exports to that market have increased moderately, with lumber, newsprint and pork products showing significant gains.

On the other hand, sales in most overseas markets have been lower. In the United Kingdom and elsewhere in the Sterling Area, a drawing on stocks in the case of some items, together with increased availability of supplies from non-dollar sources, has resulted in considerably lower exports to these markets.

A number of South American countries have encountered increased exchange difficulties which by early 1953 were having an adverse effect on their purchases in Canada. The decrease in exports to these countries was especially marked in the first half of the year by contrast with the same period of 1952. Much of this decline was accounted for by lower automobile shipments. These had been unusually large during the early part of 1952 as a result of shipments being made from Canada on orders normally filled by parent plants in the United States.

Canadian exports to Western Germany increased but those to other European countries declined in the early months of 1953. Except in the case of France, this does not appear to have been a direct result of current exchange problems. Canadian exports seem to have suffered from the general slowing of economic activity in Europe, together with the tendency of European countries to use improved balances for increasing reserves rather than imports. Another notable feature of Canada's trade in 1953 has been the continued high level of sales to Japan which in recent years has become an important market for Canadian goods.

The increasing predominance of grains has been a feature of Canada's export trade since early in 1952. A considerable proportion of the subsequent increase in exports consisted of grain shipments. Because of poor crops in other important exporting countries, large shipments of Canadian wheat went to countries in Europe and the Near East normally supplied from other sources. In addition, the Far East began importing large quantities of Canadian barley for processing, in order to supplement short rice crops. Thus world crop conditions in 1951 and 1952