

Canada's exports of goods and services rose sharply in 1955 and 1956, against a background of continued expansion of industrial production in Western Europe, of recovery from recession in the United States, and a greatly enhanced capacity to supply many of the basic commodities demanded on world markets. In 1957, markets for some primary products weakened, with the result that commodity exports at \$4,909,000,000 were very little higher than in 1956. Further advances in exports of the products of some newly developed resource industries helped to offset losses elsewhere—for example, the gains in uranium and oil. However, of the nine commodity groups, only two were lower than in 1956: exports of agricultural and vegetable products were off more than \$140,000,000 or about 15 p.c., reflecting the sharp reduction in sales of wheat and other grains; in the wood, wood products and paper group, a drop of 4 p.c. was associated with weaker markets for lumber and wood pulp. A gain of 5 p.c. in exports of non-ferrous metals and their products was the outcome of a large increase in sales of uranium, from \$46,000,000 to \$128,000,000, a substantial increase in exports of nickel, and declines in all other major metals; the decline in exports of copper, lead and zinc products (the prices of which were down considerably) amounted to about \$50,000,000 or 16 p.c. Exports in the non-metallic group were up 19 p.c. Crude petroleum exports were \$141,000,000, a 36-p.c. gain despite the marketing problems that developed during the course of the year, and significant gains were reported in the exports of asbestos and asbestos products. Exports of iron and its products were higher by about 13 p.c., reflecting increases in farm and other machinery as well as in sales of iron ore. Additional gains were made in animal and animal products where exports were up about \$42,000,000 or 16 p.c., almost all of which was attributable to a more than four-fold increase in sales of cattle.

Receipts from invisibles were \$1,466,000,000 in 1957, nearly 3 p.c. lower than in 1956. Receipts from tourists and on interest and dividend account were higher but receipts from freight, miscellaneous items and sales of gold declined.

Imports of goods and services, at \$7,758,000,000, showed very little change in 1957 from the level of the previous year, a relative stability contrasting with gains of 19 and 16 p.c. in 1956 and 1955. The value of commodity imports in 1957 was, in fact, somewhat lower than in 1956, but payments for services rose.

Imports of commodities amounted to \$5,487,000,000 in 1957, a drop of about 1.5 p.c. from the preceding year. The earlier strong upward trend was reversed during the course of the year and was associated with the turn-around in machinery and equipment outlays, the falling rate of inventory accumulation, and the lower level of consumer outlays for durables. Imports of passenger cars and trucks were down 21 p.c., farm implements and machinery by 13 p.c., mining and metallurgical machinery by 9 p.c., and rolling-mill products by 6 p.c. Imports of iron and its products in total were lower by 4 p.c. in contrast to the impressive increases in this category in the two preceding years (nearly 40 p.c. in 1956). Imports of non-ferrous metals and products were also somewhat lower. The changes in the main commodity groups, positive and negative, were all fairly small.

Payments for services rose to \$2,271,000,000 in 1957, about 4 p.c. higher than in 1956. The most important element in this increase was the 16-p.c. increase in interest and dividends paid abroad but there were also increases in the other invisible items, the single exception being freight and shipping for which payments were slightly lower.

The deficit on international current account was \$1,383,000,000 in 1957, only slightly above the previous peak reached in 1956. However, the imbalance on services was sharply higher, rising from \$624,000,000 to \$805,000,000 and displacing merchandise trade as the principal source of the deficit. By the fourth quarter of 1957, the deficit had fallen to an annual rate of \$1,100,000,000, from the peak in the second quarter of \$1,600,000,000.

The rise in price in the external sector was comparatively small in 1957. While export prices receded a little during the course of the year, they averaged slightly higher for the year as a whole than in 1956. The margin of increase was somewhat greater for import prices. Thus, in terms of volume, exports of goods and services were stable while imports of goods and services showed a slight reduction.