

the total, the highest proportion since 1949. Apart from overseas countries to which exports were particularly affected by wheat contracts, the main increases were to Western Europe, Britain, Central America and the Antilles, Australia and Japan.

Imports, which did not begin their latest cyclical rise until 1961, also increased at a sharply accelerated rate in 1964. The increase over 1963 of \$930,000,000, or 14 p.c., was more than double that of any one of the previous three years and was in line with the higher levels of domestic business activity. The increase in import prices, as measured by the unit value index, was of the order of 1.9 p.c., substantially less than in the two preceding years. Whereas exports rose by 56 p.c. in physical volume in the six years since 1958, the increase in imports by 1964 was about 31 p.c.

The introduction of the new import classification in 1964 (see p. 915) makes it difficult to compare the pattern of the increase in imports with earlier years in some instances. Fuels and lubricants rose very slightly but industrial materials showed a substantially greater increase than in 1963. As usually occurs during the development phase of an extensive investment boom, investment goods imports rose strongly, accounting for almost 40 p.c. of the total increase in imports. The rise tended to be concentrated in machinery and parts, with other classes such as electrical equipment, transportation equipment and construction materials, etc., rising by lesser amounts. Consumer goods accounted for 30 p.c. of the increase in imports, just under half of it occurring in automobiles and parts.

The regional distribution of imports showed a further swing to the United States as the principal source in 1964. The United States accounted for 69 p.c. of all imports and overseas countries for 31 p.c. compared with 68 p.c. and 32 p.c., respectively, in 1963. However, there has been no great change in the ratio since the late 1950's and it is lower than that prevailing in earlier years. Although imports from the United States increased by 16 p.c. in 1964 and those from Britain by 9 p.c., imports from other countries also continued to attain new records, rising by 10 p.c. Imports from most Western European countries were substantially higher as were those from Japan, and there were also increased imports from Africa, Latin America and Eastern Europe, but imports from oil-producing Middle East countries were lower than in 1963.

The relatively strong behaviour of exports led to a doubling in the export balance from \$422,000,000 in 1963 to \$815,000,000 in 1964, the latter being the fourth successive year with an export balance and recording the highest such balance in many years.

In the first half of 1965, exports continued to advance but at a much slower rate, amounting to \$4,019,000,000 compared with \$3,935,000,000 in the same period of 1964, an increase of only 2 p.c. Aside from wheat, exports of which were lower by \$222,000,000 than in the first half of 1964, the rise in exports was 9 p.c. Imports, on the other hand, rose by 10 p.c. in the same comparison, a somewhat slower rate than in 1964 as a whole. The result was an import balance of \$56,000,000 in the first half of 1965 compared with an export surplus of \$233,000,000 in the first half of 1964.

Table 2, listing leading countries in world trade, by value of trade and trade per capita, indicates that Canada retained fifth position in order of magnitude for exports and advanced from seventh to sixth place in imports. On the basis of total trade, Canada continued to occupy fifth place. On a per capita basis, Canada's position in 1964 was seventh for exports, ninth for imports and eighth for total trade.