

accounted for the improvement of \$668,000,000 in the current account balance. Considering the post-war period only, the surplus of \$1,004,000,000 with overseas countries was exceeded only by the surplus of \$1,183,000,000 in 1947. In that year, however, a substantial part of the balance was financed by credits extended by Canada. Reflecting increased bilateral disequilibrium in Canada's international transactions, exchange transfers in settlement of overseas balances reached a post-war record of \$1,008,000,000 in 1952, compared with \$436,000,000 in 1951.

**Current Account Transactions.**—The level of merchandise trade was very high in 1952. Unadjusted trade returns show an increase of 9.9 p.c. in the value of exports. This was attributable solely to a volume increase as export prices showed a slight decline for the year as a whole, having fallen steadily through 1952. The value of imports as shown in the trade returns was 1.3 p.c. lower than in 1951, reflecting an increase in volume of 12.6 p.c. offset by a price decrease of similar magnitude.

The marked improvement of 13.2 p.c. in the terms of trade was clearly the main factor in reversing the trade deficit of 1951. Declines in export prices were concentrated mainly in agricultural and animal products and fibres and textiles, with most of the other groups of exports showing relative stability of prices for the year as a whole. The volume of exports also showed a mixed picture, with particularly large increases in agricultural products, non-ferrous metals and miscellaneous products contrasting with stability or decreases in most of the other groups. Because of the two large crops of wheat and other grains and strong demand for them, the increase in exports of grains amounted to about three-quarters of the total increase in the value of exports. There were also large increases in exports of newsprint, base metals, automobiles and aircraft. These increases more than offset some important decreases, chief among which was the fall in exports of animals and products associated with the outbreak of foot-and-mouth disease and the imposition of an embargo by the United States. Exports of wood-pulp and of planks and boards were also lower. Most of the increase in the value of exports in 1952 was in sales to overseas countries and the aggregate value of exports to the United States showed little change from the high levels of 1951, although larger exports of newsprint, aircraft, grains and base metals offset decreases in beef, cattle and wood-pulp.

All groups of imports showed price declines for 1952 compared to 1951, with the largest decline occurring in agricultural and animal products, fibres and textiles, and miscellaneous products. The effect of these price declines was largely offset by increases in volume which reached a record level in 1952. The most striking volume increases were in imports of a number of miscellaneous products, including aircraft and machinery, engines and other products in the iron and products group. A number of important imports fell in value terms; some of the larger decreases were in imports of sugar, rubber, raw cotton, rolling-mill products, petroleum and coal. In some cases, increases in volume more than offset price declines. The major increases in value were in imports of non-farm machinery and parts, engines, electrical apparatus, and aircraft and parts. Imports of these items from the United States increased as investment in Canadian industry and defence activity grew. With the exception of raw cotton imports which fell in response to the world slump in demand for textiles, most of the other imports from the United States were maintained at a high level. Imports from Latin America rose during the year reflecting, in part, a diversion of sugar and cotton imports from other sources.