

In 1955 imports increased very rapidly in keeping with the general upswing in the Canadian economy. Especially large increases were shown by automobile parts and fibres and textiles, imports of which had shown above-average declines in 1954. The recovery of investment and construction in Canada led to larger purchases of most capital goods and construction materials, and purchases of consumer goods, both durable and non-durable, continued to rise with consumers' incomes. Almost all of Canada's leading imports shared in the expansion of import trade with the notable exception of coffee, which was depressed by lower prices and market uncertainties, and of anthracite coal, which continued to be reduced by the growing use of oil for home heating. Imports of pipes, tubes and fittings also fell because of a pause in oil and gas pipeline construction.

One noteworthy feature of trade in recent years is the persistent tendency towards an import balance which has prevailed since 1950. Except for the year 1952 when grain exports were particularly high and when an extremely steep drop in import prices caused the value of imports to fall in the face of a rising volume of purchases, an import balance has resulted in each year of the 1951-55 period. The capital goods and consumer goods required to support the program of heavy investment spending and development activity of those years have in large measure had to be imported. On the other hand the new production for export and domestic use, which will be the end result of the investment and development program, has become available more gradually. Import balances have also characterized earlier periods of rapid economic development both in Canada and in other countries.

2.—Summary Statistics of Canadian Trade 1951-55

Item	1951	1952	1953	1954	1955	Decline Peak ¹ to 1954	Increase 1954 to 1955
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	p.c.	p.c.
Value of Trade—							
Domestic exports.....	3,914.5	4,301.1 ¹	4,117.4	3,881.3	4,281.8	- 9.8	+10.3
Re-exports.....	48.9	54.9	55.2	65.6	69.5	—	—
Imports.....	4,084.9	4,030.5	4,382.8 ¹	4,093.2	4,712.4	- 6.6	+15.1
Total Trade.....	8,048.2	8,386.5	8,555.4¹	8,040.1	9,063.7	- 6.0	+12.7
Trade balance.....	-121.5	+325.5	-210.2	-146.3	-361.1	—	—
Price Indexes (1948=100)—							
Domestic exports.....	123.0 ¹	121.8	118.3	115.1	117.5	- 6.4	+ 2.1
Imports.....	126.2 ¹	110.4	109.4	109.5	110.5	-13.2	+ 0.9
Volume Indexes (1948=100)—							
Domestic exports.....	103.5	114.9 ¹	113.2	109.6	118.5	- 4.6	+ 8.1
Imports.....	122.7	138.0	151.0 ¹	141.0	160.3	- 6.6	+13.7

¹ Pre-1954 peak.

Also noteworthy has been the strength of the Canadian dollar on world markets throughout the period of the import balances. Because a substantial proportion of the investment program in Canada (especially in the field of resource development) has been financed by imported capital, there has been a prevailing demand for Canadian dollars for this purpose which has contributed to the strength of the Canadian dollar since it was freed from exchange controls in October 1950. Since February 1952 the Canadian dollar has remained almost continuously at a premium over the United States dollar, although the amount of this premium was reduced in the later months of 1955.