

2.—World Trade, by Leading Countries, 1960 and 1961

Sources: International Monetary Fund, *International Financial Statistics*, June 1962; and United Nations Statistical Office, *Population and Vital Statistics Report*, Series A, Vol. XIV, No. 2.

Country	1960			1961			Population 1961 ¹	Trade per Capita	
	Exports f.o.b.	Imports c.i.f.	Total Trade	Exports f.o.b.	Imports c.i.f.	Total Trade		1960	1961
	U.S.\$ '000,000	U.S.\$ '000,000	U.S.\$ '000,000	U.S.\$ '000,000	U.S.\$ '000,000	U.S.\$ '000,000	'000	U.S.\$	U.S.\$
United States.....	20,526	16,051	36,577	20,912	16,115	37,027	184,735	200 ²	200 ²
Germany, Federal Republic.....	11,418	10,107	21,525	12,690	10,948	23,638	56,667	387	417
Britain.....	10,352	12,765	23,117	10,754	12,318	23,072	52,825	440	437
France.....	6,864	6,281	13,145	7,222	6,679	13,901	46,241	289	301
Canada.....	5,826	6,124	11,950	6,107	6,208	12,315	18,238³	669	675
Japan.....	4,055	4,491	8,546	4,236	5,810	10,046	94,420	92	106
Italy.....	3,650	4,721	8,371	4,188	5,222	9,410	49,773	170	189
Netherlands.....	4,028	4,531	8,559	4,288	5,087	9,375	11,720	746	800
Belgium and Luxembourg.....	3,775	3,957	7,732	3,924	4,219	8,143	9,493	817	858
Sweden.....	2,567	2,876	5,443	2,738	2,921	5,659	7,542	728	750
Switzerland.....	1,880	2,243	4,123	2,043	2,707	4,750	5,500	778	864
Australia.....	1,962	2,715	4,677	2,325	2,395	4,720	10,508	455	449
World Totals⁴.....	113,400	118,990	232,390	118,500	124,000	242,500	3,045,000⁵	117	119

¹ Latest official estimate.

² Includes military aid extended to other countries.

³ 1961 Census.

⁴ Excludes China, Union of Soviet Socialist Republics and the communist countries of Eastern Europe (except Yugoslavia).

⁵ Estimated from trend for previous years.

International Background.—Since a large part of the national income and major portions of the revenues of many important industries are derived from foreign trade, developments in principal world markets are of direct interest to Canada's economy. On the international scene, the rising importance of the European Economic Community (EEC) or Common Market has been underlined by the July 1961 decision of Britain to apply for membership. This group, set up by the Treaty of Rome, came into existence on Jan. 1, 1958, and is composed of France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. By January 1962, these countries had made successive reductions totalling 40 p.c. in their tariffs against each other, except for some rates on agricultural produce, and had abolished most import licences and quotas between members. Effective July 1962, a further decrease of 10 p.c. in industrial tariffs has been agreed to, and also a 5-p.c. reduction on a number of agricultural products, bringing total cuts thereon to 35 p.c. These latest reductions mean that the member countries are two and one-half years ahead of the program originally laid down. Agreement on a common farm policy was also reached in early 1962, and negotiations for Britain's entry into the EEC was continuing at mid-year.

A second European group, the European Free Trade Association (EFTA), was brought into being by the Stockholm Convention of Nov. 20, 1959, and is composed of Britain, Norway, Sweden, Denmark, Austria, Switzerland and Portugal. The participating countries have reduced duties on most industrial goods produced and sold among themselves by 40 p.c. as from Mar. 1, 1962, by all but Austria and Norway, which two have agreed to follow not later than Sept. 1, 1962. Each nation of this group retains its own tariff against non-members. Should Britain join the EEC, mutual arrangements between EFTA countries would, as a consequence, be reviewed.

Canada and the United States joined eighteen European countries to form the Organization for Economic Co-operation and Development (OECD) which was set up in Paris Dec. 14, 1960. The main objectives of the OECD are to encourage economic and financial growth among member countries, to contribute to the sound expansion of the underdeveloped nations, and to work for an increase in world trade on a multilateral and non-discriminatory basis.