

A slower tempo of business activity in some other major industrial countries may continue for a time to exert a dampening effect on Canadian sales to overseas markets. On the other hand, a more favourable exchange-rate with major overseas customers opens up new opportunities for the alert and enterprising exporter.

To help Canadian exporters penetrate new foreign markets, the Department of Industry, Trade and Commerce has initiated a program which provides for Government funding of half of new-market development costs. Successful exporters are required to pay back the Government contribution at 1 per cent of the value of sales to the new market.

Meanwhile imports are likely to continue to rise sharply, in line with mounting demands in the domestic market. Even a vigorous and sustained effort may not prevent some further diminution in Canada's balance in trade and other current transactions.

The effects in general of these demand influences, together with an improving international environment, provide grounds for optimism concerning the pace of economic advance in Canada during the coming year. As always, much will depend on how Canadians respond to the challenges of the new year. As the economy moves to higher rates of expansion and fuller use of resources, special care will be needed to maintain a strong competitive stance in world markets and to guard against any renewal of the hazards of inflation. Given proper vigilance, Canadians can look forward to sustained improvement in economic conditions in the year ahead.

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