

\$2,783 million in the corresponding quarter of 1968. About one half of the \$410-million increase in merchandise exports was ascribable to automotive products, the value of which exceeded \$600 million in the first quarter of 1968, compared to \$400 million one year before. Copper rose more than \$50 million; and almost 60 per cent of this increase originated from shipments to the United States on account of the prolonged industrial dispute and in response to other demands. Gains of from \$25 million to over \$30 million each occurred in exports of iron and steel materials, crude petroleum and natural gas, and aircraft and parts. Smaller increases took place in the shipments of whisky, asbestos, sulphur and lumber. On the other hand, the value of wheat clearances declined about \$25 million.

Roughly 80 per cent of the \$270-million rise in imports is estimated to have originated in expanded imports of automotive products to \$725 million in the first quarter of 1968.

#### INTEREST AND DIVIDENDS

An increase of \$47 million in net payments of interest and dividends from \$180 million in the first quarter of 1967 to \$227 million in the same quarter of 1968 accounted for nearly all of the \$49-million expansion in the non-merchandise deficit. This net increase of \$47 million was accounted for by a rise of \$53 million in payments of interest and dividends to \$295 million, which was to a small extent offset by higher income receipts. Increased profits of unincorporated branches of foreign companies, together with an expansion in payments by Canadian subsidiaries to parent companies in the United States were chiefly responsible for an increase of \$35 million in the dividend payments to \$172 million. Interest payments increased \$18 million to \$123 million following large purchases by the United States in 1967 of new Canadian bond issues, particularly those of provincial governments. Receipts of interest and dividends rose moderately by \$6 million to \$68 million, reflecting a \$14-million increase in dividend receipts and an \$8-million decrease in interest receipts. The international travel deficit widened slightly. The deficit with the United States increased \$7 million to \$89 million, while that with overseas countries narrowed from \$45 million to \$42 million.

From \$52 million in the first quarter of 1967, official contributions declined considerably, to \$14 million in the same period of 1968, owing to lower contributions under the Colombo Plan and the international food-aid programme, together with a non-recurring remission in the earlier period of the principal and interest on loans extended at an earlier period for the purchase of Canadian wheat and flour. The balance on other government expenditures became less favourable by some \$25 million, representing, in the main, the receipts in the first quarter of 1967 from foreign participants in Expo 67. There were small changes in the balances of other miscellaneous items as well as of freight and shipping services, inheritances and migrants' funds and in gold production available for export.

#### U.S. AND BRITAIN

Total receipts from the United States for the exports of goods and services were estimated at \$2,413 million in the first quarter of 1968, up \$392 million or more than 19 per cent over the corresponding period of 1967. Total current-account payments to the United States rose \$257 million, or 10 per cent, to \$2,851 million.

The current-account surplus with Britain declined \$10 million to \$120 million in the first quarter of 1968. This was a result of an increase of about 8 per cent from \$235 million to \$253 million in total payments, offset by a smaller rise in receipts from \$365 million to \$373 million.

#### OTHER COUNTRIES

In current transactions with other countries, total receipts declined \$10 million to \$815 million, while total payments increased \$24 million to \$722 million. The current-account surplus accordingly narrowed \$34 million from \$127 million to \$93 million in the January-March quarter of 1968.

#### SATELLITES FOR SHIP MESSAGES

Members of the Research and Development Division of the Telecommunications and Electronics Branch of the Department of Transport in Ottawa have successfully monitored experimental Very High Frequency (VHF) radiophone transmissions via the NASA-ATS-3 satellite. Crews of three United States airlines talked with ground-stations in the Eastern and Western United States. Also involved were a U.S. Coast Guard vessel, a cruise-ship on the Eastern seaboard and in the Caribbean, and a West German research vessel, which was off the west coast of Africa. Each of these communicated by satellite with the shore stations.

The experiments were part of a plan to evaluate the use of VHF through satellites to extend the communication range for aircraft, normally limited to 500 miles on VHF frequencies, as well as to show the advantages of extending VHF coverage from ships, which normally is restricted to line-of-sight distance.

International discussions have been taking place for several months among representatives of Canada, the U.S., Britain and France, on the benefits to be obtained by using satellites for this type of communication. The talks also involved consideration of placing position-fixing capabilities in satellites, in addition to voice facilities. A special panel is to be set up under the International Civil Aviation Organization (ICAO) to consider these matters from the aeronautical viewpoint.

The recent tests were conducted with the NASA Advanced Technology Satellite-3, which currently is at synchronous orbit altitude on the 60th parallel of longitude, or above the equator over Brazil, approximately due south of Cape Breton Island.

The experimental receiving station in Ottawa was set up temporarily at the Telecommunications and Electronics laboratory of the Department at Ottawa International Airport.