

Canada and the Federal Republic of Germany discuss scientific co-operation

The third consultative meeting held under the Scientific and Technical Co-operation Agreement between Canada and the Federal Republic of Germany (FRG), which took place in Ottawa from November 26 to 28, reviewed progress under the agreement, considered proposals for future collaboration, established priorities, and formulated a schedule of activities for 1975-76.

The meeting was opened by the Deputy Minister (Staatssekretar) of the FRG Ministry for Research and Technology, Dr. Hans-Hilger Haunschild, who was accompanied by Dr. Maurice Leclair, Secretary to the Ministry of State for Science and Technology and by the German Ambassador to Canada, Count Maximilian von Podewils.

The German delegation was headed by Reinhard Loosch, of the Ministry for Research and Technology, Bonn; the Canadians were led by J. Mullin of the Ministry of State for Science and Technology. Dr. Sydney Wagner of the Department of Industry, Trade and Commerce and N. Haffey of the Department of External Affairs, were vice-chairmen. Representatives of the federal departments of Environment and Energy, Mines and Resources as well as officials from Alberta, Ontario and Quebec participated.

In reviewing activities since the last consultative meeting in May 1974,

delegates concluded that co-operation in most fields had developed satisfactorily and had been profitable to both sides. Special efforts should, however, be made to focus on identifying and carrying out concrete projects. On this basis, they agreed on activities in the fields of marine sciences, geosciences, environment, health protection, biomedical technology, computer applications in various areas, urban affairs and transportation technology.

The significance of scientific and technological co-operation between the two countries is increasing with the expanding need for a more economical use of all resources. The growing requirements for human and other resources in scientific research and technological development make it essential to share facilities and equipment and to simplify the comparison of research data from studies carried out in the Federal Republic of Germany and Canada.

The activities agreed to during this third meeting form only one part of the ongoing co-operation existing in many fields between the two countries, both bilaterally and in concert with other nations.

The fourth meeting of the Consultative Committee is scheduled for the spring of 1977 in the Federal Republic of Germany.

pared with 2.4 per cent in the second quarter. The largest increase occurred in the deflator for government current expenditure on goods and services, which rose 6.5 per cent; about half of this increase resulted from the payment of cost-of-living allowances. The personal expenditure deflator increased at a slightly higher rate than it did last quarter (2.2 per cent compared with 2.0 per cent) as the non-durable goods deflator rose 3.9 per cent, reflecting increased prices in all components, particularly in food and gas. On the other hand, the deflator for durable goods increased by 0.2 per cent.

Personal expenditures

Personal expenditure on consumer goods and services reached a level of \$93.5 billion in the third quarter, an increase of 4.9 per cent from that of the second quarter. This was the largest percentage increase in current dollar consumption since the first quarter of 1951. In real terms, personal expenditure grew 2.6 per cent, most of which was accounted for by 9.5 percent real growth in expenditure on durable goods (which in turn resulted from strong spending on automobiles) and by a 5.8 percent increase in real expenditure on semi-durable goods. Although current dollar expenditure on non-durable goods rose 3.3 per cent, constant dollar spending declined marginally as a result of lower real expenditure on food, oil, gas and grease.

After a weak second quarter, total gross fixed capital formation increased in the third quarter by 5.2 per cent to a level of \$38.4 billion. In real terms, gross fixed capital formation grew 2.4 per cent, largely as a result of an increase of 15.0 per cent in residential construction, which represents about a quarter of the total increase in real final domestic demand. Although this was again the strongest rate of growth since the early 1950s, the third-quarter level of residential construction was approximately 15 percent below the peak reached in the second quarter of 1974. Business outlays for plant and equipment increased 0.8 per cent in real terms as investment in machinery and equipment rose 3.0 per cent and business non-residential construction fell 1.9 per cent.

Exports of goods and services fell 0.2 per cent to \$39.3 billion. Exports

Increase in gross national product

Canada's gross national product (GNP), seasonally adjusted at annual rates, was \$157.4 billion in the third quarter of 1975, an increase of 4.3 per cent from that of the second quarter. After allowing for the effects of price changes, real GNP increased 1.0 per cent. This was the second consecutive quarter of positive real growth following four quarters of declines or stagnation and, with the large volume of inventory liquidation which occurred during the quarter, adds support to the view that the economy is beginning to recover.

Investment in residential construction and personal expenditure on consumer goods and services, historically the strongest expenditure aggregates in the early stages of recovery, both showed

substantial increases and, in fact, accounted for virtually all of the third quarter real growth.

There was a decline in both current and constant dollar exports, which had been a major contributor to the weakness in real GNP through the downswing of the business cycle in the last three quarters of 1974 and the first quarter 1975, and at the same time an increase in the level of imports. This led to a large deficit on foreign trade in goods and services, but the third-quarter level was still somewhat below the record set in the first three months of the year.

The increase in output was accompanied by an acceleration in the price level, as the implicit deflator for gross national expenditure measured net of the value of the physical change in inventories increased 3.4 per cent, com-