



Bulletin

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FOREIGN TRADE, FIRST HALF '72

In the first half of 1972 there was a surplus of \$556 million in Canada's seasonally-adjusted* trade balance as imports rose almost twice as quickly as exports. This balance was down from \$894 million in the second half of 1971 and \$1,245 million in the first half. The contraction in the trade surplus was dominated by a sharp turnabout of some \$640 million in Canada's trade balance with countries other than the United States, to a deficit of about \$170 million from a surplus of about \$470 million. Apart from a small reduction in the deficit with Latin America, the deterioration in the trade balance was shared unevenly among other trading areas: European Economic Community countries, \$70 million; Britain, \$100 million; Japan, \$80 million; and other countries, more than \$400 million. On the other hand, Canada's surplus with the United States, which had shrunk by a third to some \$420 million in the second half of 1971, rebounded to approximately \$720 million in the first six months of 1972.

Much of the decline in the trade surplus took place in the first quarter of the year, when the balance dropped to around \$160 million from some \$330 million in the final three months of 1971. It climbed sharply to nearly \$440 million in the second quarter of 1972, as a 7.5 percent rise in exports outpaced a 2.5 percent rise in imports.

EXPORTS

Seasonally-adjusted exports reached \$9,584 million in the first half of 1972, up about 5.5 per cent from \$9,083 million in the latter half of 1971, with \$429 million, or 86 per cent, of the gain occurring in the second quarter.

Exports to the United States rose some \$700 million to \$6,837 million during the half, while ship-

ments to other destinations declined slightly more than \$200 million from nearly \$2,950 million to some \$2,750 million. Exports to the United States advanced steadily over six quarters till they were more than 20 percent higher in the second quarter of 1972 than in the first quarter of 1971. However, following a more irregular course, exports to other countries were not appreciably changed. Exports to Britain and Japan declined substantially in the first quarter of 1972 but recovered in the second quarter.

MAIN CAUSES OF RISE

Automotive products accounted for \$180 million of the \$490-million increase in exports in the first half of 1972. Some other commodities contributing to the increase were: crude petroleum, \$70 million; lumber \$65 million, newsprint and aircraft parts, each some \$40 million. Shipments of wheat, however, dropped over \$140 million from the exceptionally high levels in the latter half of 1971. The fall by more than 40 per cent in wheat exports in the first quarter (owing to unusually severe weather conditions) was partially recouped in the next quarter.

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* Adjusted to eliminate the effects of normal seasonal variation.