AID U.S. ON EXPORT CONTROL: The Minister of Trade and Commerce, Mr. C.D. Howe, on December 2 announced revisions to export control regulations designed to prevent goods, particularly those from United States sources, from being imported into Canada and then re-exported elsewhere in order to circumvent the United States export control policy.

An export permit is required for the re-exportation from Canada of goods originating in the United States, unless the goods have been further processed or manufactured in Canada, so as to increase their value substantially or to change their form. In the latter event, they would be regarded as goods from Canadian production, under export permit regulations.

Goods of United States origin, which move through Canada to an overseas destination on a bill of lading originating in the U.S., do not require a Canadian export permit if the shipment is accompanied by a copy of the U.S. export declaration. This declaration must be presented to the Canadian Customs authorities at seaport. If there is any change in this "through billing" while the goods are in transit, a Canadian export permit will then be required.

CANADIAN ORIGIN

Particular attention is directed to the new requirement affecting exports of Canadian origin which do not require an export permit under Canadian regulations. A statement must now be made on the Canadian Customs export declaration for all such license-free exports going to overseas destinations, as follows: "This shipment does not contain goods of United States origin not further processed or manufactured in Canada, and the export is not being made contrary to Canadian export permit regulations."

Mr. Howe said that United States export controls are not applicable on United States exports to Canada. Accordingly, many commodities, including a large volume of industrial materials, components and equipment, can move freely across the Canada-United States border, whereas export licenses are required for the shipment of United States goods to all other countries.

This is a further indication of the close working arrangements between Canada and the United States in the joint defence effort. The procedure entails the assumption of added responsibilities by Canada, however, particularly affecting the joint control of exports of strategic materials by Canada, the United States and other "free" countries.

Mr. Howe said: "We cannot allow this open border to serve as a back door through which United States goods can escape the effect of United States export controls, particularly where this would defeat efforts to conserve supplies of strategic materials for the joint defence requirements of ourselves and our allies or would have the effect of nullifying regulations intended to prevent these materials reaching destinations in Iron Curtain countries."

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SECURITIES TRADE: Canada had a purchase balance in trade in outstanding securities with all countries of $55,700,000 in the first nine months of this year in contrast to a sales balance of $58,000,000 in the similar period of 1951. In the third quarter of this year the trade produced a purchase balance of $50,000,000, following net purchases of $14,000,000 in the second quarter, and net sales of $8,000,000 in the first quarter.

In September there was a purchase balance of $13,800,000 as compared with $19,800,000 in August. Net purchases from the United States as in July and August, outweighed net sales to the United Kingdom and other countries.

The strong demand for Canadian funds arising from direct investment inflows and net new issues and from current account transactions is reflected in the rising value of the Canadian dollar in terms of United States funds in the first nine months. The strength of the Canadian dollar in turn contributed to a capital outflow on outstanding securities account, and to other equilibrating short-term capital outflows mainly in the form of increases in private balances and receivables, and decreases of commercial and other short-term indebtedness abroad.

On balance, capital movements during the nine months have decreased Canada's net international debtor position, apart from the effects of reinvested earnings. The small current account surplus which Canada had with all countries in the first nine months of 1952 contrasts with a substantial current deficit in the corresponding months of 1951.

In the third quarter of 1952 sales of new issues of Canadian securities in the United States, which are not included in the trade in outstanding securities, fell to about $20,000,000, bringing the total for the nine months to over $270,000,000. Retirements in the quarter were relatively small, and net new issues for the nine months were about $220,000,000.

In addition, inflows of foreign capital for direct investment in Canadian industry, mainly from the United States were heavier than in earlier quarters; for the nine months the rate has been near that prevailing over the whole of 1951 when the total for the year reached $300,000,000.

Since September 1951 Canadians have repurchased $219,000,000 Government of Canada direct and guaranteed debt. After taking into account retirements, repatriation in the 12-month period has more than equalled the net movement of foreign capital into this group of issues during the whole of 1950 when massive inflows took place.