

wood pulp, copper and zinc. The physical volume of Canada's total exports declined somewhat from 1973 levels.

Export sales to the United States, Canada's principal trading partner, increased in value by close to one-quarter, or about the same as in 1973. Again, this increase reflected higher prices only. In volume terms, Canadian exports to the United States declined, one of the few times that this has occurred in the period following the Second World War. The fall-off in this key market clearly reflects the current recession in the United States, and especially the weak United States market for new cars and houses.

Overseas markets have shown a larger percentage rise in Canadian export purchases than the United States, although economic slow-downs in several of the major industrial countries have meant that the actual volume has risen only slightly, if at all. Exports to Latin America have shown the largest increase on a percentage basis, followed by quite substantial gains in the value of exports to the European Economic Community, Japan and Commonwealth markets outside the United Kingdom. Canadian exports to the United Kingdom rose at a slower pace than those to any of our other principal markets.

Commodities contributing most to higher export values in the past year included wheat, copper, crude petroleum, natural gas, wood pulp, newsprint, fertilizers, petroleum and coal products and aluminum. Increases in the volume of exports were shown for such commodities as wood pulp, but most notably for machinery and equipment.

Continuing economic growth in Canada, although at a moderating pace, has sustained high import demand. The value of imports rose about one-third in 1974, to about \$31 billion, reflecting a moderate increase in import volume and in import prices. There has been a major upward shift in the value of imports from oil-producing countries because of the tripling in oil-prices that has taken place since late in 1973.

The faster rise in imports than in exports has meant a decline in Canada's merchandise-trade surplus, to less than \$1 billion in 1974 compared to a surplus of over \$2 billion in 1973. Owing to the smaller trade surplus and a small increase in the "invisibles" deficit, Canada's current-account payments deficit with other countries has widened in 1974 to a total of somewhat under \$2 billion from a total of less than one-half billion in the preceding year. This deficit is modest, however, compared with the huge imbalances incurred by most OECD countries in 1974.

Industrial trends Despite a levelling-out in business trends following the opening