



# Bulletin

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## CANADA'S ECONOMY IN 1967

Mr. Robert Winters, the Minister of Trade and Commerce, said recently that Canada could expect to reach its 1967 export objective of \$11.25 billion, despite a general slowdown in the expansion of world trade.

In a year-end review of the economy, Mr. Winters noted that Canada's gross national product had increased by about 7 per cent during 1967 from the previous year but that more than half this increase reflected higher prices. "National output in real terms," the Minister said, "has risen by only about 2.5 per cent, or, if the decline in crop production is excluded, by 3 per cent."

Speaking of the export target of \$12.3 billion for 1968, Mr. Winters said "this target calls for an increase in exports greater even than that achieved in 1967". He called next year's objective "an exacting challenge...which must be met, if the economy is to move forward at a pace commensurate with its potentialities".

Excerpts from the Minister's statement follow:

...An important positive element of demand strength in 1967 has been the continuing vigorous growth of sales in foreign markets. Merchandise exports have increased by 11 per cent in the first ten months of this year, compared with last, and over the full 12 months are expected to reach the \$11.25 billion centennial target...

The targeted increase of close to \$1 billion in merchandise exports in 1967 has been realized, despite the slackening of demand conditions in major foreign markets. Canada's sales to the United States, for example, are up by 17 per cent. While total United States imports from all countries have increased by only 5 per cent, Canada's share of the U.S. import market has increased rapidly. Canada now supplies more than 26 per cent of all United States imports compared with 22.5 per cent just two years ago. But exports to Britain show little change

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for the third consecutive year, and sales to most western European countries also reflect the softer market conditions in that area. The sharpest percentage gains in export sales in the past year have been realized in those countries experiencing strong domestic expansion, such as Japan, Australia and Italy.

## DIVERGENT CONDITIONS

Widely divergent conditions have characterized the market for Canada's major exports in 1967. Above-average wheat crops, particularly in the main importing countries, have brought about a pronounced softening in the world wheat market in the latter part of 1967. Consequently the value of wheat and flour exports in the past year is well below the record \$1.14-billion level of 1966. The two-million ton contract just negotiated with mainland China should help to strengthen Canadian and world marketing of wheat.

Much the largest single increase in export sales has occurred in automotive products. Continuing rationalization of the Canadian and United States industries, arising from the Automotive Agreement, has been accompanied by a substantial boost in two-way trade. Exports of automotive products in 1967 are more than half as high again as the \$1-billion figure attained in 1966.