

TOBACCO MISSION TO EUROPE

A Canadian trade mission flew to Europe on September 22, to seek possible new markets for Canadian tobacco in Poland, Russia, Austria, Bulgaria, Italy, France and Israel. The five-man mission will be abroad for over a month, returning to Canada on October 25.

Mission members are visiting tobacco manufacturers and monopolies and state-trading corporations in the seven countries to discuss the qualities and prices of the many grades of Canadian tobacco available for export. Their objectives are to negotiate immediate sales, establish business relations for future sales and report on the general market potential in the areas they visit.

A YOUNG INDUSTRY

Tobacco growing is a comparatively new industry in Canada. Until about 40 years ago this country imported nearly all the tobacco required for cigarette manufacture. In 1962, more than 4,000 Canadian growers produced about 190 million pounds of flue-cured tobacco, supplying over 90 per cent of all leaf required for domestic cigarettes and exporting a record 47 million pounds.

Flue-cured tobacco is grown chiefly in Ontario, but Quebec grows four to five per cent of Canada's crop. Prince Edward Island, Nova Scotia and New Brunswick have carried out experimental production for some years, with encouraging results.

Britain is the industry's major external market, followed by West Germany, the Netherlands, the West Indies and Australia. In recent years Canadian tobacco has been introduced into Norway, Sweden, Finland, Switzerland, Portugal, Pakistan, Malaya and Hong Kong. The flue-cured tobacco industry has been working closely with the Department of Trade and Commerce in an effort to open up new markets abroad and to increase sales in existing markets.

RELIEF SUPPLIES TO BRAZIL

The Department of External Affairs announced on September 20 that Canada would send relief supplies to Brazil to help reduce the effects of the recent severe drought and forest fires in the state of Paraná. The supplies consist of 5,000 pounds of powdered skim milk and 5,000 pounds of tinned meat. A "rain-light" carried the supplies to Brazil.

On its return, the mission will report to the Department of Trade and Commerce. Copies of the report will be made available to the tobacco industry, related associations and other interested parties.

BALANCE OF PAYMENTS

Canada's current-account deficit covering net purchases from non-residents of goods and services contracted in the second quarter to \$193 million. In the corresponding quarter of 1962, when there was probably some acceleration of payments coincidental with concern over Canada's foreign-exchange position, the deficit on current account was \$362 million. A year earlier it had been \$311 million.

CAUSES OF REDUCED IMBALANCE

The reduction of the imbalance from the second quarter of 1962 amounted to \$169 million, of which more than two-thirds reflected an improvement in the commodity balance caused largely by a significant increase of \$145 million in exports. The balance of the reduction occurred in the non-merchandise items, with receipts larger by \$28 million and payments smaller by \$24 million; half this improvement occurred in the travel account.

Capital in long-term forms continued to come into Canada on a large scale, although the flows both for direct investment and for portfolio investment were smaller than in the first quarter. The largest part of the net movement in the second quarter covered receipts from the sale of new security issues to non-residents in earlier periods for delivery in the second quarter. Official holdings of gold and foreign exchange continued to grow during the first two months of the quarter, but declined moderately over the month of June.

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