
Trade in automotive products

Following the strike-related interruption in the last quarter of 1976, a marked improvement occurred in the two-way trade between Canada and the United States in the first quarter of 1977, with both exports and imports reaching record levels. From the largest seasonally-adjusted deficit of 1976 in the fourth quarter, there was a contraction in the first quarter as the rise in exports surpassed that of imports. The latest deficit compared roughly with the level of the April-September period of 1976.

Over the year, exports of automotive products expanded 32 per cent to \$2,452 million in the first quarter of 1977 from \$1,859 million in the same period of 1976. Almost 60 per cent of the \$593-million gain was due to higher shipments of motor vehicles to help supply the first-quarter surge in purchases by American consumers and businesses. Imports of motor vehicles and parts from the United States totalled \$2,589 million, up 19 per cent over the figure for the first quarter of 1976. Close to 55 per cent of the \$412-million rise was accounted for by increased imports of parts. The pronounced improvement in the vehicle trade balance was, however, largely responsible for the 57 per cent reduction in the automotive deficit from \$318 million to \$137 million.

Duty-free trade

The proportion of duty-free imports by each country is a rough measure of the two-way trade under the Canada-United States Automotive Agreement of 1965. About 95 per cent-96 per cent of the Canadian shipments entered the U.S. free of duty in the period 1970 to 1976. The proportion of duty-free imports into Canada was a shade lower at roughly 94 per cent-95 per cent. The drop to 92 per cent in 1974 was caused by a temporary rise in dutiable tire imports owing to labour disputes in the tire-manufacturing industry. Practically all passenger cars entered free of duty, while the proportion for automotive parts averaged around 94 per cent-95 per cent.

In a duty-free comparison, the annual balances have been more favourable to Canada than for total automotive trade. For the surplus years 1970-1972, the export balances were slightly better; and in the subsequent deficit period, duty-free

balances were smaller than the total deficits.

Overseas trade

Exports of motor vehicles and parts to overseas countries advanced 14.5 per cent from \$129 million in the March quarter of 1976 to \$148 million in 1977. Passenger vehicles accounted solely for the gain, as exports of trucks fell. The rise was concentrated in shipments to oil-producing countries in the Middle East and to Venezuela.

Imports of automotive goods declined slightly to \$230 million from the unusually-high first quarter 1976 total of \$233 million. A decline in automotive parts imports was counterbalanced by an increase in the value of tire imports from the European Economic Community and Japan.

Car imports

The total number of imported cars rose more than 2 per cent from 179,500 units to 183,600 units between the initial quarters of 1976 and 1977. Automobiles from the U.S. and West Germany increased 7.5 per cent-8 per cent, while the numbers from other sources fell. The U.S. share of imported cars rose sharply from 72 per cent to 75.5 per cent, which was, however, lower than 79.5 per cent in the first quarter of 1975. The West German share increased slightly to 5 per cent, but the share of Japanese cars contracted two percentage points to 16.7 per cent.

The strengthening against the Canadian dollar of between 3.5 per cent and 11 per cent in the currencies of the three principal suppliers contributed to raising the unit values of the automobiles. Overall, the net price increase of foreign-built imports averaged 16 per cent, with the increase for American cars falling slightly below but with the rise for West German vehicles exceeding the average considerably. Basic price increases, the introduction of new product lines and other changes affected the unit values of imported vehicles.

Farmers receive assistance

The Farm Credit Corporation lent \$301.4 million in the form of 4,465 loans, to Canadian farmers last year. This represents a decrease of close to 53 per cent from that of the previous year.

However, the average size of loan in-

creased from \$64,450 in 1975-76 to \$67,502 in 1976-77, owing to the increase in the cost of land, permanent improvements and equipment.

The proportion of loans to assist young farmers — those under 35 — continued to increase. About 74 per cent of the loans went to farmers in this age group, compared to nearly 67 per cent in 1975-76. Borrowers under 25 years of age received 27.1 per cent of the loans, compared to 23.5 per cent the previous year.

Loans were requested for a variety of purposes including: the purchase of additional land; new units; permanent improvements; land secured and other debts; livestock, and equipment.

Loans by province

The number of loans made and the total amount borrowed are: Saskatchewan, 1,322, (\$86,110,500); Ontario, 1,018, (\$79,590,990); Alberta, 692, (\$45,524,400); Quebec, 681, (\$46,586,500); Manitoba, 479, (\$25,686,400); British Columbia, 106, (\$7,824,200); Prince Edward Island, 82, (\$4,781,300); New Brunswick, 72, (\$4,219,000); Newfoundland, 9, (\$928,000); Nova Scotia, 4, (\$181,700).

Farmers' repayment record continued to be good. Of the \$55 million due during the year, 90.7 per cent was paid. In addition, \$33.7 million was paid on principal not due.

Credit plans

The Corporation also administers the Farm Syndicates Credit Act which provides financial assistance to help farmers overcome the high cost of individual ownership of machinery, buildings and equipment. Loans can be made to syndicates (groups of three or more farmers) to a maximum of \$100,000 or \$15,000 for each member, whichever is the lesser.

A Land Transfer Plan of the Small Farm Development program provides grants to those on small farms who wish to sell their farms and special credit to assist operators with inadequate acreage to buy land that becomes available under the program.

A total of \$568,600 was approved under the special credit provisions to help 32 farmers expand their farms. In the previous year, \$1,783,000 was approved for 104 farmers.

The FCC provides pre-loan advisory services to all applicants and post-loan advisory services where needed.