

Prime Minister in London, Paris

Prime Minister Pierre Trudeau paid working visits to London and Paris on December 7 and 8. In London he was the luncheon guest of Queen Elizabeth at Buckingham Palace. Later, he had consultations and dinner with Prime Minister Callaghan. In Paris the Prime Minister met and lunched with President Giscard d'Estaing.

The Prime Minister's discussions touched on a range of subjects, including the implementation of economic undertakings made at the Bonn Summit in July.

Trade in automotive products

A rebound in the second quarter of 1978 in the two-way automotive trade with the United States from the depressing effects of the exceptionally severe winter was followed by a period of more moderate growth from July to September.

The value of exports of motor vehicles and parts expanded 18 per cent to \$8,408 million in the first nine months of 1978 from \$7,130 million in the same period of 1977. With a jump of 38.5 per cent to \$1,797 million, trucks accounted for 39 per cent of the over-all gain, as record sales of trucks were registered in the U.S. Shipments of passenger cars rose 9 per cent to \$3,276 million, while exports of automotive parts advanced 18 per cent to \$3,208 million.

The relative increase of 12 per cent in imports of motor vehicles and parts to \$8,891 million in the first nine months of 1978 was not as vigorous as the export expansion. Some of the advance in imports was reflected in the expansion in shipments of knocked-down vehicles by Canadian manufacturers to overseas affiliates. The value of imported parts of \$5,825 million in 1978 accounted for 65.5 per cent of total automotive imports, as compared with a 38 per cent share of exports for parts. More moderate increases were recorded in arrivals of passenger cars and trucks to \$2,089 million and \$883 million, respectively, while tire imports fell \$27 million to \$94 million.

A doubling of the trucks surplus to \$914 million, a less substantial expansion in the passenger car surplus to \$1,187 million and a turnaround from a small deficit to a surplus of \$33 million in tires outweighed the continuing rise to \$2,617

million in the parts deficit. The over-all automotive deficit with the U.S. contracted by 40.5 per cent to \$483 million in 1978 from \$815 million in the first three quarters of 1977.

Overseas trade

Substantial advances in shipments of motor vehicles to \$535 million, offset partially by a decline in parts exports, accounted for a 16 per cent rise in Canadian exports of automotive goods to \$688 million in 1978. As mentioned earlier, forming an important portion of the value of these vehicles were automotive parts initially imported from the U.S. by Canadian vehicle manufacturers. However, an operational change in the industry made towards the end of the period under review is expected to shift the preponderance away from vehicles to parts exports.

A rise of 41.5 per cent in imports of automotive products to \$963 million was three times that of exports. More than 80 per cent of the over-all import increase was attributable to the 62 per cent expansion in passenger car imports. Smaller increases took place in imports of trucks, automotive parts and tires.

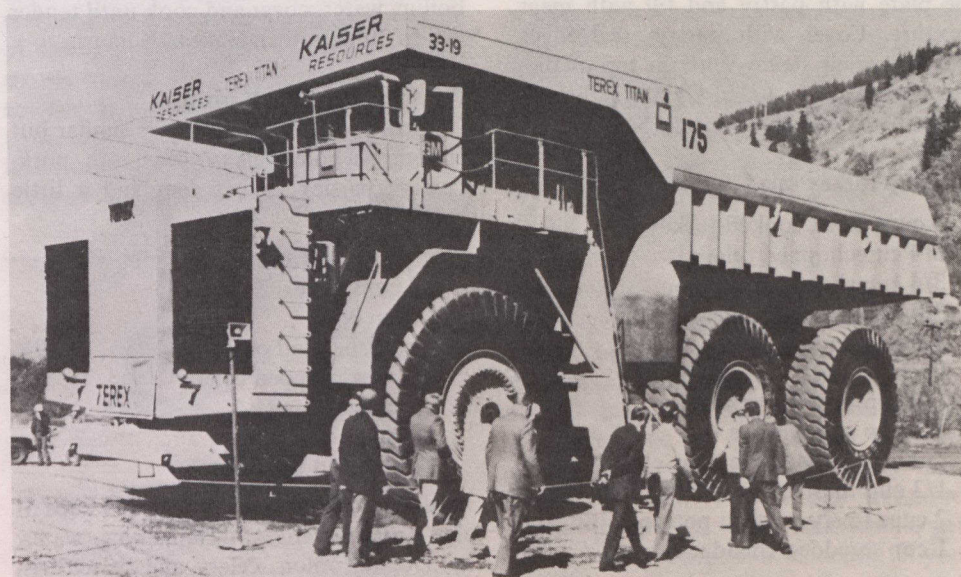
With a sharp deterioration in the vehicles balance to a deficit of \$142 million, together with slight increases in the defi-

cits on parts and tires, the automotive deficit with overseas countries tripled to \$275 million from \$87 million. The deficit for the corresponding period of 1976 was \$200 million.

Car imports

While there was an advance of close to 12 per cent during the first nine months of 1977 and 1978 in the total value of passenger car imports, there was a fractional decline in the number imported, because of a 12.5 per cent rise in the average price. The impact of an 8 per cent decline in the number of U.S. car arrivals exceeded that of a 27 per cent rise in Japanese imports together with smaller changes in those from other countries. The proportion of total car imports originating from the U.S. declined to 72.5 per cent in 1978 from 78.2 per cent in the first nine months of 1977. At about 80.5 per cent, the U.S. share was higher in the comparable period of 1975. The share of Japanese vehicles rose from 15.2 per cent to 19.5 per cent and the proportion for West Germany increased almost one percentage point to 5.3 per cent. The exchange rate depreciation of the Canadian dollar against the currencies of these two countries was closely reflected in the unit value rises of 38 per cent and 25 per cent of Japanese and West German cars, respectively.

World's biggest truck ready for use in heavy industry



Said to be the biggest truck in the world, this six-wheeler will be put to use at Kaiser Resources Ltd.'s coal-mining operations in southeastern British Columbia. The truck, which was manufactured in London, Ontario and assembled in B.C., will weigh 600 tons fully loaded. When dumping, it is the height of a six-storey building.