

though the United States embargo on Canadian animal products was removed early in the year, very little beef has been sold in that market up to the present - a condition associated presumably with the substantially lower prices and the sharp increase in consumption, within Canada itself.

Total sales to overseas markets, which increased substantially in 1952, are down considerably this year. High stock positions for some items, together with increased availability of supplies from non-dollar sources, resulted in lower exports to the United Kingdom and some other European countries. Canadian exports seem also to have been affected by the slowing down of activity in certain European countries and by the tendency of these countries to use their improved balances for increasing reserves rather than imports. Another sustaining factor in Canada's export trade has been the continued increase in sales to Japan which, in recent years, has become an important market for Canadian goods.

Perhaps the most striking feature of Canada's trade in 1953 has been the continued rise in imports which, in the first ten months of the year, were up twelve per cent in value and fourteen per cent in volume. This record volume of imports has occurred in spite of reduced dependence on foreign sources of supply for such materials as oil, coal and steel. It reflects both the strong consumer demand and the further expansion in Canadian capital investment. Other factors contributing to this rise in imports have been easier supply conditions, improved delivery dates, and more competitive selling of manufactured goods in the international market.

Moderately lower exports and increased imports have resulted in a change from a positive merchandise trade balance in 1952 to a negative balance in 1953. This has been the principal factor contributing to the change from an international current account surplus of \$151 million in 1952 to a deficit amounting to \$386 million in the first 9 months of 1953. In the exchange market, however, this deficit on current account has tended to be offset by continued capital inflow, so that the Canadian dollar has been maintained at a premium over the American dollar. In comparing different areas, Canada's current account surplus with the Sterling Area and other overseas countries has been reduced substantially, while the deficit in dealings with the United States has increased.

International Trade Relations

The eighth session of the Contracting Parties to GATT was held in Geneva from September 17 to October 24, 1953. Perhaps its most important achievement was the decision to extend for eighteen months, until July 1, 1955, the firm binding of the important and extensive tariff concessions previously negotiated. Several countries made known their plans to liberalize their dollar import restrictions, notably the United Kingdom, Belgium, Netherlands, and the Union of South Africa. The possible accession of Japan to GATT was discussed, and that country was invited to participate in the meetings and work of the Contracting Parties. Arrangements were made for a comprehensive review of the General Agreement which has been tentatively scheduled to begin in October