

but have nevertheless experienced an unusually active year. With increased crop, dairy and livestock production, food processing industries have had a busy year. More goods are being transported. Retail trade, financial institutions and other forms of servicing benefitted from the rise in production and incomes.

Through the first part of the year total imports rose about in proportion to the overall pick-up in production. Most of the increase in imported merchandise during this period was comprised of motor vehicles and parts, aircraft and parts, textile fabrics, natural rubber, and other such items not directly competitive with domestically produced goods. Consequently, in such lines as textile fabrics, household durables and electrical machinery, Canadian producers in general retained an undiminished share of an expanding market. This situation prevailed until about July. Subsequently, however, the increase in imports has accelerated and in the three month period, August to October, purchases from abroad were 30 per cent above the level of one year previous. It is significant that in overall terms (the details are not yet available) purchasing from abroad is once again out-pacing domestic production.

Foreign Trade

Export trade has probably played a more important role in the current upturn than in any previous post-war year. In the period 1945 to 1953, Canada's industrial growth was sparked to a very large extent by internal influences such as the huge demand backlogs for consumers and producers goods and, later, the post-Korean defence build-up. Although export markets were generally buoyant during this period, only in the two years following Korea was there any increase in the physical volume of exports. In fact, throughout this whole period virtually all of the rise in national output was absorbed domestically.

On the basis of 10-month figures, it now appears that merchandise exports will approximate \$4350 million for the full year, 12 per cent higher than in 1954. In volume terms, the increase amounts to 10 per cent, which raises this year's level to the highest peace-time volume of exports on record.

Nearly all the increase in exports is accounted for by larger shipments of forest, mineral and bulk chemical products partly the result of the coming into production of extensive new capacity. Canada's exports of iron ore are now approaching the \$100 million mark. Oil and uranium are now moving in quantity to foreign markets. Sales of agricultural products, fishery products and secondary manufactures have remained about unchanged.

A notable feature of Canada's trade in 1955 has been the substantial rise in sales to the United Kingdom and other Commonwealth countries. Exports to this area in the first 10 months of the year increased by 27 per cent from the same period in 1954 and account for close to half of the overall rise in Canada's foreign sales. This larger volume of exports to the Sterling Area reflects the rising level of production achieved in recent years and the improvement in the economic and financial position of overseas countries generally. These conditions have permitted extensive relaxation