

lands from hot dry winds and the encroachment of the Nubian desert. The problem of land becoming desert has increased since dam construction interrupted the historic pattern of annual flooding by the tributaries of the Nile.

In Kenya, the Forest Department of the Ministry of Natural Resources is launching a scheme to turn marginal land in two regions into forest areas which can provide for the wood and fuel needs of rural communities and thus release present forest land in high rainfall areas for agricultural production. The Kenya Government is contributing the equivalent of \$125,500 to this project.

The International Development Research Centre is a public corporation, created by Act of the Canadian Parliament in 1970, to support research designed to adapt science and technology to the specific needs of developing countries. The Centre is unique in that, while it is financed by the Parliament of Canada, it is governed by an international Board of Governors who independently set its policies and priorities.

Upswing in economic growth possible

Canada's economic performance during the past year was the worst in 21 years. Figures released by Statistics Canada show that real gross national product (excluding inflation) decreased by 2 per cent in the year after it reached a peak in the first quarter of 1974. (The GNP is the total value of goods and services produced in Canada.) This is the largest decline since the 1953-54 period, when real GNP dropped 3.3 per cent over six months.

The latest decline also exceeds the 1.1 per cent drop in the 1960-61 recession and the 0.5 per cent over-all

decline in the 1956-57 recession. The figures show that real GNP dropped 1.45 per cent in the first quarter of 1975, the sharpest quarterly decline in 14 years. The GNP price index rose 1.7 per cent in the first quarter, an acceleration from the 1.4 per cent rise in last year's fourth quarter but an improvement over the sharp quarterly rises of more than 3 per cent in the preceding year.

However, says Statistics Canada, "despite the continuation of the recessionary pattern that began in the second quarter of 1974, growth was reasonably strong in the first quarter, with the exception of exports and the rate of inventory accumulation." The \$2-billion decline from the preceding quarter in the growth of inventories was entirely accounted for by the change in non-farm inventories. "While not a guarantee of recovery, this pattern often precedes an upturn (in economic growth), as businesses liquidate inventories before resuming production."

According to J. Ross Peters of Montreal, senior economist for the Royal Bank of Canada, Canada may start experiencing an upturn in late 1975 or early 1976. Dr. Peters says Canada's real gross national product will be "virtually flat" in 1975 following a 2.8 per cent rise in 1974. However, a rebound to about 5 per cent growth is expected for 1976, based on the economic signs that are starting to emerge.

Balance of international payments

(Continued from P. 2)

after allowance for price increases was converted to a fall of 4 per cent in constant dollars.

Travel account increase

Among non-merchandise accounts the major movements, on a seasonally-adjusted basis, were an increase in travel expenditures abroad of just over \$100 million and a decrease in freight and shipping receipts, which were more than offset by a reduction in payments for interest and dividends from the unusually high fourth-quarter level and by small increases in receipts for many service accounts.

Total capital movements, unadjusted for seasonal variations, led to a net capital inflow of \$1,997 million in the

first quarter of 1975, up from \$830 million in the previous quarter. This inflow largely financed the current-account deficit of \$2,034 million, unadjusted for seasonal variations, so that the imbalance to be covered by a decrease in Canada's official monetary assets was \$37 million.

Capital transactions

Capital transactions in long-term forms resulted in a net inflow of \$405 million, compared to \$604 million in the previous quarter. The main factors in the change were a \$100-million decline in the net inflow for foreign direct investment in Canada and a swing of \$100 million to a more normal net outflow for Canadian direct investment abroad from the unusual net inflow figure recorded in the fourth quarter of 1974. Transactions in Canadian portfolio securities, on balance, did not change greatly. Sales of new Canadian issues abroad reached a record of almost \$900 million, up about \$50 million from the previous quarter, while retirements rose \$78 million to about \$230 million.

Capital movements in short-term forms led to a net inflow of \$1,592 million, up over \$1,350 million from \$226 million in the fourth quarter of 1974. The principal contributors to this increase were a swing of \$750 million to a net inflow of \$370 million from the decrease in the chartered banks' net foreign currency position abroad, a rise of \$300 million in the net inflow from an increase in non-resident investment in Canadian money-market instruments and a swing of over \$1 billion to a net inflow of \$840 million from "other short-term capital transactions" — mainly reflecting a change in the balancing item to a credit entry of about \$700 million. Factors having the opposite effect were a change of over \$350 million to an outflow of \$24 million from transactions in non-bank holdings of foreign currencies abroad and a fall of almost \$250 million in the inflow from increased non-resident holdings of Canadian dollar deposits.

Canada Weekly is published by the Information Division, Department of External Affairs, Ottawa, K1A 0G2.

Material may be freely reprinted. A credit would be appreciated. Photo sources, if not shown, will be provided on request to (Mrs.) Miki Sheldon, Editor.

Cette publication existe également en français sous le titre Hebdo Canada.

Algunos números de esta publicación parecen también en español bajo el título Noticiario de Canadá.

Ähnliche Ausgaben dieses Informationsblatts erscheinen auch in deutscher Sprache unter dem Titel Profil Kanada.