

40 per cent this year compared to last, following the completion of additional transmission outlets. During the present year, however, North American consumption of petroleum products has levelled off and, with the re-opening of the Suez Canal, crude petroleum has moved into surplus supply. Since early in the year, therefore, the quantity of Canadian oil moving into the United States market has declined. Exports of uranium ore have increased three-fold in the past year and a further substantial rise is in sight for 1958. On the other hand, the upward trend in iron ore shipments has been limited by a decline in North American steel production. Other items showing significant increases during 1957 include oilseeds, live beef, primary steel and some types of machinery.

Total imports, as in the case of exports, have remained about the same in the first ten months of this year, compared to last, but recently have been declining. In 1956, excessive demand pressures in Canada caused a sharp upsurge in imports, particularly for investment goods, such as machinery and equipment and steel. With business investment now levelling off and with Canadian factories no longer pressed to capacity, imports of these items are declining. Also less American-type automobile products have been purchased in the current year.

The geographic pattern of Canada's trade has undergone moderate though significant changes. Exports to the United States have shown a firmer trend than have imports, and Canada's merchandise deficit with that country, though still running in excess of \$1.1 billion annually, is about \$100 million less than in the previous year. On the other hand, trade with the United Kingdom and the rest of the Commonwealth has moved in the opposite direction, exports being down and imports up. The rise in imports from Britain (8 per cent on a ten-month basis) has consisted principally of automobiles, pipe and other rolling mill products, electrical and industrial equipment and woollens. Trade with Canada's next best customers, Germany and Japan, has continued to increase in both directions. The larger volume of exports to Germany has consisted in part of aluminum, oilseeds, barley and iron ore, and to Japan of pig iron, scrap iron, oilseeds, barley and non-ferrous metals. In addition, markets for Canadian goods have expanded in several other West European and Latin American countries. Items imported from these various sources in larger quantities include European-type automobiles, industrial equipment and a variety of finished consumer items.

Canada's imbalance on commodity trade, though little changed in 1957 to date, has been declining during the latter part of the year. On the other hand, the deficit on non-merchandise items has increased. For the first three-quarters of the year, the overall deficit on current transactions amounted to \$1,117 million, compared with \$1,002 million in the same period a year ago.