

Commodity imports in 1955 were the highest in Canada's history in both value and volume terms. The value of goods imported during 1955 was about \$4.7 billion, over $\frac{1}{2}$ billion or 15 per cent above the 1954 level. Purchases from the United States were higher by about 17 per cent, those from the United Kingdom were up 4 per cent, and the rest of the world increased sales to this country by about 16 per cent.

The outlook for our foreign trade for 1956 continues to be encouraging. The economic prospects of our major customers, the United States and the United Kingdom, appear fairly bright. The continuation of high levels of economic activity in the United States and Europe means that world demand for the products of our forests, mines and factories is likely to be well maintained. There will undoubtedly be some changes in the composition of our exports but any reduction may be more than made good by increased sales of other products, i.e., if softwood lumber sales were not maintained at the record levels of 1955 - and the prospects are they may - increased shipments of forest products such as newsprint and pulp, coupled with higher prices, would more than compensate.

Grain exports in 1956 are likely to be higher than in 1955. You may recall that Mr. Howe stated in Parliament last month that the current outlook for wheat exports was encouraging - that despite a slow start orders had been coming in steadily since November last, and that by March of this year we might pass last year's exports. The addition of these foreign wheat sales, which would normally have been largely in the 1955 export total, will further swell our 1956 foreign sales figure.

The prospects are for imports to continue at a high level in 1956. As our domestic economy expands, we will need more raw materials, consumer and capital goods from abroad. In fact, in some fields imports will aid us in relieving a tight supply situation.

Another important sector of Canadian economic activity of particular interest to the hardware industry involves capital expenditures on such things as new structures and on plant and equipment. Construction activity in Canada during 1955 was at a record level. It now appears that the outlays of \$4.1 billion for new construction that were anticipated earlier in the year have been realized and expenditures for this purpose have exceeded those of 1954 by more than 10 per cent. The accomplishment of this record construction program is particularly noteworthy since most of the increased activity occurred in the latter part of the year. This upsurge in demand took place at a time of high activity in both the United States and Western Europe, making it more difficult to obtain supplies of scarce materials from these sources. The fact that a substantially increased construction program could be accomplished under these circumstances, and with very moderate price increases, reflects great credit on both the Canadian construction industry