

NEW ECONOMIC HORIZONS FOR CANADA

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equipment and a variety of consumer goods. This is a favourable portent, indeed, and I hope that 1964 and future years will see even more of our manufactures finding greater market acceptance and market success throughout the world.

The two main factors which led to the significant increase in exports in 1963 were rising economic activity in the United States and in other major markets, such as Britain and Japan, and the improvement in the competitive position of Canadian industry.

INCREASED DOMESTIC CONSUMPTION

Our trade balance also improved because more Canadian consumption was met from Canadian production. Consequently, imports rose much less than exports in 1963 and represented a smaller proportion of the growth in the national expenditure than had been the case in similar stages of earlier periods of expansion. The devaluation of the Canadian dollar continued to be a positive factor, and rising production costs in other countries, relative to our own, were a further help in strengthening Canada's competitive position. The net result of these export and import trends was a tripling in Canada's merchandise-trade surplus from \$155 million in 1962 to \$484 million in 1963.

Canada's exports are still going up. The percentage rise in the first seven months of 1964 was 23 per cent. Larger shipments of wheat accounted for much, but by no means all, of this substantial increase.

But imports also are rising sharply. The balance-of-payments deficit went up in the first quarter, not down. While this first-quarter deficit appears to have been enlarged by certain non-recurring factors, we are witnessing something we can never afford to ignore, namely, the propensity, inherent in Canada's economic structure, to import in periods of mounting prosperity. Consequently, this recent adverse shift in the external-payments position should serve to emphasize the tremendous importance of getting ahead with programmes directed toward the basic strengthening of the competitive position of Canadian industries and the further filling-out on an efficient basis of our industrial structure.

NEW KINDS OF PRODUCTION

To do this, we must develop new areas of economic production, particularly in secondary manufacturing, where the greatest potential for increased trade exists. We can hardly hope to expand production and trade in resource productions at a rate sufficient to solve our own growth problems, let alone improve our position in international trade. The dynamic markets in the world today are in the area of manufactured products, not food and industrial materials. These are the markets we must tap if we are to continue a healthy rate of trade expansion and development and overcome the trade imbalances that concern us....

NO EXTENSION OF WELLAND USE

The St. Lawrence Seaway Authority said recently that no consideration could be given to extending the operation of the Welland Canal past the formal closing date of December 15. The expansion programme now under way, designed to relieve congestion and speed up transit through the Canal, requires a heavy work schedule for the three and a half months from December 15 to March 31, 1965. The fact that this programme has been established and that contractors will be on site as of December 15 means that any delay past this date could involve the Authority in substantial claims for extra costs. Further, there is no time margin available for the construction work to be done, and any concessions to shipping in December could only result in a delayed opening in the spring of 1965.

TO ATTEND FORESTRY CONFERENCE

Dr. D.R. Redmond, Director of Forest Research for the federal Department of Forestry, left Ottawa recently for Turkey, to attend the 1964 meeting of the Permanent Committee of the International Union of Forest Research Organizations.

The meeting, which opened in Istanbul on September 17, is being followed by field investigations out of Istanbul and Ankara that will end on September 26. Topics of this year's meeting are the development of a bibliography of forestry terms, a review of developments in tree improvement and research in the reforestation of abandoned lands, and research in forest yield.

STATUS OF FORCES IN BERMUDA

The Secretary of State for External Affairs, Mr. Paul Martin, recently announced that an exchange of notes that took place in London on September 17 between the Canadian and British Governments constituted an agreement regarding the status of Canadian forces in Bermuda. The agreement was made necessary by the stationing in Bermuda of Royal Canadian Navy personnel to operate a naval radio station and by the more extensive use being made of Bermuda as an operating base by RCN ships. The agreement provides for establishment of the radio station and regulates such matters as jurisdictional authority, claims, immunities and other related problems connected with the presence in Bermuda of Canadian armed-forces personnel on official duty. These arrangements have been made with the full agreement of the Bermuda Government.

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