than oil and gas pipelines, indicate upward revisions of inten over those indicated in a similar survey made earlier in the y The increases in intentions are largest for manufacturing, oil, gas, and electrical utilities sectors. Relatively few business seem to have allowed recent changes in the business climate at home and abroad to exert a negative influence on their capital spending intentions. The general view appears to be that curre adverse factors are predominantly short-run in nature.

This further expansion in business investment, as well as the strengthening of disposable incomes of Canadians through incom tax cuts and increased transfer payments, will be an important stimulus to the economy in 1975. Lower interest-rates and a nu of measures to provide stronger incentives for new home buildi should bring about some recovery of residential construction, slackened during the latter months of 1974. Taken together, th factors will sustain private expenditures and promote a furthe increase in real output in 1975.

Foreign trade

Canada's foreign-trade prospects in 1975 continue to be affect by the temporary lack of growth in the economics of our princi trading partners, notably the United States, Japan and the Uni Kingdom. Modest recovery in most of these markets may be expec to be under way during the course of the coming year, assuming easing in policies of restraint. Initially, however, the resum of economic activity abroad is likely to be slow and may provi only limited additional demand in volume terms for Canada's ex products in 1975.

In dollar terms, a further substantial increase in exports may expected in spite of softening prices for some of Canada's res exports. An increase in value terms of somewhat more than half obtained in 1974 may be expected in 1975.

Meanwhile, Canada's economic performance in 1975 should contri to a continuing strong import demand. This is likely to be re forced by the ambitious capital-investment program now under w since many of the investment goods required will be imported.

Lack of major growth in export markets and persistent firmness imports are likely to mean further deterioration in Canada's c dity trade balance, which may shift from a moderate surplus o under $1 billion in 1974 to close to balance next year.

Policy challenge

In the past year, the international, financial and economic s ture has had to withstand severe problems created by inflation fluctuating exchange-rates and massive imbalances in trade res ing from high oil prices. The challenge will continue in 1975.