

these minerals in a situation of world oversupply and downward pressure on prices. Declines in production of iron ore, primary steel, copper and nickel in 1969 are principally a result of protracted work stoppages due to strikes at the mines and mills of leading producers.

The major service-producing industries have continued to expand to meet widening requirements of an increasingly urban-oriented population. Growth has remained particularly strong in the community and personal services sector. Electric power generation has shown a further large increase, supported by new capacity following completion of several major hydro projects, most notably in Quebec and British Columbia.

EXPORTS

Canada's merchandise exports have increased by nearly 10 per cent in 1969, about in line with the growth in world production and trade. The annual value of Canadian exports is now just short of the \$15-billion mark, having more than doubled in the past six years.

An outstanding factor in export growth has been the continuing strong rise in exports of automotive products. Continuing rationalization of North American car production has advanced automotive exports to about \$3.5 billion in 1969. Imports of automotive products also have increased sharply, though somewhat less than exports. Canada's deficit in automotive trade is now at its lowest point in many years.

Higher foreign sales have been achieved in other manufactured lines including wearing apparel, industrial equipment and non-farm machinery. Exports of aircraft and aircraft parts, however, are lower than in the previous year.

Among Canada's forest and mineral products major increases have been achieved in exports of newsprint, woodpulp, aluminum and petroleum. Lumber and plywood exports rose sharply in the first half, but have slowed in later stages of the decline in residential building in the United States. Strikes in some of the principal mining and metal processing industries have been largely responsible for lower exports of iron ore, iron and steel products, copper and nickel.

Exports of agricultural products, other than grain, have increased moderately. Wheat and flour exports are down for the third consecutive year reflecting the substantial world over-supply and increased domestic production in importing countries. However, orders now in hand suggest that this downward trend will be reversed in 1970.

OVERSEAS MARKETS

Regionally, the outstanding feature of Canadian trade in 1969 has been the continuing strong growth in sales to the United States. Exports to this market are up 16 per cent in 1969 from the preceding year, notwithstanding the slowing pace of advance in the

United States economy. United States purchases from Canada have been increasing nearly twice as rapidly as their total imports and Canada's share of the U.S. import market is now higher than ever before.

In Britain, policies of restraint, including a temporary deposit scheme applied to imports, have had a slowing effect on British purchases. These restraints, together with scarcity of nickel and copper supplies, have led to a modest decline from last year's record level of sales to Britain. Commonwealth countries have about maintained their last year's level of purchases. Exports to Japan have gained with the continuation of Japan's economic boom. Sales to the European Economic Community were higher largely due to increases to France and Western Germany. On the other hand, exports to state-trading countries have declined primarily as a result of sharply lower purchases of wheat and wheat flour.

IMPORTS

Canadian imports have increased sharply in 1969 - more even than exports. The merchandise trade surplus has declined by about \$0.5 billion from the record \$1.2 billion achieved last year.

Meanwhile, current payments for non-merchandise services have risen faster than receipts, reflecting in large part a further sharp increase in Canadian tourist spending abroad. Thus, with a narrowing in the merchandise trade surplus, and a higher deficit in the service sector, Canada's deficit on all current transactions is well above last year's low figure but compares favorably with the performance over the past decade.

1970 FORECAST

The Canadian economy enters the new year with considerable forward momentum. The underlying expansive thrust in the economy is reflected in the renewed growth of business capital spending in 1969 following two years of approximately level outlays. The realization of expansion programs in 1969 has been hampered by work stoppages but the delays encountered have added to the carry-over of work into the new year. A recent survey of capital-spending intentions indicates that large companies plan to spend 14 percent more on new capital facilities in 1970 than in the preceding year. Much of this increase is expected to take place in manufacturing, particularly metal refining, chemicals and a number of durable goods industries. In other major investment sectors spending increases are expected to be relatively moderate....

Meanwhile, indications of a continued upward trend of personal incomes will provide the basis for continued growth in consumer spending....

PRICE LEVELS

Between 1968 and 1969, industry selling prices in Canada rose 3.4 per cent, while consumer prices and