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THE CANADIAN BALANCE OF PAYMENTS

The first quarter of 1965 was a period of continued rising levels of economic activity in both Canada and the United States and in some other countries, and this was reflected in record levels of international trade for the winter period. Among events of special significance for the balance of payments was the announcement by the Administration of the United States of a series of measures designed to reduce the imbalance in the United States balance of payments. The more discernible effects of these policies during the quarter on the Canadian balance of payments were in certain groups of capital flows.

At \$408 million, Canada's current-account deficit in the first quarter of 1965 widened \$65 million over the first three months of 1964. The latest deficit was higher than for any first quarter so far in the Sixties.

Capital movements in long-term forms brought in \$148 million in the first quarter and those in short-term forms brought in \$188 million. Canada's official holdings of gold, foreign exchange and International Monetary Fund balance fell by \$72 million.

CAUSE OF DEFICIT

The increase in the current-account deficit was attributable wholly to the worsening in the trade balance. When adjusted for balance-of-payments purposes, this registered a change of \$90 million from a surplus of \$33 million to a deficit of \$57 million in the March quarter of 1965. This trade deficit is the first since the second quarter of 1962, when the import balance stood at \$40 million.

Despite a drop of nearly \$60 million in the shipments of wheat and flour on Russian account between the first quarters of 1964 and 1965, merchandise exports increased \$95 million, or 5 per cent, to \$1,825 million, while merchandise imports expanded \$185 million, or 11 per cent, to \$1,882 million.

The deficit on non-merchandise transactions declined \$25 million to \$351 million, a level about midway between \$376 million for the first quarter of 1964 and the average for the same period of the three preceding years. The decline originated from improvements in the balances of travel, income, migrants' funds, government defence expenditures and gold production available for export. As an offset, official contributions increased, and the deficit on freight and shipping account widened slightly.

More than 30 per cent of Canada's substantial deficit on current transactions with the United States in the first quarter of 1965 was covered by the surplus with overseas countries.

Canada's net payments on current account exceeded the net inflow of capital in long-term forms by \$260 million in the first quarter of 1965. This balance was smaller than the corresponding figure of \$379 million in the comparable period of 1964. Inflows in long-term forms included \$248 million from the sale of new issues of Canadian securities but other security transactions involved outflows aggregating \$182 million. Other inflows in long-term forms included direct investment flows and bank borrowing.

CANADA-GERMANY STUDENT EXCHANGE

Sponsored by the German-Canadian Association of Hanover, Germany, 50 German students will shortly be travelling individually to Canada, where they will live with Canadian families and work in a variety of occupations. This is the second phase of an exchange of Canadian and German students, organized jointly by the Departments of External Affairs and Citizenship and Immigration, which will begin in mid-July.

In May, approximately 280 Canadian students arrived in Germany, where they are now living with German families during their working holiday. The Canadian-German Academic Exchange Association, composed of faculty members of the German departments of Canadian universities, assisted in the selection of these students.

Interest in increasing Canadian-German cultural relations was expressed a year ago during the Ottawa meeting of Prime Minister Pearson and Chancellor Ludwig Erhard. The purpose of the exchange is to provide the students of both countries with knowledge of a foreign way of life and language.

MANPOWER ASSESSMENT INCENTIVE

Another step in the continuing development of the programme of the Canadian Government for orderly adaptation of manpower to technological change was taken recently with the announcement of the conclusion of a Manpower Assessment Incentive Agreement between the Government of Canada and the Joint Consultative Committee of the Graphic Arts Industry of Metropolitan Toronto. This agreement, the fifth to be developed by the Department of Labour's Manpower Consultative Service, provides financial and technical assistance for investigation and research into the manpower implications of technological and economic change expected to take place in the industry in the foreseeable future.

UNIONS CONCERNED

The Joint Consultative Committee representing management and employees is composed of four member organizations:

- the Toronto Typographical Union, Local 91;
- the Toronto Printing Pressmen and Assistants Union, No. 10;
- the International Brotherhood of Bookbinders, No. 28;
- the Council of Printing Industries of Ontario, an employer association representing 115 employers.

The Committee has established a research sub-committee, consisting of one representative from each of the three unions and three representatives of the employers, which will direct a programme of research assessment to identify the manpower-adjustment problems caused by technological developments in the industry and make recommendations to the Joint Consultative Committee. It is estimated that the project will cost \$10,000, which will be shared equally by the Department of Labour and the

Committee. The cost to be borne by the Committee will be shared by the member organizations on the basis of 50 per cent divided equally among the three unions and 50 per cent by the Council of Printing Industries of Ontario.

CONSTRUCTIVE APPROACH

The Minister congratulated the Committee on its constructive approach to the problems generated in the manpower field by changes in the economics of the industry and said that their action was a model that others could well emulate. The decision of the parties to study their problems in this manner had not been brought about by any crisis situation in the graphic-arts industries but simply by a genuine desire to seek real solutions to the problems of manpower adjustment and development associated with changes which could be foreseen in these industries.

COMMONWEALTH ARTS FESTIVAL

The Secretary of State for External Affairs, Mr. Paul Martin, announced recently that the Government had accepted an invitation from the Commonwealth Arts Festival Society to participate in the "Treasures of Commonwealth Art" exhibition that will take place in London as an integral part of the Commonwealth Arts Festival.

It was announced last October 7 that the Canadian Government had agreed in principle to participate in the Festival, which will take place from September 16 to October 2. On January 13, it was announced that the Government's invitations to represent Canada in the performing arts aspects of the Festival had been accepted by the Toronto Symphony Orchestra, the Royal Winnipeg Ballet, Le Théâtre du Nouveau Monde, and Les Feux Follets.

The "Treasures of Commonwealth Art" Exhibition will form an important part of the Commonwealth Arts Festival, and will be held at Burlington House, London, the home of the Royal Academy. At the conclusion of the Commonwealth Arts Festival, the exhibition will remain at Burlington House for most of the winter and become the Royal Academy's Winter Exhibition. The Canadian collection consists of oil paintings, water colours, religious sculptures and other church art, and Indian and Eskimo carvings and masks.

CANADA AT PARIS AIR SHOW

Four Royal Canadian Air Force aircraft took part in the International Air Show at Paris from June 11 to 20. The "Tutor" jet trainer, the "Argus" submarine hunter and the "Caribou" transport performed daily over Le Bourget airfield. When not flying, they were part of the static display by the Canadian forces. The fourth aircraft, a "Super Starfighter" from 1 Fighter Wing, RCAF, at Marville, France, was static during the Paris show. Sixteen Canadian aircraft and aero parts manufacturers also showed their wares.

WRECK RECOVERY RULES REVIEWED

The sport of scuba diving has finally attracted the attention of the Federal Government, and persons who enjoy exploring long-sunk ships may shortly find themselves subject to a new and stiffer set of regulations affecting this aspect of their favourite pastime. Some skin divers, it appears, have been accused of "the removal of objects of historic value" from submerged wrecks. A Department of Transport release on this topic states that "the adequacy of present regulations" is under study "in view of the ever-widening public interest in skin and scuba...diving as a sport", and goes on to outline as follows the existing regulations governing "recovery of wreck":

Officials of the department's Marine Regulations Branch point out that, under Section 510 of the Canada Shipping Act, any person who recovers wreck from Canadian waters is required to deliver it to the Receiver of Wreck, Department of Transport, as soon as possible. Apart from the department's officials who hold the title of Receiver, Collectors of Customs also hold such authority.

Under some conditions, the Minister of Transport may dispense with the delivery of wreck. Despite this, the person who may be permitted to retain the wreck does not thereby acquire any claim of ownership to it and is faced with the possibility of a claim

being made by the original owner or such persons as may hold legal ownership of the objects.

The section also applies "to any aircraft or any part thereof, or cargo thereof, found derelict at sea outside the territorial limits of Canada and brought within those limits".

HOW TO RETAIN POSSESSION

Any person recovering wreck and wishing to retain possession of it should immediately apply to the Receiver of Wreck or nearest Collector of Customs, giving the circumstances surrounding his find, and ask the Receiver to submit an application for dispensation from delivery. Pending receipt of a decision to dispense with delivery, the applicant is responsible for keeping the salvaged items in safe custody and must allow them to be inspected. The Transport Department, in this regard, is co-operating with other federal departments and provincial governments that have an interest in the preservation of objects of historical interest.

The department points out that, if any person who takes possession of wreck fails, without reasonable cause, to comply with the requirements of the law, he is liable to a fine not exceeding \$400 and, in addition, a fine of double the value of the wreck. He also forfeits any claim or right to claim salvage with relation to the salvaged material.

SEAWAY TRAFFIC FIGURES

Traffic records for the St. Lawrence Seaway, established only last year, are being re-written as the St. Lawrence and Welland canals complete the first three months of operation in the 1965 navigation season. The total tonnage for June, on either canal, exceeded that of any single month of 1964 - the peak traffic year since the opening of the Seaway in 1959.

Traffic through the Montreal-Lake Ontario section during June amounted to 5,685,000 tons, an increase of almost 10 per cent over that for June 1964. More than 14,300,000 tons have passed through the eastern section of the Seaway so far this season, up by 4 per cent over the record set a year ago.

Welland Canal traffic shows a similar trend, although total tonnage figures are considerably higher. The season total to date of 17,900,000 tons reflects a rise of 3.4 per cent over the comparable three-month period a year ago, while June tonnage of 7,200,000 tons represents an increase of 9 per cent over that for the same month in 1964.

CHIEF CARGOES

Iron ore is the leading commodity in transit through the two canals, accounting for 4,600,000 tons in the Montreal-Lake Ontario section totals and some 6,350,000 tons through the Welland Canal.

Wheat, though flowing in lesser quantities than a year ago, has exceeded 3,000,000 tons through the St. Lawrence and approximately 2,800,000 through the Welland.

The most striking increase in traffic during the 1965 season so far has been in general cargo tonnage, highlighted by more than one million tons of manufactured iron and steel products upbound through both waterways.

WAR ON OIL DUMPING

Helicopter patrols over Lake Ontario, Lake Erie and St. Lawrence River have been resumed for the 1965 shipping season in the campaign to halt oil pollution of Canadian waterways by shipping. Lending new weight to the drive against oil dumping is the increase in maximum fine for such offences from \$500 to \$5,000. The master of every foreign vessel entering Canadian waters is notified of the anti-pollution regulations and penalties for infraction of them.

There will be inspectors from the Steamship Inspection Service of the Department of Transport aboard the patrol helicopters to keep a watchful eye on incidents of waste-oil dumping. The Department will also continue to investigate pollution charges and to take legal action when necessary, on the basis of reports of oil dumping submitted by inspectors stationed at various centres along the Great Lakes system, by ship captains, pilots of aircraft of the armed services and commercial aircraft and other interested persons who witness such incidents.

During the 1964 shipping season, the masters of eight ships were fined for permitting discharge of oil from their vessels in Canadian waters.

FOREST-FIRE FIGURES FALL

Forest-fire damage throughout Canada during May was much lower than in the same month a year earlier, Forestry Department estimates indicate. Some 50,000 acres were hit last month by 1,592 fires, compared with 119,000 acres damaged by 1,892 fires in May 1964. In April of this year, 267 fires damaged an estimated 4,000 acres.

The May 1965 estimates include 25 fires in the Yukon and Northwest Territories, involving some 510 acres, compared to 10 fires affecting two acres in the territories in May last year.

The seasonal total to the end of May 1965 is well below that of 1964 — an estimated 54,000 acres in 1,859 fires, against 139,000 acres in 2,439 fires for the same period last year.

LABOUR DEPARTMENT REVIEW

The Department of Labour has undertaken an extensive review of its organization, with particular reference to activities in the manpower field. The intention to have this review made was indicated by Labour Minister Allan J. MacEachen when he announced on March 31, in the House of Commons, the transfer of the National Employment Service to the Department of Labour.

Development of a well-knit and effective manpower organization is a major aim of the review, though it will also cover the organizational structure of the Department as a whole.

During recent years, numerous measures have been undertaken by the Government to develop a positive, dynamic employment and manpower programme. These measures have added substantially to the responsibilities of the Department of Labour, and have contributed to the need for a thorough review.

The transfer of the National Employment Service enables most of the essential elements of manpower policy at the federal level to be co-ordinated in the Department of Labour as recommended by the Gill Committee and by the Economic Council of Canada in its first annual report.

TERMS OF REFERENCE

The review is scheduled for completion by October. Its broad terms of reference are as follows:

- to study the functions and organization of the National Employment Service and other branches of the Department directly engaged in activities relating to the development and use of manpower at departmental headquarters and at representative regional and local field offices;

- to examine the functions and organization of the branches of the Department in relation to that of the Department as a whole.

- to develop and recommend an organizational structure and division of responsibilities at all significant levels, including effective working relations, to meet the developing needs of the Department in the accomplishment of its objectives in manpower and other fields of endeavour.

FRENCH CIVIL TRAINEES TO OTTAWA

Six graduates of the Ecole nationale d'Administration of Paris (ENA) will visit Canada from August 7 to September 18. They will be guests of the Government of Canada from August 28 to September 18 and of the Province of Quebec from August 7 to 27.

In 1964, the Government of the French Republic offered to train a number of Canadian civil servants each year at the ENA. In the same year, two federal civil servants and eight from Quebec were chosen for a one-year period of instruction at the ENA. This year, ten other Canadian civil servants, selected from Ottawa and Quebec in the same proportion as in 1964, are undergoing a similar period of training.

PROGRAMME IN OTTAWA

This summer's visit will offer an opportunity to a few French graduates to become familiar with the theory and practice of the Canadian public service. Their programme in Ottawa will include lectures on political and administrative institutions in Canada as well as reports on the economic and social situation in Canada. They will also be shown local governmental projects and introduced to certain aspects of Canadian cultural life.

CULTURAL EXCHANGE BOOSTED

The Canadian Government, wishing to increase its cultural relations with foreign countries, has decided to increase to \$1 million the amount provided for the programme of cultural exchanges with French-speaking countries. This programme was launched in December 1963, when the sum of \$250,000 was appropriated. Its scholarship exchanges, art exhibitions and theatrical presentations have aroused considerable interest in the countries concerned and has met with great success during its first year of operation. The programme at present involves France, Belgium and Switzerland, and it is hoped that it will eventually include exchanges with other countries that are entirely or partially French-speaking.

TRAINING ON THE JOB

Almost 17 per cent of Canada's industrial establishments in four major groups reported some form of organized training for employees in the year ended May 31, 1963.

About 25 per cent of the firms employing 50 or more employees reported "in-service" training. The percentage rose to close to 100 per cent among the very large establishments.

These figures are among the findings of a survey conducted jointly by the Department of Labour and the Dominion Bureau of Statistics among the following four large industrial groups: manufacturing, public utilities, mining, and transportation-communication. Some 12,000 establishments reported, with more than 300,000 employees in the categories of skilled tradesmen, first-line supervisors, technicians and apprentices.