



2	Editorial
3	Foreign Trade Reaches Fifty
6	A Changing Role in Changing Times
9	Our Growing Canada
14	Marketing Conditions Change but Sound Trading Practices Don't
18	The Randall Commission Reports
20	Why Canada Exhibits Abroad
22	Commodity Notes
24	The Netherlands Economy Gains Strength
26	The United Kingdom Invests in Canada
28	Cuba and the Sugar Agreement
30	Trade and Tariff Regulations
31	General Notes
32	Foreign Exchange Rates
34	Foreign Trade Service Abroad
40	Businessman's Bookshelf

foreign trade

Established in 1904

Published fortnightly by the Department of Trade and Commerce.
The Right Honourable C. D. HOWE, Minister,
and WM. FREDERICK BULL, Deputy Minister.

OTTAWA, FEBRUARY 6, 1954, Vol. 101, No. 1

Please forward all subscriptions and orders to:
The Queen's Printer, Government Printing Bureau, Ottawa.
Price: \$2.00 a year in Canada; \$3.50 abroad.
Single copies: 20 cents each.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade"

COVER In 1904, when the Department published its first weekly trade report, new forms of transportation were being pioneered; today some of them are widely used. But the bulk of the world's international trade still is carried in ships, as it was fifty years ago. —NFB Photo

1904-1954

WITH THIS ISSUE, "Foreign Trade" marks its fiftieth birthday and begins its second half-century of continuous publication. It is a time for looking backward and for looking forward . . . a time to recall past achievements, to push ahead with present tasks, and to set future objectives. So, in our anniversary number, we are writing of yesterday and today and shaping the pattern of tomorrow.

The long rows of bound volumes of this magazine and its predecessors are "yesterday" to us. From them, and from the recollections of former editors, we have drawn our story of a publication that is a veteran by Canadian standards. From these same volumes we have quarried the items on page 14, to illustrate how trade varies from decade to decade and yet, in most essentials, remains the same.

The first "Weekly Report" appeared in response to a need expressed by Canadian business and filling that need is still our "raison d'être". One of our special articles therefore reviews the role of trade promotion over the years and examines our share in it. Another contrasts the Canada of 1904 with that of 1954 and retraces the road between.

In recalling the past we do not forget the present. This issue carries both articles on the current business situation in several countries and the regular features which our readers look for and find useful. Nostalgia has only a small place in the workaday world.

But to our mind the best way to celebrate an anniversary is by planning enthusiastically for the future. That is why we are presenting, as Volume 101, number 1, a new and larger "Foreign Trade", to appear every second week and replace the present weekly. Careful study over the past year has convinced us that we can give our readers better service and a finer magazine by publishing fortnightly. The redesign is the work of Jacques St-Cyr of the Canadian Government Exhibition Commission and, we feel, blends dignity with readability and an attractive layout.

The new "Foreign Trade" symbolizes our determination, as we enter our sixth decade, to make the magazine an ever more effective partner with business in the promotion of Canada's trade.

—The Editor

editorial

"Foreign Trade" Reaches Fifty

In the years since its modest debut in 1904, the Department's magazine has grown as Canada's trading interests widened and as business sought accurate, up-to-date trading information.

O. MARY HILL, Editor, "Foreign Trade".

ONE MORNING IN JANUARY 1904, Sir Richard Cartwright, the Minister of Trade and Commerce, called his private secretary, F. C. T. O'Hara, into his office. The Minister had things on his mind: Canadian businessmen were complaining that Trade and Commerce was not giving them the up-to-date information they needed to step up their sales in foreign countries. Every three months the Department published a report carrying contributions from the twelve Commercial Agents posted abroad; this, said business, was too little and too late.

"What do these business people want?" said the Minister to his secretary.

"More information, sir, and more quickly."

"And why can't we give it to them?"

"We can—by issuing a trade report every week."

"When can you start publication?"

"In ten days, sir," came the somewhat unexpected answer.

"Weekly Report" Appears

And within ten days—on February 1, 1904—the first issue of the *Weekly Report*, great-grandfather of *Foreign Trade*, appeared. Carrying the sub-title, "Containing Reports of Commercial Agents and Trade Inquiries", its modest ten pages featured three articles on the market for Canadian butter and cheese in the British West Indies. Issue number two brought the first listing of Commercial Agents, and reports from Scandinavia, Australia, Leeds, Hull and Manchester. Copies went out to all Boards of Trade and Chambers of Commerce and to members of the Canadian Manufacturers Association.

In the first four years of its life, the *Weekly Report* remained Mr. O'Hara's special charge, a part of his duties as Superintendent of Commercial Agencies. Looking back on his tenure of the editorial chair, he recalls that the new publication "passed through many trials and was the object of many criticisms". Perhaps

the biggest problem was obtaining enough material. One device adopted to "flesh out" the *Report* to a respectable size was to print it on only one side of the paper! It was sent free of charge to anyone who applied for it but at that time, and for many years after, the Department limited circulation to Canada. Apparently officials thought it unwise to give potential competitors access to the information which it contained.

Improving the Magazine

The favourable reception which the fledgling magazine received gratified its sponsors. In his annual report for 1905 the Deputy Minister, W. G. Parmalee, remarked: "It has now come about that this department, which only a dozen years ago started out in a very small way, is called upon for and actually furnishes more commercial information than was given in combined annual reports published or up to that time attainable, notably as regards the tariffs and trade of foreign countries, trade openings, condensed comparative statistics . . . etc. etc."

When, in 1908, Mr. O'Hara became Deputy Minister, the editorship passed to the late Chester H. Payne, then private secretary to the Minister, and continued in his hands until 1914. Leafing through the successive issues in those years, a reader can trace the origin of many of the services and features that persist today. Market reports, for example . . . the year 1910 brought a series of articles on the overseas markets for Canadian fish. The idea of "special issues" also took root; in 1909 J. E. Ray, the Trade Commissioner in St. John's, Newfoundland, was asked to prepare a special report on the "Trade of Newfoundland", which was re-published in a booklet. Four years later, R. Grigg, Commissioner of Commerce, was dispatched to China and Japan to study "present and coming possibilities of trade with these two ancient and interesting countries". Several of the resulting reports appeared in the magazine.

The early issues, put beside those of today, appear conservative and rather formal both in writing style and in layout. But 1910 brought the first illustrations.

A photograph showed on a dock in Cuba a shipment of Canadian potatoes, completely ruined because it had been packed in the wrong containers. To make the point clear, an illustration of the proper kind of container followed hard after.

Better service to Canadian traders was the motive behind all the changes and improvements. In 1909, for example, the Trade Commissioners were instructed to compile lists of importers in their territories and these lists appeared in the *Report* week by week. Some of the 1910 issues mention the "project of compiling a detailed list of Canadian manufacturers and the articles produced for export trade"—forerunner of today's *Exporters' Directory*, prepared by the Department for the confidential use of Trade Commissioners. One popular feature of that day has now disappeared because of difficulties that arose later—the "Trade Inquiries". In 1909 the Department received over 2,000 such inquiries and a goodly number of them were featured in the *Report*.

Sir George Takes a Hand

By the time war broke out in 1914, the magazine had achieved recognition in the trading community and had confounded some of its critics. In the November 2, 1914, number the Minister, Sir George Foster, had some pertinent comments to make. "Heads of firms constantly inform the Department", he wrote, "that they do not receive the *Weekly*, but on inquiry the name of the firm is found on the mailing list. The explanation always given is that having in the past held the *Report* very lightly because of its negligible character, a direct journey is accomplished from the postman to the waste paper basket, but the *Report* has been so greatly enlarged and improved that it is more than double in size and nearly doubled in circulation . . . Every effort is being made to render it worthy the attention of leading men of business, having regard to the vital importance of industrial production and export".

Sir George did indeed take a personal interest in the Department's magazine. In 1914, he requested each Trade Commissioner abroad to send in an annual report on his territory for publication as a supplement to the *Report*. Every Trade Commissioner of that day complied "except Mr. C. F. Just (Hamburg) because he is detained in Germany during the war and is not allowed to communicate". The practice of publishing annual reports continues today, though they are now grouped, by areas, in quarterly issues.

The war years also brought a change in editors. In 1914 the *Weekly Report* became the *Weekly Bulletin* and the responsibility for getting it out week by week was given to the novices in the Foreign Trade Service, then known as "Sub Trade Commissioners". Among

the young gentlemen drafted as editors were L. D. Wilgress, later Deputy Minister of the Department and now Canadian Ambassador to NATO, and A. E. Bryan, today Consul and Trade Commissioner at Detroit. The *Bulletin* was printed on rather better paper than the former *Report* and carried a picture on the cover.

Surviving the First War

It is interesting to trace the effect of the war on the content of the magazine. Hostilities were scarcely under way when the Government began considering how war would affect the volume and direction of Canada's trade. The August 24, 1914, issue of the *Bulletin* carried an article on "The European War and Trade"—a round-up of views expressed in various British and American journals. And on September 1, 1914, came this announcement from Sir George Foster: "Beginning with this number of the *Bulletin*, will be published a series of statements designed to illustrate the opportunities which the present war conditions open to Canadian business enterprise and which the undersigned most earnestly hopes will be utilized to the full."

By January 4, 1915, the once spindly *Report* had filled out to a respectable 59 pages. It carried such regular features as "Enlarged Canada Trade Intelligence" (including British consulates abroad which were willing to help in trade matters); "Trade Inquiries"; "Canadian Grain Statistics"; "Tariff Changes and Interpretations" and "Notes on German Trade". Trade reports from the United Kingdom, from Australasia, and from the British West Indies took relatively far more space than they do in these days of the dollar shortage, and reports from Latin America and from Asia much less.

Six months after the Armistice, the *Bulletin* carried a notice that indicated progress towards rebuilding the civilian economy. Said the June 30, 1919, number: "We are publishing this week . . . notices regarding a number of businessmen who have returned from war service and would like to take up agency work for Canadian manufacturers in overseas countries. It is very important that businessmen who sacrificed their opportunities in Canada to go overseas should have no difficulty in getting back to commercial life . . . Canadian manufacturers interested in export trade who have not yet made arrangements for representation overseas might well give consideration to the claims of these soldiers who are in many cases capable businessmen."

Meantime, the *Weekly Bulletin* was itself undergoing some changes. The Department had for some time realized that good reporting from abroad depended to

some extent on the "direction, control and assistance" which the Trade Commissioners received from headquarters. This thinking led, in 1919, to the appointment of the *Bulletin's* first full-time editor, D. S. Douglas.

"Dougie" Takes Charge

"Dougie", as he became affectionately known throughout the Service, remained the editor until his retirement in 1938 and the magazine of today is, in large measure, his creation. A Scot with the firm conviction that "you can no play hob wi' facts" and a feeling for the exact use of language, he educated many generations of Trade Commissioners in the writing of acceptable reports. The editorial blue pencil remorselessly excised unnecessary phrases and young Trade Commissioners in training with novel ideas were brought down to earth with the remark, "*This is nae a popular magazine*". But respect for his judgment and his direction of the magazine built him a reputation in the Service. One officer abroad, writing to the Director of the Trade Commissioner Service about editorial changes in his report, remarked philosophically: "I have been under Mr. Douglas' tuition for so many years that I unhesitatingly accept his ruling."

Birth of the "Journal"

It was under Mr. Douglas's direction, on January 2, 1922, that the *Weekly Bulletin* was again transformed and became the *Commercial Intelligence Journal*. The days of unrestricted free circulation were over; from July 1, 1923, the Department "in view of the heavy expense now involved in the publication" charged a nominal subscription price of \$1 a year to addresses in Canada and \$3.50 to addresses outside the Dominion. It is interesting to note that the \$1 a year rate remained unchanged for 29 years until, in April 1952, it was doubled to \$2 a year.

The same 1923 issue which gave notice of the subscription rate announced another development, the printing of a French edition "which it is hoped will be issued in the near future." The *Bulletin des Renseignements Commerciaux*, forerunner of the current *Commerce Extérieur*, actually made its debut on July 14, 1923, and by next January carried the same subscription rate. Over the years, it was not always possible to keep the two editions identical in content and dateline and occasionally the French edition was an abbreviated version of the English one.

The twenties and early thirties saw new features added to the *Journal*; the majority of them, such as the "Foreign Exchange Quotations", continue today. In 1921, data on "Invoice Requirements and Consular Regulations of Other Countries" were reprinted from the magazine as separate leaflets and offered to the subscribers. The readers of that day also benefited

from an article contributed by Graham F. Towers, then superintendent, Foreign Trade Department, the Royal Bank of Canada, on the "Banks and Export Trade". One report published in 1922—"New York as an Export Centre—Potential Trade for Canadian Firms"—has a modern ring. So does the 1921 series on Mexico as a market for a variety of Canadian products.

The thirties brought a decline in Canadian exports from a high of \$1.3 billion in 1928 to a low of \$498 million in 1932. The Trade Commissioners overseas were searching diligently for markets for an extraordinary variety of Canadian products and the *Journal* printed large numbers of market reports. In the first six months of 1932 articles appeared on the market for alfalfa in the United Kingdom, leather gloves in the north of England, senega root in South Africa, canned meats in Japan, horsemeat in Scandinavia, radios in Spain, motor tires in Albania, shoe tacks in the Middle East, wheat in Chile, insecticides in the Netherlands East Indies, fresh apples in Belgium, and many others. The year 1936 saw a series of reports on "Exchange Conditions in Latin American Countries".

When, in 1938, Mr. Douglas retired from the editorship, he was succeeded by J. E. Mackay. Of the eight years that Mr. Mackay directed the destinies of the magazine, six were years of war and severe restrictions on trade, stringent censorship regulations, and the closing of many of the offices abroad had their effect upon the *Journal*. Wartime issues discussed such topics as the problems of U.K. retailers, food rationing in Newfoundland, anti-inflation measures in New Zealand, and transport difficulties in South America.

Postwar Changes

Shortly after the war ended Mr. Mackay transferred to the Dominion Bureau of Statistics, where he is today chief of the press and publicity section of the Information Services Division. With the new editor, Mr. J. Fergus Grant, currently the assistant director of the Information Branch, came one more change of title and design. In a postwar re-organization the Commercial Intelligence Service had become the Foreign Trade Service. It seemed logical that the *Journal* should take the name *Foreign Trade*.

Writing about the magazine in 1922, F. C. T. O'Hara, the first editor, made an apt comment. "The Department," said Mr. O'Hara, "has reason to believe that the information now contained in this journal is appreciated by Canadian manufacturers and exporters, and will always endeavour to increase its usefulness, and to that end welcome constructive criticism from its readers."

That is our feeling still, on the magazine's fiftieth birthday.

A Changing Role in Changing Times

The basic objective of "Foreign Trade"—to help Canadian businessmen expand their trade abroad—has never changed. But achieving that objective has called for constant adaptation to the changing needs of changing times.

OLIVER MASTER, *Assistant Deputy Minister.*

"FOREIGN TRADE" has always had a single-track mind and a single purpose in life. Its sole objective is to lend a hand in the promotion of Canadian trade abroad. That purpose is no less important today than it was fifty years ago when the first issue, under a different title, came off the press. And it is not likely to lose importance in the years ahead.

Trading Interests Wider

The setting in which this purpose is pursued is a global one. *Foreign Trade* is in the business of importing commercial information from every quarter of the globe and retailing it to businessmen in all parts of Canada. Though the job which *Foreign Trade* seeks to do may be stated from year to year in the same general terms, that is the only sense in which it is static. In every other way it is dynamic to the nth degree. The world of trade never stands still. The actual work of promoting Canadian trade is always in course of being adjusted and revamped to meet conditions that are as restless as the waves through which the ships of commerce plough their way.

Foreign Trade has behind it a half-century of experience during which the task of helping to keep Canadian exporters well posted on commercial conditions in other countries has become more and more complex. In part that has been a natural trend. Canadian trade in 1954 bears only remote comparison with that of the days when wheat production on the prairies was just getting into full swing and the development of the pulp and paper, base metal, and many other industries had hardly got under way. Today Canadian firms are vitally interested in many more foreign markets than they used to be. Their interests are much wider—and not only geographically. They are immensely wider as regards the diversity of products for which export outlets must be sought. These are among the more obvious reasons why the field which *Foreign Trade* tries to cover has changed so greatly.

There is a second and quite different type of transition which, especially during the last quarter-century, has tended to make it a much less simple task to keep close tab on the changes in foreign markets that are of such

vital concern to businessmen in Canada. It is no longer sufficient for a Canadian exporter to know that there is a keen consumer demand for his goods in Italy, Brazil or France, or any one of a score of other countries. Nor is it enough for him to know that his products are competitive in both quality and price. In many countries, before he can safely close a sale, the exporter must have iron-clad assurance that his customers can secure licences to import and permits enabling them to make dollar payment. He must be on the alert to get the best advance notice he can concerning markets where import controls are likely to be lifted—and still more so concerning those where there are danger signs that his shipments may run into tighter import restrictions or payment delays.

Marketing Problems Increase

The whole business of carrying on international trade now calls for infinitely more information of many different kinds than it used to require. Even allowing for the advances made in the facilities for quick travel and communication, the day-to-day work of operating an accurate intelligence service on a world-wide scale demands far greater and more varied effort than would have sufficed for the same purpose not many years ago.

It would be putting things in the wrong perspective, however, to suggest that in Canada's trade promotion work the sharpest challenge arises either from the widening scope of our commercial interests or from the greater complexity of the problem of keeping on top of the changes in dozens of different markets. It is the need to shift the emphasis, and to change direction to suit the circumstances, that presents the major challenge—the need to see that trade promotion effort does not get into a groove and that its mobility matches that of its moving target. Flexibility, supremely important in trade itself, is no less so in trade promotion.

During the postwar years we have seen a degree of flexibility in Canadian trade which, had it not been demonstrated, few persons would have thought possible. Probably not one person in a hundred could or would have predicted that, within the span of the

same calendar year, a decline of nearly \$400 million in Canadian exports to overseas countries would be more than offset by a rise of more than \$500 million in exports to the United States. That is what occurred as recently as 1950. As an example of short-term flexibility it would have been no small achievement even if it had been forced by the harsh pressure of wartime necessity. As a free-wheeling peacetime performance it bordered on the miraculous.

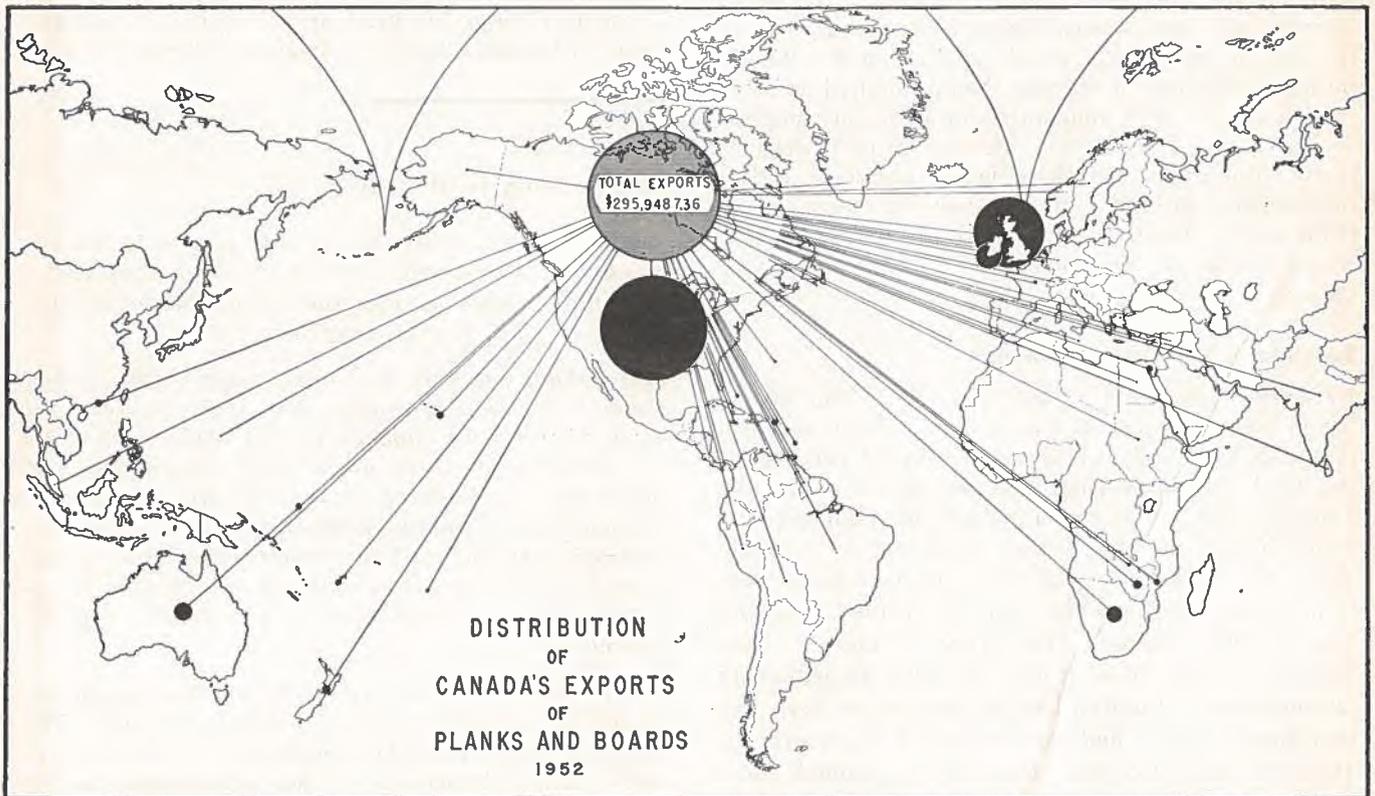
And this vast rechanneling of commerce has not been a flash in the pan. Its sudden development seemed at the time to be as fortuitous as it was fortunate. We have since come to realize more clearly, however, that it is far from being the result of a kind of flexibility that was made to order on the spur of the moment. It is something which, no matter how abruptly it came into clear and full view, has been a long time in the making. In part, at least, it is the product of powerful and persistent trends which we have known and watched for many years, but perhaps without having any very good means of measuring their gathering force.

In the United States there are today 80 million more people than there were fifty years ago. Growth of such order strains our ability to grasp it in a realistic

way. It is as if, within the confines of this single market next-door to Canada, five or six new states had come into being, each equal in population and purchasing power to the whole of our present-day Canada. Or, to put it in another way, as if a series of new states had arisen here in North America comparable in population and in economic gravity to a combination of France, Belgium, the Netherlands, Denmark, Sweden and Switzerland.

Gauging Expansion

Canada too has been forging ahead, but while we have been gaining ten million people the United States has gained, population-wise, nearly a hundred Manitobas. In the early 1900's we were doing business with a nation to the south which exceeded our own country in population by about 75 million. Today the difference is close to 145 million. Fifty years hence it may be 175 million. How do we go about gauging either the past, the current, or the potential commercial effects upon Canada of expansion on such a scale? Of expansion which has actually picked up speed and power at a stage when it might have been expected—and was expected—to show signs of slowing down?



—Economic Mapping Division, D.B.S.

The long-established lumber trade illustrates exceptionally well two of the notable features of Canada's export business—its world-wide distribution, coupled with a high degree of concentration on the markets of the United Kingdom and the United States.

This North American growth is one of the factors—not the only one but certainly the most arresting illustration—which one has in mind in suggesting that the greatest challenge to Canada's trade promotion effort lies in ability to shift the emphasis, to change direction, to steer clear of settling down into a fixed and familiar pattern. All over the world other changes are taking place, some rapidly, some slowly, some on a vast and others on a minor scale, some enlarging Canada's commercial outlets, some restricting or even closing them at least temporarily. The trade promotion job to be done is a global one but it is one that requires distribution of effort in a way that is both mobile and selective.

Concentration and Diversity

When we speak of Canada as one of the great world-trading nations, the picture which perhaps comes most readily to mind is that of cargoes of scores of different commodities radiating in every direction across the seven seas. Such a picture is not a far-fetched one because our export trade does radiate in all directions and does embrace a very wide variety of products. But by and large the world-wide character of our trade is a much less pronounced feature than its high degree of concentration. As regards our total exports we have the towering pre-eminence of the United States market, and for overseas exports the leadership of the British market still stands unchallenged. We do business with something more than a hundred different markets and some Canadian commodities are shipped regularly to as many as sixty, seventy or more destinations. But even with those which are most widely distributed it is commonly the case that there is one main market which takes the bulk of our exports and which tends to overshadow the many secondary outlets.

Secondary Markets Important

Newsprint, frequently at the very top of our export list in point of value, is one of the products in which our trade is literally world-wide. But 90 per cent of the total shipments enter the one major outlet, the United States. Exports of wheat and flour are less concentrated, but the United Kingdom is normally much the heaviest buyer of both. In most years there is no other country which runs the United Kingdom even a close second. The trade in lumber offers another variation in what may be called the pattern of concentration. Lumber has for generations been one of Canada's larger and most widely diffused exports. Here we have two chief markets, the United States and the United Kingdom, with the degree of dependence upon the one or the other fluctuating a good deal from time to time. One could go on multiplying

examples of how our exports of individual products tend to be focussed in so many cases either on the United States or on the British market. That fact, however, should not be allowed to discount the inestimable importance of the scores of secondary markets in all parts of the globe. Individually they may not appear impressive, especially in comparison with the big buyers. Collectively their purchases mean more to the prosperity of Canadian communities than can readily be expressed. The concentration of 70 or 75 per cent of our export trade in our two dominant markets cannot be taken as a basis for measuring the strength of the trade promotion effort required to do full justice to Canada's commercial interest in the hundred or more other markets with which we do business.

* * * *

The part played by *Foreign Trade* in Canadian trade promotion is a very modest one. It comprises only a small segment of the work carried on by the Trade Commissioner Service. It covers a much smaller segment of the whole program of government trade promotion. And when one takes into account the factor which is so incomparably the greatest of all—trade promotion by those who are in the business of carrying on trade—the best and the most that *Foreign Trade* can claim for itself are the privilege and the credit of lending a hand in a small but worthwhile way.

Shipbuilding in Britain

New orders for merchant vessels placed in British shipyards in 1953 are reported to be only 500 thousand tons—only one-third the volume placed in 1952 and one-eighth of that ordered in 1951.

More than one-half the total order book, which amounts to some 5½ million tons, is for tankers and some of the firms engaged in this trade have work for some two or three years. But those engaged in other types of building are looking for new orders. Changed world conditions following the Korean war, coupled with the fall in freights and ship values, have brought about much keener competition, particularly from European countries, including Western Germany.

Some orders have been cancelled but the proportion in comparison with the total building is small. The industry hopes that the Chancellor of the Exchequer's recent indication of an adjustment in the repayment conditions on bank advances to owners for shipbuilding may bring about some new orders and possibly minimize further cancellations.

Our Growing Canada

Canadians of 1904, in the midst of tremendous economic expansion, asked themselves whether this growth would continue. In 1954, the question is still valid—and history helps to supply the answer.

O. J. FIRESTONE, Economic Adviser.

THE TWENTIETH CENTURY was only four years old when the Department of Trade and Commerce published the first issue of the *Weekly Report*, the ancestor of *Foreign Trade*. Yet to the discerning Canadian there were many tangible evidences that his country was on the threshold of tremendous economic expansion.

At long last, Canada's western frontiers were being quickly pushed back. The prairies were yielding wheat of high quality in undreamed-of quantities. Settlers were arriving in Canada in the largest numbers in the nation's history. Capital, much of it from the United Kingdom, was coming into the country in substantial amounts to help speed up Canadian development. Commerce prospered and in the older and settled parts of the country industries expanded rapidly. Cities and towns mushroomed, foreshadowing a fundamental change from a basically rural society to a predominantly urban one.

Problems of 1904

Though the signs for the future appeared promising, the Canadian of 1904 had good reason to wonder how much staying power there was in his country's prosperity and economic growth. He could still remember the two decades from about 1875 to 1895 as years marked by greater uncertainty and economic dislocation. There were times when Canadians more than once had occasion to wonder about their "destiny". How assured were the European markets in which the large surpluses of prairie wheat were sold? What would happen to mass immigration once the prairies were settled? How long could they rely on heavy capital inflow from abroad to help in building up the country more rapidly than could possibly be done with local savings? Where would new resources be found to warrant further expansion? And if new resources were found, would they be of the kind that Canadians could develop economically and sell competitively in world markets? What about the pull to the south—the continual threat arising from the many thousands of Canadians leaving their country each year for the United States, a land of greater opportunities?

History has provided the answers to these questions.

Canadian wheat remained a staple commodity, competitive in price and in quality the world over. In 1953 Canadian exports of wheat and wheat flour went to some 80 countries and involved over ten times the quantity sold abroad fifty years ago. The 1953 crop was the second largest on record. On the basis of Canadian consumption standards, it yielded enough wheat to provide bread—and cake as well—for some 175 million people.

Response to Challenges

Heavy settlement of the prairies continued for a decade. Then, after World War I, rapid industrialization attracted people to many other parts of Canada. Since the end of World War II Canada's population in absolute terms has been growing more rapidly than ever before.

Capital inflow from the United Kingdom became less important after World War I, it is true, but in its place many millions of dollars came into Canada from the United States. American capital was mainly of the venture type. It went into important resources development projects and the expansion of secondary industries, particularly the building of branch plants.

More recently, Canadians have been able to build up their production and to accumulate savings to such an extent that they could finance out of their own resources both the large military effort of World War II—including substantial aid to Canada's allies—and the extensive postwar capital expansion program. It is perhaps not generally known that in the first seven postwar years, though Canadians undertook the most substantial capital expansion program in their history, this program could be financed *on balance* without appreciably increasing foreign indebtedness. Between 1946 and 1952 inclusive capital inflow into Canada for investment and other purposes amounted to \$4,684 million. This inflow was matched by an almost equal outflow of \$4,598 million, consisting of Canadian government loans and aid to other countries, private investment and holdings abroad. In 1953, however, the gap between inflow and outflow was widened with the continuation on a large scale of foreign investment in Canada's resources and industrial development pro-

gram. In the first nine months of 1953 capital inflow amounted to \$743 million and capital outflow to \$357 million.

The discovery and development of new natural resources in the past half-century is a saga in itself. Even after fifty years of rapid growth, Canada contains but two-thirds of one per cent of the world's population. Yet she produced more newsprint, nickel, asbestos and platinum than any other nation; is second in the world's output of hydro-electric power, pulp, uranium, aluminum, gold and zinc, and third in the production of oats, silver and sawn lumber.

But beyond these achievements a firm foundation for greater things in the future is evident: large oil and natural gas developments on the prairies; iron ore developments, particularly in the central provinces and Labrador; major non-ferrous metal developments in five provinces spread from the Atlantic to the Pacific; uranium developments which have made Canada an important source of this basic raw material for atomic energy; power developments ranging from an estimated St. Lawrence Seaway potential of 3.5 million horsepower to a proposed five million horsepower storage and diversion project in northwestern British Columbia and the southwestern Yukon Territory. These two sources of potential power alone are equivalent to about one-half the hydro-electric power developed in Canada since the first electric light was turned on in 1876.

Though fifty years have passed, Canada remains a frontier land. Now it is the northern frontier that is being pushed back; there tremendous forest, water and mineral resources await development. One of the most recent reports of new discoveries may be mentioned: the possibility of the existence, 500 miles north of the Arctic Circle, of oil-bearing land with potential resources greater than those indicated for Alberta.

Over the last half-century, why have Canadians made such great strides in developing their natural resources, thus facilitating the industrialization of the country and broadening their foreign trade? Among the reasons are:

- The substantially increased raw material demands accompanying the significant rise in living standards and the rapid rate of industrialization at home and abroad.
- Technological advances enabling economic production and sale of basic raw materials.
- Diminution of essential raw material reserves in foreign countries making it necessary for these nations to turn to alternative sources of supply.

Not only have Canadians found new ways of making use of long proven or newly discovered natural

resources—they also have been processing an even larger portion of their resources before export. This has contributed greatly to the economic and industrial development of the country. Few Canadians perhaps realize that 62 per cent of exports involving Canadian natural resources (that is, excluding exports of fabricated products) went abroad in the form of processed materials—e.g., flour, refined metals and newsprint. Only 38 per cent went out in natural form—e.g., wheat, ore and pulpwood.

The pull to the south has been a serious problem throughout Canadian history. Though it continues, a countervailing force has emerged: a pull to the north. Together with American industry, capital and technical knowledge, American managers, engineers and skilled workers have in recent years moved north in increasing numbers. Further, more and more Canadians who earlier left in search of greener fields are returning to their home country. Immigration into Canada since World War II has been at one of the highest levels in Canadian history. In 1953, for every emigrant there were three immigrants to take his place.

Summary of Economic Growth

Thus most of the problems that Canada faced in 1904 have been largely overcome in the intervening half-century. The economy grew in size and depth more rapidly than most Canadians of that time considered likely or even feasible. Here is a brief summary of what half a century's economic growth has meant for Canadians. (The data relate, except where otherwise stated, to the period 1900 to 1950.)

Canada's population rose to about 2½ times the 1900 level; (in 1953 the 15 million mark was reached).

The labour force almost tripled over this 50-year period.

Capital expenditures by business, private individuals and by governments rose in volume terms to about eight times the 1900 total.

Canada became one of the most industrialized nations in the world. Whereas at the turn of the century there were more than two agricultural workers for every person employed in manufacturing, there were at mid-century about one-quarter more persons working in manufacturing than in agriculture. How many people realize that, in relation to the total labour force, there are now in Canada almost as many persons working in manufacturing industries as there are working in United States industries?

Commodity exports in real terms rose to 6½ times their 1900 level and commodity imports to 7½ times. The volume of commodity trade covering both exports and imports rose sevenfold, making Canada the third largest trading nation in the world. On a per capita

FIGURE 1-POPULATION AND GROSS NATIONAL PRODUCT, CANADA, 1900-1953

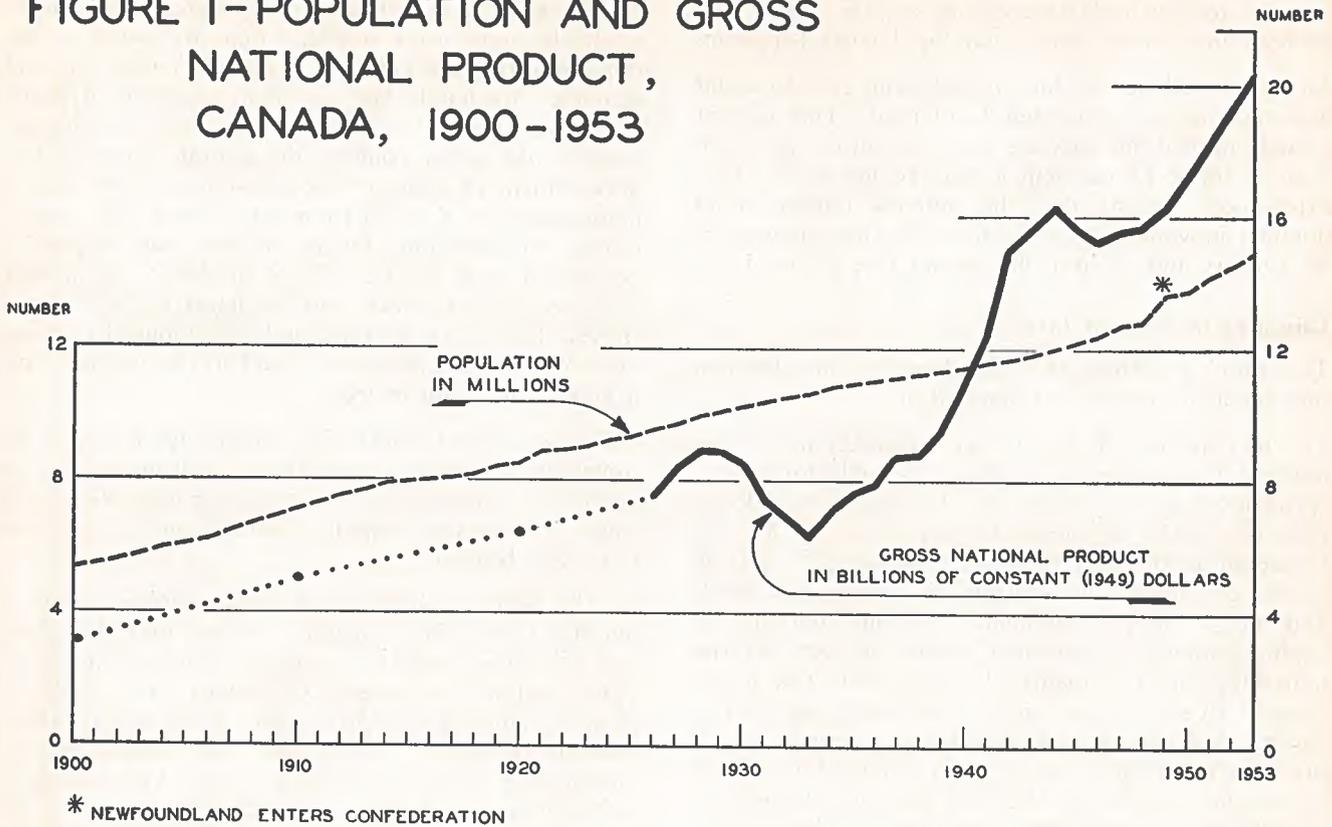
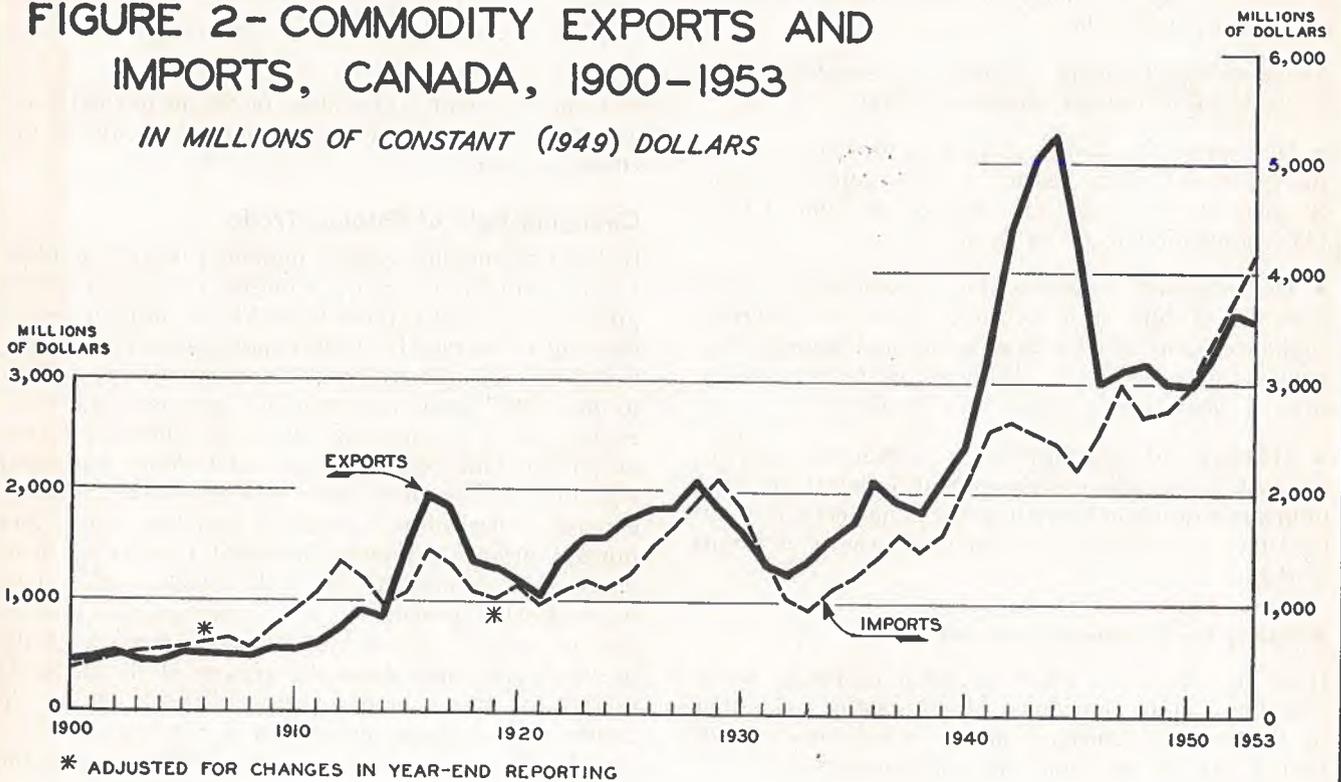


FIGURE 2-COMMODITY EXPORTS AND IMPORTS, CANADA, 1900-1953
IN MILLIONS OF CONSTANT (1949) DOLLARS



basis, Canadian trade exceeded by a wide margin that of both the United States and the United Kingdom.

The gross national product in real terms rose to about five and one-half times the 1900 total. This rate of growth implies an increase in real output per man year of about 1½ per cent a year (compound). Past experience suggests that the nation's output about doubled in volume terms both in the first quarter of the century and again in the second (see Figure 1).

Changes in Way of Life

This rapid growth of the Canadian economy brought fundamental changes in Canadian life.

The real income of the average Canadian more than doubled in that period, making it possible for him to spend more and to save more. The standard of living rose so rapidly in these 50 years that the average Canadian at mid-century was almost twice as well off as his grandfather in terms of the volume of goods and services at his command. Not only did the per capita quantity of consumer goods and services rise materially, but the quality also improved. For many, particularly the farmer and the housewife, life became easier. A prairie farmer operating a one-way disk is now able to plough 20 acres, or by using a three-plough tractor he can do 10 acres, in the time it took his grandfather to plough five acres with a six-horse team. The Canadian housewife using a washing machine and a dryer can do her laundry in one-fifth the time that it took her grandmother.

As the average Canadian became wealthier he changed his living habits in three important ways:

- He expressed a distinct preference for living in cities and towns as Canada became a land comprised largely of urban dwellers (in 1951 only 20 per cent of Canada's population lived on farms).
- He increased materially his expenditures on the comforts of life, such as motor cars and electrical appliances, and on education, health and security, thus reducing proportionately his outlay on the basic necessities of life—food, clothing and shelter.
- He increased materially his leisure time; for example, the average Canadian worked about 57 hours per week in manufacturing industry in 1900 as against 43½ hours in 1950, a decrease of about one-quarter in hours worked.

Reasons for Economic Advance

How did Canadians overcome most of the problems they faced at the beginning of the century and some of those which emerged in the intervening period? Four factors in particular are worth mentioning:

1. Scientific and technological progress has meant relatively more for Canadians than for some of the more industrialized nations. Many of Canada's natural resources are landlocked and their discovery depends on highly advanced technical instruments—the magnetometer, the geiger counter, the aircraft camera. The development of many of these resources is frequently handicapped by Canada's northern climate and rugged terrain, necessitating much modern and expensive equipment such as the 25-ton bulldozer, the newest in large-capacity trucks, and the latest types of diesel shovel. Except for scientific and technological progress many of Canada's resources would still be unknown or, if known, still undeveloped.

2. The growth of world-wide demand for many of the things that Canada can produce in high quality and at competitive prices has found Canadians willing and eager to make these supplies available on a continuing basis (see below).

3. The skill and industry of the Canadian people is another factor, for Canadians believe that the surest way of getting ahead is by diligent application. Individual and national success, Canadians firmly hold, can best be achieved in a private enterprise society where freedom of choice is paramount and rewards for the enterprising and the bold the greatest. Yet Canadians were realistic enough to have their governments act when action appeared to be in the national interest and could not be taken by private enterprise. These activities ranged from the construction of some of the railroads to providing a national system of social security.

4. Canadians had a fair share of the proverbial good luck that seems to play such an important role in the affairs of man.

Changing Role of Foreign Trade

In 1900 commodity exports amounted to \$177 million, 17 per cent of the nation's output or gross national product; by 1920 exports were \$1,268 million, or 23 per cent of output; by 1950 exports were up substantially, \$3,118 million, though the proportion was down to the 1900 ratio, just over 17 per cent. In 1953 exports were of the order of \$4.1 billion, with the proportion little changed from 1950. What happened was that, in the first two decades of this century, exports of agricultural products, and later forest and mineral products, rapidly increased Canada's dependence on world markets. Since the 'twenties the domestic market has grown even more quickly than Canada's foreign markets. Even the serious depression of the 'thirties could slow down the growth of the domestic market for only a limited period. While Canada still continues to depend heavily for her prosperity on a high level of trade, there are some indications that the

economy is developing growing domestic strength and resilience. The latter might stand this country in good stead should foreign markets, at some time in the future, contract temporarily.

Major shifts have occurred in the destination of Canadian exports. In 1953 the bulk, 58 per cent, went to the United States and 16 per cent went to the United Kingdom. At the beginning of the century the position was reversed. The United Kingdom was Canada's best customer then (52 per cent) and the United States followed (38 per cent). Another important development over the 50-year period was the expansion of the Canadian overseas market to some 120 countries other than the United States and the United Kingdom. Trade with these countries is now relatively more than twice as important as it was at the beginning of the century.

The composition of exports has changed too. Agriculture has become, relatively, a less important factor and forestry and mining more important. The major shifts occurring in the composition of Canada's export trade reflect the adaptability of the Canadian economy to changing demand in foreign markets. An important contributing factor has been the willingness of Canadians to make large capital expenditures for which returns could only be expected after foreign markets materialized.

Viewing the last half century, there is one important lesson that can be learned from the growth and changing pattern of Canada's export trade: If Canadians want to continue as one of the leading trading nations of the world, they must: (1), remain competitive; (2), keep their economy flexible; (3), take bold and imaginative action to develop their resources; and (4), be prepared at times to wait for their efforts to bear fruit.

Commodity imports have expanded in the last half century at approximately the same rate as commodity exports (see Figure 2). Imports in 1900 amounted to \$178 million, or 17 per cent of the gross national product. The corresponding figure for 1920 is \$1,337 million, or 24 per cent; for 1950, \$3,174 million, or 17 per cent; for 1953 over \$4.4 billion, or 18 per cent. The most interesting conclusion these data suggest—a conclusion heartening to many of Canada's foreign suppliers—is that notwithstanding the rapid Canadian industrialization over the last half a century, the market for foreign goods has expanded with the growth of the domestic economy. True, some commodities have become less important than they used to be, but others have taken their place, providing foreign businessmen with bigger and better opportunities to sell in the Canadian market.

Another aspect of Canada's good fortune has been a more rapid rise in the prices that Canadians receive for

the goods they export than in the prices they pay for the goods they import. Consequently, the terms of trade moved considerably in Canada's favour over the last half-century. In 1900, for example, the general price level of goods exported was about 10 per cent below prices of goods imported. By 1953, it was 10 per cent above.

What of Canada's Future?

In conclusion, what of the future course of Canada's economic growth?

Many forces of expansion are now operating in Canada's economy that had their parallel 50 years ago. Could not atomic energy mean to Canada in the next fifty years what electric energy meant in the last fifty? Might not aircraft and rocket development do for the next generation what the motor car did for the last two generations? Could not television and electronic devices become as important for tomorrow as the telephone and radio were for yesterday? Might not new developments in oil, natural gas, iron ore, aluminum and titanium in the next half-century hold just as much promise as mass production of wheat, newsprint, and non-ferrous metals did in the last?

Just as new opportunities for further economic expansion are certain to arise in Canada in the future, so new problems will also develop. But Canadians have been able to handle those of the past; there is every reason to trust their competence to tackle future ones with a fair measure of success. If the prospects for Canada's economic growth appeared bright in 1904, they appear brighter now, fifty years later.

There are indeed many things for which Canadians can be grateful and they can look to the future with judicious optimism.

Aircraft for Britain

The United Kingdom aircraft industry is reported to have raised exports during 1953 to the record level of £64 million (about \$175 million), an increase of £20 million (\$54,800,000) over 1952. The labour force has been increasing at about 2,000 a month and reached nearly 225 thousand at the end of 1953. Both military and civil aircraft are involved and the industry expects to reach an export figure of £100 million (\$274 million). Although new emphasis is on civil aircraft production, military-type production, both for home and export, is expected to be maintained for some years. Further orders totalling some £100 million are being actively negotiated, it is reported, with most of them expected to be concluded before the end of the year. Meanwhile the backlog of orders for airliners, largely for export, amounts to some £48 million.

January 3, 1905

"The retail price of turkeys here at present is 8½d. to 9d., or 17¢ to 18¢ per pound, and as beef and mutton retails for 1s. or 24¢ per pound, the economic house-keeper with a toothsome taste now indulges in turkey." (*Manchester*)

October 23, 1905

"The bulk of the demand is for a cheap, showy upright piano fitted with two candle holders and imitation ivory keys. German manufacturers turn out an instrument embodying the above characteristics, which they quote at £17 (\$82.73) f.o.b. Hamburg; this article the retailers sell locally at £45 (\$219). The largest Cape Town importer of pianos states the ordinary Canadian article was much too good an instrument for the South African market." (*Cape Town*)

January 17, 1910

"Horse Clothing—A firm in the Midlands of England manufacturing every description of horse clothing and saddlery, braces, belts, purses, pocket books, leggings, golf bags, is desirous of hearing from likely purchasers in Canada." (*Trade Inquiries*)

Market Conditions May Change but

December 1, 1914

"Last week the steamer *Purley*, the first vessel to come to New Zealand via the Panama Canal, arrived in Auckland. The *Purley* made a record voyage of thirty-seven steaming days. She left New York on October 11, and reached the canal eight days later. She was then delayed by a fall of earth in the Culebra cut, which occurred on October 18. The time taken in traversing the canal was six and a half hours." (*Auckland*)

December 11, 1914

"Some idea of the enormous quantity of boots alone that are required may be formed when it is remembered that there are now from eight to ten million men under arms, and that the average life of a pair of boots in the field is eight weeks. Small wonder that the manufacturers are busy. Nor is the private consumer likely to get his boots much cheaper in the near future. Indeed, so great is the demand just now for all kinds of leather that both the seller and the manufacturer can afford to be independent and to ask almost what they choose." (*Leeds*)

August 3, 1917

"In placing washing machines on this market, Canadian exporters will have to meet the competition of several English makes, many of which combine the wringer and mangle with the washer. One popular type, with combined mangle, is a rather expensive machine, worked on the principle of the revolving washing-box, the cleansing being effected by the circulation of the water in the box, without the use of any interior dolly pegs, rubbing boards, etc. The catalogue price of this in 1913 was £7 7s. to £10 7s. (\$35.07 to \$50.37) subject to wholesale trade discount of 50 per cent. In 1917, these prices were increased by 35 per cent." (*Liverpool*)

August 7, 1917

"Dried fruit salad has only been known on the market for the past four years, but is becoming very popular. It is composed of prunes, apricots, pears, peaches and apples, generally, in the proportion of two-sevenths each of prunes and peaches and one-seventh each of pears, apricots, and apples. From the standpoint of the shipper the salad is a valuable aid in finding an outlet for the less popular fruits. It is packed chiefly in 50 pound boxes unfaced, but sometimes in 25 pound boxes, faced." (*Liverpool*)

January 18, 1923

"Probably the most favourable feature of the twelve months is the restoration of England's financial credit, as illustrated by the remarkable advance in the dollar value of the pound sterling to a figure which approaches parity. Upon the other hand, this has been accomplished at the cost of great sacrifices, for at the moment the staggering burden of taxation which British industry and trade is shouldering is one of the main deterrents to the return of prosperity. It is true that during the year some partial relief was afforded by the reduction of one shilling in the income tax, which, however, still stands at the formidable figure of five shillings in the £1." (*London*)

January 15, 1932

"The Postmaster General for the Union has announced that a regular weekly air mail service between London and Cape Town will start from London on January 20, and from Cape Town on January 27, and will continue to be dispatched on each Wednesday from these points until further notice. The scheduled time for each journey is eleven days." (*Cape Town*)

November 13, 1905

"Foreign customs regulations and forms of certificates required are frequently subjects of inquiry from Canadian exporters. There is, therefore, published herewith some information compiled by some of the Canadian commercial agents. In many instances the forms required by various countries are very voluminous, and space will not permit of their being published in the *Weekly Report*. Again, these forms cannot be relied on for all time, in view of the fact that they are always subject to change." (*Notice to Readers*)

September 25, 1914

"One of the most important factors in obtaining business is to secure the proper class of representation. People who are 'Jack of all trades', so to speak, and anxious to take up agencies of all sorts—imagining that all they have to do is to get agencies and business will come to them—are a disappointment not only to themselves, but to those who place agencies in their hands. Business by correspondence may succeed for a time, but when competitors have active, aggressive representation, something beside correspondence is needed to hold and develop trade." (*Glasgow*)

Sound Trading Practices Don't . . .

December 5, 1914

"Price is a leading factor, and the representative of the Canadian line, should he not obtain business at first, would find his time well spent in comparing his cost with the cost in other countries as exemplified in the stocks he would see. It is the first step that costs, and any line for which the demand is large would justify this first step. 'Goods well bought are half sold', and this applies to manufacturing also. 'Goods manufactured at a cost to compete are half sold'". (*Barbados*)

February 22, 1915

"The Argentine importer, the same as any other, needs to know that he can depend on his supply when he needs it and not only at such times as it appears advantageous to the exporter and, if he cannot obtain this in one quarter, he will seek it in another. In addition to this, the Canadian exporter should, above all, try to offer the same or a better article than that already imported and in the same or better conditions if possible. With these two points well defined nothing more is necessary for the gaining of permanent success by the Canadian exporter." (*Buenos Aires*)

March 29, 1915

"Trifling things sometimes make the difference between success and failure in developing an export business. Accuracy in making out invoices and certificates of origin and exact compliance with all customs regulations are absolutely essential. Small formalities, little courtesies, prompt and full replies to letters of inquiry, readiness to make allowances for different methods of doing business, fairness in dealing with complaints, care in packing not only to ensure safe transportation and save freight in cases where steamers charge by space instead of by weight, but also to suit the special requirements of the market, all have an influence in developing an export business. Each order should be regarded as a means of creating a favourable impression that will result in more orders." (*Suggestions to Canadian Exporters.*)

September 17, 1917

"The time is certain to come, however, and sometimes with considerable frequency, when domestic business is depressed and when orders of any sort and of any origin will be particularly welcome. The export field offers the widest market from which to obtain these

desired orders, but when wanted they cannot be had merely for the wishing or asking. They must be ready as a result of work previously done in preparation." (*Practical Advantages of an Export Business.*)

January 3, 1921

"The many activities of a Trade Commissioner render it of first importance that he should be possessed of the highest possible intelligence to enable him to discuss every line of business, in view of the widely diverse information which is required of him. No thought is given by the public to the many intricate problems a Trade Commissioner has to study in tariffs, exchange, ocean and inland freights, insurance, supply and demand, etc." (*Assistance That Can Be Given by Canadian Trade Commissioners.*)

January 3, 1921

"When one is situated as we were with a product to introduce which was comparatively unknown in Great Britain, I only know of one sound plan of action. You must go over and study the market for yourself. When you get there you should spend considerable time in gathering up all the information available bearing on

January 27, 1932

"The end of the year 1931 found business at the lowest ebb since the beginning of the depression. The year was entirely one of recession. The trend of operations in the steel industry typified what took place in industry generally. As a result of the less active demand for steel in 1931, unfilled orders of the United Steel Corporation declined more than 1,280,000 tons to approximately 2,850,000 tons, the lowest level in more than twenty years." (*New York*)

July 22, 1936

"Canadian wheat and flour remain, for all practical purposes, commodities which are no longer imported into or consumed in Germany.

"Prefacing the following review of conditions surrounding the sale of wheat and flour to the German market and the regulation of such trade as is carried on in it by other wheat-producing countries as well as that of a purely domestic character, it may be said that Germany appears to have achieved, for the time being at least, the objective of becoming practically self-sufficient in so far as wheat production is concerned." (*Hamburg*)

Market Conditions May Change but . . .

October 20, 1936

"The 'Canada Calling Britain' Campaign, recently announced by the Canadian High Commissioner in London, was launched in Glasgow on October 13, when over 2,500 grocers' and fruiterers' shops in Glasgow and district began the display of Canadian goods, while posters of striking design bearing the slogan 'Canada Calling Glasgow', which are attracting much public attention, were displayed on hoardings and editorial and display advertising appeared in the press. Aeroplanes flew overhead trailing the messages 'Canada Calling Glasgow' and 'Buy Canadian Products'. At the same time there was a Canadian exhibit at the Housing and Health Exhibition in Kelvin Hall." (*London*)

August 16, 1939

"The British Minister of Mines stated in the House of Commons recently that Canada would be looked to as one of the sources of supply of pit props in case the North Sea was cut off or the business interfered with in the event of a national emergency (which is the less harrowing way of saying in the event of war).

Business in pit props is still being conducted in the normal way, but if war were to come it is practically certain that the Government would assume control of the business and avoid the confusion that occurred when the Great War was in progress. Supplies would in that event be required from Canada and Newfoundland." (*Glasgow*)

October 12, 1940

"Canadian electric-stove manufacturers have built up an enviable reputation for their products in South Africa. This has been accomplished over a period of years, during the course of which the closest possible attention has been given to market requirements and peculiarities . . .

"The practical results of the efforts put forward by Canadian electric-stove manufacturers to develop this market are evident from a study of the figures covering imports. In each of the past four years Canada has supplied an average of more than 70 per cent of the total value of electric stoves and parts imported into the Union of South Africa. This same percentage should be maintained in the current calendar year." (*Johannesburg*)

August 11, 1945

"There is no shortage of foreign exchange in Brazil to cover all bona fide commercial transactions, reports Mr. Maurice Belanger, Commercial Secretary at Rio de Janeiro, but there is a tendency to curtail foreign exchange permits for payment of imported commodities when local substitutes are available in adequate quantities. There have been instances also of refusal to grant exchange to cover imports of articles considered as absolute luxuries."

February 2, 1948

"Commodities of all kinds poured into Barbados, British Guiana, Trinidad, the Leeward Islands and Windward Islands last year during the period of sterling convertibility and relaxation of import controls. Due to the pent-up demand for consumer goods a moderate boom occurred, and Canada secured a share of the business that developed. Import totals increased substantially, as the heavy backlog of orders, especially for textiles from the United States, was filled." (*Port of Spain*)

the introduction of your product. Then you should spend a little longer in sifting out that information before acting. It is best to make sure of your ground before the buyers even realize that you are in the country." (*London*)

February 28, 1921

"It is undoubtedly better for the Canadian manufacturer to handle his products in South America through an export firm or commission house that has actually surveyed the territory. The future all depends on the initiative of the Canadian. If you are a Canadian and can meet competition, you can get the business; but remember to approach the South American in the right way." ("*Canadian Export Prospects for South America*")

February 13, 1922

"Canadian exporters who contemplate appointing agents in any of those countries in which Trade Commissioner offices are located would be very well advised to write to the Trade Commissioner before entering into a contract. By this means they can ascertain the standing of the particular firm in the commercial com-

munity, and also whether they have a reputation for become resentful, and the impression is formed in their minds that Canadian manufacturers are neither businesslike nor courteous.

"While instances of inattention, carelessness or discourtesy may be isolated, nevertheless cumulatively they have an extremely ill effect, and this cannot but react upon Canadian trade in general." (*Editorial*)

November 26, 1936

"When submitting prices, the quotations should be on a c.i.f. basis. It sometimes happens that a Canadian firm will quote f.o.b. factory. Such information is quite inadequate, and the importer, unless he is extremely anxious to handle the particular commodity, is likely to lose interest at once. In these times, when competition is so keen, it is usually not a difficult matter to obtain a similar line and, unless the exporter gives full particulars, the importer will secure a connection elsewhere.

"While f.o.b. Canadian seaboard quotations are an improvement compared to the f.o.b. factory, it is a distinct advantage to include transportation charges as well." (*Oslo*)

Sound Trading Practices Don't . . .

enterprise, and are likely to prove suitable representatives." ("*Foreign Representatives for Canadian Firms.*")

June 24, 1922

"If at all possible, the head of the firm which contemplates sending a salesman to South America should first visit the market. He will then become acquainted with something of what is required amongst Latin Americans. He will see everything for himself, and thereby learn the intricacies of this market first-hand." (*Rio de Janeiro*)

March 3, 1923

"A constant source of complaint, not only from Canadian Trade Commissioners but from other sources as well, is the laxity shown by a number of Canadian firms in replying to foreign correspondence. Not infrequently foreign importers obtain the names of Canadian manufacturers of certain products imported by them, and write for quotations with a view, if such be favourable, to forming connections. It sometimes happens that the manufacturers addressed are not in export trade or interested in it, but instead of replying to that effect, they simply ignore the communication. The consequence of such treatment is that foreign importers

September 23, 1939

"Exporters should come to an early understanding with their distributors regarding the amount of money to be spent on publicity as well as its form. A special brand or label may be allowed to importers who buy in large quantities. The adoption of a brand involves the producer's responsibility, since the goods must be what they are represented to be and their quality must remain uniform." (*Brussels*)

December 29, 1945

"Substantial increases over Canada's prewar trade with Latin America are possible in the years ahead if Canadian manufacturers, exporters and importers show a vigorous, practical interest in the Latin American countries as markets for Canadian goods and as sources of supply. That was the conclusion reached by the Canadian Trade Commissioners in Latin America at a ten-day conference held recently in Ottawa with officials of the Department of Trade and Commerce and of other government departments and agencies.

"The Trade Commissioners reported a generally friendly attitude toward Canada in their territories and a lively interest in closer and direct trading relations." (*Conference on Trade with Latin America*)

The Randall Commission Reports

Here is a brief report on some of the findings of the Commission which, at the President's request, has been studying the foreign economic policy of the United States.

R. G. C. SMITH Commercial Counsellor for Canada

Washington

Last summer the President brought into being the Commission on Foreign Economic Policy (popularly known as the Randall Commission) which was to recommend the foreign economic policy of the United States for the immediate future. Now the Commission's report is in. It is bound to become the focal point for discussion by the forces hoping for more liberal trade policies and by those who oppose them, and any legislation by the Congress of the United States that may arise out of it will be watched very closely by other nations.

The report was sent to the President on January 23rd. The President immediately sent it to the heads of the Executive agencies and departments of the Government with the request to "proceed immediately with an intensive review of this report as a first step in the formulation of a unified Administration program to be submitted to the Congress for its attention during the current session."

Legislation Will Be Controversial

At the moment, it is a report that will have to be turned into legislation; the legislation will be controversial and it is impossible to foretell how many of the recommendations will be put into operation. In order to understand the background better and to interpret the different moves that will follow publication, it is as well to consider the form of the Commission and the difficulties it faced during the time it worked on its monumental problem.

Two groups, roughly, are interested in the trade problem—those who support more liberal trade and those who oppose it. The lines are not sharply drawn but the division is clear enough to get a view of the situation. This is not a conflict between free trade and protection, but rather between more liberal trading policies and higher protection—or at least no further lowering of the U.S. impediments to imports. No less important are the problems of United States economic aid and convertibility, but in these fields there is not as much partisanship.

To make a rounded view of the problem certain, the Committee was composed of seven businessmen

appointed by the President, five Senators and five Representatives. The members were drawn from both sides of the main argument. It is not surprising that, in such circumstances, none of the sections of the report was unanimously accepted. However, the recommendations are supported by heavy majorities in all cases—as a general rule, the dissenting vote is not over four. At the same time, the "quality" of the dissenting voting should be noted. Representative Reid, Chairman of the House of Representatives Ways and Means Committee, and Representative Simpson, a senior member of the same committee, opposed the general conclusions and have undertaken to submit alternative recommendations and a statement of principles governing these before the sixth of March. Because the Committee on Ways and Means will have original jurisdiction over legislation stemming from the report, the reservations of these two Congressmen are more important than the statistical minority might suggest. Senator Milliken, the Chairman of the Senate Finance Committee which will have similar jurisdiction over the legislation in the Senate, reserved his position generally but specifically on the sections dealing with tariffs and trade.

Meanwhile the different forces outside the government will gather their supporters to do battle for or against the policies put forward. Even if the debate ends in stalemate, negative results will have important repercussions because, even under these circumstances, other countries will know with some certainty the climate under which their own economies must develop vis-à-vis the greatest creditor nation of all time.

Main Issues Discussed

Many of the broad headings which the report covered—such as foreign aid, technical assistance, foreign investment, public lending, agriculture and raw materials, convertibility of currency, labour standards, east-west trade and the tourist trade—are indirectly connected with the narrower subject of foreign trade. Certainly the balance of payments position is affected by the manner in which foreign aid is administered. The report recommends that grants should be continued where the necessary military efforts of friendly

countries would represent too great a strain on their economies if they attempted to carry them out alone. Coming to the sections more directly affecting foreign trade with the United States, we outline below some of the reasons that foreign countries have given why they cannot develop their exports to the United States. We then consider what the report has to say about these.

● *The level of the U.S. tariff is too high.* In the first place, the report does not admit that the level of U.S. tariffs is high in comparison with other countries. However, some of the recommendations do provide machinery for lower duties. It is recommended that the President should be authorized to declare changes in rates on the basis of recommendations of the Tariff Commission, arising out of reclassification—provided that such changes in tariff rates do not alter materially the total of duties collected in any one group of rates under reclassification.

The most direct possibilities of reduction, however, stem from the recommendation for an extension of the treaty-making powers of the President for a period of three years. Under existing legislation, the President may only reduce tariffs by 50 per cent of the rate in effect on Jan. 1, 1945. As a result of the various trade agreements negotiated since, the possibilities of reduction under this legislation have been largely exhausted. The new proposals would authorize the President to:

(a) Reduce existing tariff rates by a maximum of 5 per cent in each of the three years, through multilateral trade negotiations. It will be noted that the reduction of 5 per cent would be made from existing tariff rates in effect at the present time, and not from the rates in effect on the 1st January, 1945.

(b) Without necessarily receiving any reciprocal reductions from the other countries, to reduce rates by 50 per cent below those in effect on January 1, 1945, on those items not now imported, or imported in negligible quantities (the reduction to be spread over three years).

(c) To reduce any rates over 50 per cent to that level, the reduction to be effected by stages, spread over three years.

● *The threat of instability of tariff rates through escape clause action of the Trade Agreements Extension Act discourages foreign firms from making a strong effort to establish their product in the United States market.*

Under Section 7 of the Act referred to above, the Tariff Commission is required to investigate any imports effected by negotiated tariff reductions that may be considered to be affecting a domestic industry seriously. A recommendation by the Tariff Commission may result in the unilateral withdrawal of the concession.

Over 50 cases have been considered for revision under this clause, but the President has only taken action in three. The Randall Commission Report recommends that this escape clause should be retained but adds that the President should be specifically authorized to disregard findings whenever the national interest requires it.

● *The value for duty purposes is frequently calculated in such a way as to have no relation to the actual selling price and to cause real difficulties to imports.*

A House of Representatives bill is now before the Senate that is designed to correct this situation and to eliminate the so-called "foreign value" from the consideration of value for duty purposes. The report recommends that the Senate should consider this Bill promptly and the Treasury Department should study ways and means of simplifying the calculation of value for duty to bring it to the actual invoice price.

● *The classification of articles for duty purposes is cumbersome, non-uniform, uncertain, and frequently bears little relationship to the actual articles under consideration.*

The United States Customs Tariff is broken down into 3,507 classifications, many of which are divided into several sub-groups. Further, there are various overriding considerations based on such generalities as "similitude", "component of chief value", or "in part of". These factors make the classification of many imports a matter of opinion and frequently of long delay. The report recommends that the Treasury should draw up proposals to simplify the classifying of articles and consider the possibility of doing away with such confusing standards as "similitude" and "component of chief value".

Congress should also direct the President to have the Tariff Commission undertake a study of the tariff schedules at once, to simplify commodity definitions and rate structures.

● *Under the Agricultural Adjustment Act, the United States may impose quotas on imports of agricultural products that are considered to be interfering with the United States agricultural programs.*

In this case the report does not make firm recommendations, but states that "in the application of import restrictions on farm products, the level of those restrictions should be set with full regard for the effects on overseas buying power and the possibility that such restrictions may lead to retaliation and may be self-defeating".

—continued on page 27

Why Canada Exhibits Abroad

Sales promotion through participation in the great trade fairs abroad has become one of Canada's established trade policies—for reasons that should make sense to business.

H. LESLIE BROWN, *Director, Information Branch.*

FAIRS ARE PROBABLY the oldest form of organized trade promotion; every story of business during ancient and mediaeval times records the holding of great annual fairs, smaller country and county fairs, and village market-days. Fairs had their lighter side: the gathering together of numbers of people attracted the strolling players, the tellers of tales, and other entertainers. But the primary purpose was business—the exchange of goods.

In modern days, fairs have changed; where once the products of guild members or of individual craftsmen were displayed, the products of industry take the centre of the stage. But the fair still holds its place; there old friends meet, new friends are made, and business is transacted. It is still a good medium for selling established lines or winning markets for a new product.

Canadian Displays Abroad

The Government of Canada has long been aware of the importance of fairs and the various purposes which they serve. It took part in the Great Exhibition at the Crystal Palace, London, in 1851, and in other well-known prestige exhibitions such as those at Wembley, Glasgow, Johannesburg and New York. Since March 1, 1902, when Mr. William Murchison was appointed the first permanent head of the Canadian Government Exhibition Commission, Canada has consistently been promoting trade with other nations by displaying facts and figures about the country, its produce and its merchandise at large international trade fairs held in main commercial centres abroad.

The basic plan, especially since 1930, has been simple and effective. The Department of Trade and Commerce, through the Exhibition Commission, rents floor space of size appropriate to the plan of the fair and to its trade importance. Structure and decoration are carefully planned to attract business visitors and to encourage trade inquiries. Before the war, at the British Industries Fair in London and Birmingham, Canadian firms sublet stands in the Canadian section.

The practice at other trade fairs, such as Brussels, is that the agents take their own stands according to trade classifications and the Canadian Government stand directs inquirers to the specific displays in which they are interested. If there are no showings of goods in the buyer's particular line, the inquiry is handled by the Canadian Trade Commissioner on duty at the stand.

Committee Makes Studies

The Department of Trade and Commerce maintains a Committee on Trade Fairs Abroad composed of senior officials devoted to the development of international trade. The Committee meets regularly throughout the year to consider plans for participation in leading world trade fairs. Working with Commodity Officers, Area Trade Officers and the Exhibition Commission, the Committee studies the needs and trends of Canadian trade with countries in which regular trade fairs or special world expositions are held. It seeks answers to such questions as: Can our trade be expanded in the circumstances peculiar to this market? What kinds of Canadian goods are selling and are likely to be in demand? What classes of buyers attend each fair and in what numbers? Do buyers from neighbouring countries visit the fair? The annual program is drawn up in July when studies have been completed and decisions made.

More than a score of well-established trade fairs operate annually in various parts of Europe and Asia, and on special occasions in other parts of the world. Therefore the studies have to be thorough to make sure that those most useful to Canadian trade are selected. Our objective at some fairs is the direct development of Canadian exports. Goods and materials likely to attract the attention of buyers then form the bulk of the display. The theme is the ability of Canada to supply quality goods or bulk materials or whatever best suits the needs of the country at the time. At another fair, and another time, the theme may be the prospects for the sales in Canada of that country's goods—sales that will earn dollars to buy basic needs from Canada.

When the themes and objectives of each display have been decided upon, the Exhibition Commission interprets them visually for final approval. Drawings are transformed into attractive exhibits by a staff of carpenters, electricians and painters in the well-equipped workshops of the Commission. Samples of goods to be displayed are selected and gathered together, whether they be metals or grains, wood and paper, or the varied products of our factories. The display and all its materials are carefully packed and shipped to the fair.



This is a section of Canada's official exhibit at the 1953 Brussels International Trade Fair. A new display for the 1954 Fair, April 24-May 9, is being prepared by the Canadian Government Exhibition Commission. In recent years, agents of Canadian exporters have been setting up their own stands at the European Trade Fairs.

The Information Branch, in consultation with other branches, prepares and gathers suitable literature for use at the fair. Some publications are selected for their interest to prospective buyers, others are chosen because of their value as reference material on Canada. An inexpensive folder is prepared each year in appropriate foreign languages as well as English and French. These are run off in quantities as a general "give-away" for the Canadian stand. They contain pictures of principal Canadian industries with brief captions and notes on commerce and industry, together with a few basic facts about Canada. They are used to satisfy casual general inquiries and to stimulate the reader to seek more detailed information.

Manning the Exhibit

The Canadian Trade Commissioner takes over when the display has been set up. He and his colleagues and staff are responsible for proper manning of the

stand. One or more of them are present during the time the fair is open, usually a week or two, to meet all visitors and supply full information on every aspect of trade with Canada. It is a busy time. Buyers of a wide variety of goods discuss their problems and plans in the privacy of the small office included in the plan of the stand. The Trade Commissioner gives information on Canadian sources and availability of the required goods. He makes notes for following up on the inquiry after the fair closes by sending full details to the Department in Ottawa and by supplying the inquirer with additional data. He pursues the inquiry for positive results. Here is trade promotion in action.

Market Possibilities Studied

Canadian manufacturers and exporters are encouraged to exhibit either on their own account or through their agents in the countries where the fairs take place. Export opportunities can be studied carefully and tried out by exhibiting abroad and by gauging the reactions of the buyers and public. Two weeks at a trade fair where buyers gather to examine exhibits is an effective form of advertising for the sellers, whether the market be new or known.

The European markets are not open to all products but they are heavy buyers of essentials. Many of them buy modest but worthwhile quantities of a good range of merchandise. To promote Canadian trade, the Department of Trade and Commerce will participate during the next few months in the British Industries Fair in London and Birmingham and at international trade fairs in Brussels, Hanover, Milan, Osaka, Paris and Utrecht.

Exporters' Agents Participate

Since the war, relatively few Canadian exporters have participated in trade fairs abroad because of inadequate sales opportunities. Conditions are improving in some markets. At Brussels, for example, the agents of a goodly number of Canadian exporters have taken their own stands more and more often in recent years. The government display includes a high proportion of consumer goods and this focuses the attention of Belgian and other buyers on the individual showings by the agents. The same development is becoming evident at Utrecht and to some degree in Hanover.

At the other trade fairs the Department of Trade and Commerce continues to "carry the ball" alone for the time being. There the publicity is general. Thus we keep the name of Canada, as third or fourth world trader, before the eyes of the general public and of specific buyers, until such time as regulations are relaxed sufficiently to attract exhibits by individual Canadian exporters.

commodity notes

Brazil

TOBACCO—Tobacco production in 1953 has been estimated at 119,743 metric tons by Brazil's Ministry of Agriculture. Production in 1952 amounted to 106,307 metric tons—Rio de Janeiro, Jan. 13.

PIG IRON—Pig iron production in Brazil during the first nine months of 1953 totalled 654,447 metric tons, compared with 567,116 metric tons in the same period of 1952—Rio de Janeiro, Jan. 13.

ROLLED STEEL—Brazil produced 589,026 metric tons of rolled steel sheets, valued at Cr.\$2.4 million, in the first nine months of 1953, according to official statistics. Production in the same period of 1952 totalled 530,866 metric tons—Rio de Janeiro, Jan. 13.

COAL—According to the Minister of Agriculture, Brazilian coal production in the first six months of 1953 totalled approximately 992,094 metric tons, a slight increase over the same period of 1952—Rio de Janeiro, Jan. 16.

CEMENT—Brazil's cement output in the first six months of 1953 increased by 22 per cent to 930,419 metric tons, compared with 761,033 metric tons in the same period of 1952—Rio de Janeiro, Jan. 16.

Chile

TYPEWRITERS—Chile expected to receive 224 German typewriters by the end of December. They will be used in the various government departments—Santiago, Jan. 14.

Cuba

CEMENT—Because of greater demand and consumption, Cuba has had to increase its imports of cement; 2,466,655 bags were brought in between January 1 and December 10, 1953. In the same period, Cuba's only cement plant averaged approximately 800 thousand sacks a month. It is not yet known when construction of the new plant at the eastern end of the island—expected to make the country self-sufficient in cement—will be completed—Havana, Jan. 12.

KENAF BAGS—The Cuban Ministry of Agriculture has announced that final tests on bags made from kenaf fibre have been successfully completed.

Efforts are being made to reduce production costs so that these containers can compete favourably with foreign competition, mainly in Indian jute bags. The Cuban sugar industry is a leading customer for these bags—Havana, Jan. 12.

Federation of Rhodesia and Nyasaland

CEMENT—The annual report of Rhodesia Cement Limited states that the company's third kiln should be in operation this February, now that more coal and better transport are available. Cement production during 1953 was only maintained by drawing on accumulated stocks of clinker. Cement sales during the fiscal year ended August 31, 1953, totalled 140 thousand tons and it is expected that the full output of the three kilns will be needed to meet the continually expanding demand—Cape Town, Jan. 14.

Greece

CEMENT—A new extension of the cement plant at Volo in Central Greece was inaugurated in December. Capable of yielding another 125 thousand tons a year, it will raise the output of the Greek cement industry to over one million tons a year and probably increase the volume of cement exports beyond the 100 thousand tons sent in 1953 to Turkey and other Balkan and Near East countries. This has been one of the principal results of Marshall Plan Aid to Greece—Athens, Jan. 11.

India

HESSIANS AND GUNNIES—According to the Indian Central Jute Committee, Japan's re-entry into the market for gunny cloth and a considerable decline in United States' imports are the highlights of India's export trade in this commodity during January-August 1953. Gunny cloth shipments during these eight months totalled 913.5 million yards, a marked improvement over the 694.2 million yards exported in 1952 and the 775.8 million yards of 1951. Middle East and Continental countries took less, Commonwealth and South American countries took more than in previous years. Argentina took 264.2 million yards during January-August 1953, compared with 34.7 million yards in 1952 and 200.7

million yards in 1951. Sales to Canada improved slightly to 67.6 million yards from 64.1 million yards in 1952. United States' imports dropped to 384.5 million yards from 453.7 million yards in 1952. Exports to the United States of burlap (hessians) during the first seven months of the year totalled 398.3 million yards, compared with 446.3 million in the same period of 1952. Exports to all other countries rose sharply—New Delhi, Jan. 7.

Ireland

TEXTILE CARD CLOTHING—A new factory to produce card clothing and accessories for carding machines for use in the spinning of all types of fibres was opened recently at Swords, Co. Dublin. The promoters of this company have decided to operate in the Republic without any special protective duty or state aid because they feel they can, if given the support of the Irish textile trade, compete in price and quality with any imported textile card cloths. Production is set at about £30,000 a year; if demand warrants, it could be doubled.

The company says it has developed an export trade and already has agents in 16 different countries, including five countries in the dollar area. However, a greater export drive is necessary because capital amounting to almost £100 thousand has been invested in the company and the factory cost roughly £40,000—Dublin, Jan. 14.

Israel

EXPLOSIVES—Two grades of explosives, both consisting primarily of ammonium nitrate and some T.N.T., are now being manufactured by a new Israeli plant from imported raw materials. These are elementary forms of explosives and are suitable for use only in dry weather and in dry soil. The local production of these explosives is expected to save the country two-thirds of the foreign exchange previously spent on such materials, which are used mostly in quarrying and road construction—Athens, Jan. 15.

South Africa

GOLD—During the past four years, sales of South African gold at premium prices have brought an estimated additional £15.4 million to the producers. The presence of the free market made it possible for a number of South African mines to use low-grade ore which otherwise would not have been mined. In 1951 premium gold revenue amounted to £6.7 million—equivalent to more than 15 per cent of the total ordinary working profits of the mines—Cape Town, Jan. 9.

AVOCADOS—Transvaal avocado growers are fostering the growing taste for this fruit in Britain. The export of avocados may become a rural Transvaal industry, second only to citrus export. During the height of the season, up to 5,000 trays a week were shipped to England where they fetched higher prices than on the Witwatersrand—Johannesburg, Jan. 6.

TRACTORS—The Union now has more than 70,000 tractors, of which some 50,000 have been purchased since 1945. The number of supplying countries has increased. In 1939 U.S. manufacturers supplied the whole market; today tractors are being imported as well from Britain, France, Germany, Sweden and Austria and are being assembled in the Union itself—Cape Town, Jan. 14.

WHEAT—The Orange Free State's 1953 wheat crop reached an all-time low because of the long drought and late frosts. Estimates from the principal areas vary between one-quarter and one-third of previous expectations and the total crop for 1953 will be less than one million bags. In 1952, 1.8 million bags were harvested—Johannesburg, Jan. 8.

Sweden

WOOD PULP—Swedish wood pulp, according to press reports, is currently being sold in the United States. Prices are slightly higher for sulphate qualities, but there is no sign that buyers feel bound to cover their needs at any cost. Practically the entire 1.8 million tons of pulp for sale from the 1953 production have been sold and also the 350 thousand tons on hand at the beginning of that year. Pulpwood prices have risen by about Kr.25 per ton in North Sweden and Kr.50 per ton in South Sweden—Stockholm, Jan. 18.

Turkey

COTTON—During 1952 Turkey's cotton exports amounted to 69,934 metric tons valued at \$69.1 million. Exports during the first eight months of 1953, the export season, reached 69,321 metric tons with a total value of \$54 million. The principal buyer of Turkish cotton is West Germany, followed by France, Italy, Czechoslovakia, Hungary, the United Kingdom and Austria.

Production during 1952 reached a record 170 thousand tons, the estimates for the 1953 cotton crop stand at 125 thousand tons. This drop in production is partly attributed to unfavourable weather and partly to less acreage sown because of the lower prices received. The crop will probably approximate 150 thousand tons—Athens, Jan. 12.

THE NETHERLANDS

The Economy Gains Strength

With reserves of gold and foreign exchange strengthened, industrial production up, and exports well maintained, Holland was able to liberalize imports during 1953.

W. G. PYBUS, *Assistant Commercial Secretary for Canada.*

The Hague

IN SPITE OF THE DEVASTATING FEBRUARY FLOODS the Netherlands economy displayed growing strength in almost every sector throughout 1953. Industrial production reached an all-time peak. Full employment was maintained and a remarkable harmony characterized labour-management relations. Though prices tended to move slightly downward during the year, legislation to increase housing rentals, to be offset by a general wage increase and proposed tax reductions, may cause some inflation in 1954. Investment in industrial enterprises strengthened towards the year's end but is not likely to reach targets set by government planners.

A favourable balance of international payments brought the reserves of gold and foreign exchange to a new high. During the course of the year the guilder strengthened sufficiently to allow trade liberalization with OEEC countries to rise to 93 per cent.

Towards the end of the year dollar import restrictions were somewhat eased, allowing freer imports of raw materials, semi-finished products and some capital goods. If the present favourable economic position continues, further relaxations on the import of dollar goods may come early this year.

Production Increased Despite Floods

The recovery from the disastrous floods which swept the agricultural southwestern part of the country about a year ago has been outstanding. It is estimated that loss of production totalled about 200 million guilders, only a comparatively small percentage of the national production. Although damage to dykes and property amounted to nearly one billion guilders, the affected areas were mainly agricultural lands with a small production potential in relation to land area. It was fortunate for the Netherlands that the cruel sea did not encroach upon the large inland industrial centres.

During 1953 industrial production showed an 11 per cent increase in the first ten months of the year, compared with a similar period in 1952. Metal products, mainly capital goods and consumer durables, led the

field in increased industrial production, advancing from 177 in 1952 to 205 in the first nine months 1953 (1938=100). The fact that the Netherlands is producing much larger quantities of basic iron and steel products at low prices at its Ymuiden steel plant probably contributed substantially to this result. Increasing numbers of domestic and foreign industries established over the past two years also played an important role.

Production of coal, which meets only 60 per cent of the nation's requirements, is being hampered by exhaustion of existing deep seams and the difficulty of obtaining and holding an adequate number of miners. The levelling-off of food production may be attributed to some extent to the floods. However, a more important factor is that further expansion through the application of more intensive methods is hardly possible because of the highly developed state of the industry.

Full Employment in '53

The Netherlands experienced full employment throughout 1953. During 1952 unemployment rose to such a degree that the Government was compelled to take limited measures in the most severely affected areas.

Since the beginning of last year, however, unemployment dropped steadily. By October 1953 only 94,000 workers, less than 2½ per cent of the working population, were unemployed. The additional state expenditure of approximately 400 million guilders in 1953, as a result of the floods, no doubt did much to stimulate employment. The Netherlands Ministry of Economic Affairs estimates that 55,000 additional employment opportunities resulted from the floods.

One of the most noteworthy phenomena of the Netherlands economy during 1953 was the continuing harmony among labour, management and the Government. The production and employment records established during the year can in no small measure be attributed to the stability of Netherlands labour. In 1953 Holland lost fewer man-hours through strikes than any other western country. Government, industry

and labour achieved this unique result by joint discussions of the policies to be followed and co-operation in executing the agreements reached.

Wage Increase Allowed

The Government allowed housing rentals in the Netherlands, rigidly controlled at low levels since the war, to be increased by an average of 20 per cent, effective January 1, 1954. To compensate for the consequent reductions of consumer income following this measure, a 5 per cent general wage increase has been declared. At the same time, the Government is introducing some tax reductions designed to step up both investment and consumer spending.

Some observers fear that the measures taken will prove to be inflationary and that the Netherlands price position on export markets will be weakened. However, the recent national trend towards greater productivity combined with the trend towards lower raw material prices add strength to the Government's policy.

Industrial Investment Encouraged

Of major concern in establishing long-run equilibrium of the Netherlands economy is the rate of investment by private individuals and the Government in industrial enterprises. The shadow of an ever-increasing population continues to stretch across this country. To provide employment for a working population which grows at the rate of 30,000 per year in spite of migration, increased investment in industry is necessary.

In the first quarter of 1953 gross investments, expressed in 1953 prices, lagged 50 million guilders behind those made in the same period of the previous year. During the second quarter, investments advanced to 430 million guilders, slightly exceeding the figure attained in the like period of 1952. Although no further data are available at present, it is expected that the 1953 investment target of 1.8 billion guilders at 1952 prices, set by the Government, will not be reached.

It is interesting to note that foreign companies, attracted by sympathetic governmental regulations and by stable labour conditions, are increasingly making investments in the Netherlands in the form of branch plants.

Balance of International Payments

The Economic Affairs Ministry estimates that the surplus on the current account of the payments balance for 1953 will be somewhat lower than in 1952. For the first half of last year the cash surplus amounted to 949 million guilders, only slightly lower than the 1.06 billion for the same period in 1952. The Ministry's estimate of a lower surplus is based on the decreased rate of accumulation in the reserve account and European Payments Union account. In the third quarter of 1953 the increase in the gold and foreign currency

reserves amounted to 154 million guilders, compared with an average quarterly increase of nearly 420 million in 1952. In the first eleven months of 1953, Holland's accumulated EPU surplus stood at 283.9 million guilders, compared with 1.02 billion during the same period of 1952.

The Netherlands dollar position, which has caused great concern during the postwar years, has improved and commodity exports to both Canada and the United States have grown considerably during the year. In the first half of 1953 the surplus on current account amounted to 186 million guilders, compared with 50 million for the same period of 1952. Although returns from services, mainly shipping, declined in the first half of the year, commodity exports rose by about 30 per cent. At the same time commodity imports from the dollar area were reduced by about one-fifth. Thus increased exports and reduced imports combined to achieve a favourable balance.

The Netherlands' balance on current account developed favourably during 1953, primarily as a result of improved terms of trade. A substantial rise in exports during the third quarter of the year resulted in an 8 per cent increase in the *volume* of exports for the first nine months of 1953 as compared with 1952. However, an accompanying decrease in export prices caused the *value* of exports for the first ten months of 1953 to remain the same as for the similar period of the previous year, 6.7 billion guilders. Import prices fell slightly more sharply than export prices, thus causing the index figure of the terms of trade to rise from 89 in 1952 to 91 in 1953. The import volume index, (base 1948=100), rose from 145 in the first quarter to 159 in the third.

The maintenance of a high volume of exports, a major objective of the Netherlands, was achieved largely as a result of a good competitive position in spite of falling prices. Some observers are concerned about this country's ability to maintain its exports in view of the 5 per cent general wage increase planned for 1954. However, higher productivity, which can be still considerably improved, may enable Holland to keep exports high.

Imports Liberalized

As a result of growing economic strength over the past two years, Holland has increased to 93 per cent its liberalization of imports from OEEC countries on the basis of 1948 imports. Thus almost all goods entering the Netherlands from the OEEC, compared with imports in 1948, are completely free from quantitative restrictions. On total Dutch imports the liberalization was more than 50 per cent at the year's end. The Netherlands can view with satisfaction its efforts to remove trade barriers.

By October 1953 the Netherlands Government felt that the country's financial position was sufficiently strong to warrant some easing of dollar import restrictions. Although an elaborate licensing system is being maintained, Netherlands importers of raw materials, semi-finished products and industrial equipment are now granted import and currency licences automatically for goods destined for use in this country. Dollar imports destined for trans-shipment to third countries are still subject to rigid control.

A close examination of the dollar commodities which are allowed virtual free entry reveals that the goods are either readily obtainable in the soft-currency area

at competitive prices or are available only in the dollar area. Consequently the immediate implication of the relaxed import conditions is that only those dollar goods which can meet keen price competition will be acceptable to this market.

In spite of its limitations, the gradual re-opening of the Netherlands market to Canadian goods is most encouraging. With the good beginning already made and in view of the favourable economic position of this country, it is highly probable that the list of imported goods allowed will be extended to include wholly manufactured articles. Should a more complete liberalization of dollar imports occur in the near future, it is likely that the price factor will continue to dominate the market.

The United Kingdom Invests in Canada

Nearly \$100 million in British capital was invested in Canada in 1953 and this renewed interest on the part of British investors seems certain to continue.

R. P. BOWER, Commercial Counsellor for Canada.

London

It has been said that 1953 will go down in history as the year that the United Kingdom discovered Canada. This is not to discredit "John Cabot and son Sebastian", but to underline the fact that in 1953, for the first time since the end of World War II, a sizable number of United Kingdom organizations took part in the rapid industrial expansion that has been a phenomenon of postwar Canada.

The United Kingdom has not played the dominant financial role in the development of Canada that she attained in, say, South Africa, New Zealand and Australia, or even in certain South American countries. Nevertheless, by 1930 United Kingdom residents had \$2,766,300,000 invested in Canada. This was less than the amount invested by residents of the United States and unfortunately even this sum was to be reduced through the liquidation of assets to help finance the war effort. The low point was \$1,593 million reached in 1948. Since then, there has been a gradual increase in United Kingdom investments in Canada, with the total for 1952 reaching \$1,800 million. This was a slow advance compared with that of the United States, whose investors increased their stake in Canada at a rate of approximately \$500 million a year during the same period.

To a great extent the disappointing United Kingdom performance stemmed from serious sterling area balance of payments difficulties and an accompanying shortage of dollars. Money was made available for dollar investment only under special conditions which did not apply where transfers to sterling area countries were concerned. Largely for this reason, manufacturers with branch factory aspirations were attracted to Australia, New Zealand, the Rhodesias, and other parts of the sterling area.

The improvement in the United Kingdom economic climate that became apparent toward the end of 1952, and which continued throughout 1953, induced a more lenient attitude toward dollar investment. In April 1953, the Economic Secretary of the Treasury made the following statement in the House of Commons:—

"It is clearly in our interests to facilitate United Kingdom participation in Canadian development and we are ready to provide dollars within the limits of our resources for direct investment in productive enterprises which will benefit our balance of payments."

This could mean little unless United Kingdom industry as such had the desire to spread into Canada. Fortunately, this urge arose. It was due in large part to

the almost uninterrupted good tidings from the Canadian scene. It owed something as well to lack of confidence in many of the areas of the world that had formerly attracted British capital.

Developments Attract Attention

The proposed St. Lawrence Seaway had a romantic appeal to a country which played so important a part in the Suez Canal project. Engineers and contractors visualized a challenge to their skills and equipment. The pace of resource development and the magnitude of some of the undertakings promised a high level of construction for some years to come. Some of the biggest names in United Kingdom contracting and engineering fields have opened up offices in Canada either independently or in association with established concerns.

Repeated accounts of an expanding volume of industrial output with high incomes and purchasing power have induced a wide variety of British industry to make a serious drive for the Canadian market. Manufacturing facilities are set up where the economics of the situation suggest this course. Distribution arrangements or assembly plants are organized where they seem called for. Products ranging from T-shirts to heavy earth-moving equipment, from radar sets to chemicals, are included. The size of the investment varies from a modest \$10,000 for a room with a desk and telephone to a \$20 million synthetic fibre plant. All have brought to Canada something of the skills and methods which have been developed and employed in the United Kingdom.

Aside from the above types of investment which were authorized in 1953, a large number of United Kingdom investment agencies were established. These groups include some of the oldest and most famous houses in "the City" and their aim is to help finance some of the anticipated developments.

Investment in Canada in '53

The amount of new money approved by United Kingdom fiscal authorities for investment in Canada in 1953 was in the neighbourhood of \$100 million, by all odds the largest sum to be invested in the postwar period. This is estimated to represent about one-third of the total amount which United Kingdom investors sent abroad to all countries. It is about one-fifth of the amount invested in Canada by United States groups in the same period. It is, however, almost identical with the amount invested in Canada from all sources in the year 1900.

There is no indication that this interest on the part of British industry will decline in 1954. To the extent that United Kingdom-owned companies prosper in Canada and dividends are remitted to parent firms back home, the balance of payments position of the United Kingdom will benefit. In addition, these branch plants should aid the United Kingdom dollar export drive. They will represent an outlet for British-made components and will provide a distribution mechanism for the complete range of a British company's products—and not just those made in the Canadian branch.

Interest Will Be Sustained

It is expected that the reawakened and perhaps belated interest of United Kingdom investors in Canadian development will pay generous dividends to both participants. In some fields the United Kingdom may suffer for being somewhat late in entering the arena (e.g., Western oils). But it is a source of satisfaction that there should now be a widespread recognition of the opportunities in Canada and a determination to share in them.

Randall Commission *(continued from page 19)*

- *The 'Buy America' Act prevents foreign firms from competing for important government contracts and is, therefore, additional protection.*

Here the report is forthright in recommending that the President should be empowered to exempt countries from the restrictions of this act on a reciprocal basis. Further, pending such amendment, the President should, by executive order, direct procurement agencies to consider foreign bids, all things being equal.

- *The requirement of the use of United States ships to carry 50 per cent of the shipments financed by loans or grants of the United States Government creates hardship for foreign ship owners and detracts from the benefit of economic and military aid.*

The report recommends that these statutory provisions should be withdrawn and that other means, such as further subsidies, should be used to maintain the United States Merchant Marine if necessary.

It is important to realize that this report is very far from legislation and that many of the recommendations were vehemently rejected by some members of the Committee and will be no less vehemently rejected by sections of the public and in both Houses of Congress. None the less, it is a compromise report that attempts to come to grips with some of the main problems facing the United States. The legislation that will arise from it should thus be watched with the closest attention by all those interested in foreign trade.

Cuba and the sugar agreement

G. A. BROWNE,
Commercial Secretary for Canada.

What are the principles behind the new five-year International Sugar Agreement, and how does it work? Here is a useful analysis from our Havana office.

Havana

In mid-December 1953, countries representing a majority of the world's sugar importers and exporters ratified, or declared intention to ratify, the International Sugar Agreement. They thus brought into effect for a five-year period from January 1, 1954, an international accord on sugar production and marketing. The importance of the Agreement to countries heavily dependent on sugar as a cash crop is obvious; it serves to minimize fluctuations in world prices which gravely affect their economies. In fact, its effects will go beyond sugar itself and be felt by associated molasses, alcohol, yeast, vinegar, and citric acid producers and users. These too, as well as those who merely spoon sugar into their coffee, help to account for the following per capita sugar consumption figures (in pounds) . . . Australia, 117; New Zealand, 110; Canada, 98; South Africa, 93; United States, 93; Switzerland, 89; United Kingdom, 82; Netherlands, 80.

Meeting Wartime Shortages

Because of war devastation and stagnation in important producing areas, both beet and cane, and consequent shortages the Allied Governments controlled world supply and distribution through World War II and up until 1948. Intensive new cane-sugar production was encouraged in the Western Hemisphere, notably in the Caribbean and in Cuba. This additional output helped to meet the Allied loss of important European sources which, prewar, had made possible that continent's contribution of one-third of the world's sugar supply. Since 1946, European beet-sugar production has recovered to its present output of 13 million tons a year.

Cuban growers and mills were called on for increased production each year to meet war and postwar needs. Cuban production had seen hard times since 1920, when it made up 22 per cent of world output; it fell to 16 per cent in 1930 and 10 per cent in 1940. Wartime demands, however, drove it up and past 1929's previous five-million-ton record. Postwar and Korean demands maintained this unusual long-term pressure

and resulted almost inevitably in 1952's general over-production. In that year the Cuban crop totalled an unprecedented seven million tons and this brought a corresponding marked fall in sugar prices.

The break in sugar prices with this sudden change in world supply vitally concerned Cuba, whose sugar exports earn about 90 per cent of her income. The Cuban Government reduced 1953 production in order to meet this world price problem, cutting back output by nearly 30 per cent—as far as was possible without creating an even more difficult and hazardous problem of unmanageable unemployment. By this action, Cuba's 1953 crop was held down to about five million tons and the slump in the price of Cuban sugar destined for world markets—other than in the United States—checked.

To meet this vital problem, Cuba took the lead in the 1953 international sugar discussions which finally reached agreement on export quotas for participating countries and fixed minimum and maximum prices.

The 1953 International Sugar Agreement represents the close of a cycle of world sugar policy characterized by the transformation of a world market dominated by buyers' demands to one governed by sellers' needs. Essentially, it is neither new in principle nor unique in method. The concern of many countries about prime commodities has been similarly manifested in inter-

World Sugar Production and Prices

(Long tons of 2,240 lb. and cents per lb.)

Year	World	Cuba	%	World Price f.o.b. Cuba Annual Average
1920	16,652,000	3,735,425	22.4	11.718
1925	24,614,000	5,189,346	21.1	2.508
1930	27,900,000	4,670,973	16.6	1.257
1935	26,255,000	2,537,951	9.6	0.858
1940	30,414,865	3,329,727	10.9	1.382
1942	26,653,559	3,348,825	12.6	2.650
1944	22,943,244	4,174,041	18.2	2.650
1946	26,741,775	3,940,728	14.7	4.181
1948	31,515,641	5,876,761	18.6	4.237
1950	32,322,000	5,393,541	16.7	4.975
1951	34,214,000	5,589,232	16.3	5.674
1952	32,196,000	7,011,393	21.8	4.320
1953	34,789,000	5,006,960	14.4	4.176

national agreements, or hopes of agreement, on wheat, cotton, wool, rubber, and in somewhat parallel circumstances, sulphur and tin.

While the new Agreement resembles the 1937 International Sugar Agreement, successor to the Brussels Agreement of 1931 (neither of which was conspicuously successful) in its general method of administration and in establishing basic export quotas adjustable annually to meet world market needs, it differs in some important respects.

Highlights of New Agreement

The 1953 Agreement goes farther in the control of price, fixing a minimum price of 3.25 and a maximum of 4.35 cents per pound, f.a.s. Cuban port, and provides for maintenance of these prices through quota changes. Thus, should the world price fall below 3.25 cents for 15 consecutive days, the Sugar Council shall, within ten days of the end of such 15-day period, make such reduction as it deems necessary in the export quotas in effect, *pro rata* to the basic export tonnages. If, within the said ten days, the Council cannot agree on the amount of reduction, automatic cuts of five per cent up to a maximum of 20 per cent will take effect until the price climbs back to the Agreement's minimum.

This process will be reversed should prices go over 4.35 cents for 15 consecutive days. In this instance, the Council is not bound to wait for a price spill-over if, in its judgment, the market needs quota increases. Such quota increases are to be made and awarded on a priority basis—first Cuba, followed by Poland, Haiti, Czechoslovakia, and Hungary.

The Agreement requires exporters to carry immediately available large stocks with which the Council can control prices. In the interests of both exporters and importers it provides assurances against competition from non-signers of the Agreement through limitations on sales to or purchases from the latter.

The general principles of the Agreement were stated in 1950 and the modified draft of 1952 adopted by the United Nations in May 1953. It remained to determine the figure for the "free world market" and to fix exporters' quotas, and this was done at London in August.

For the purposes of the Agreement, the continental U.S. market* and the markets under the British Commonwealth Sugar Agreement and existing sugar agreements among certain European countries** were excluded from the free world market, thus reducing very considerably the sale of sugar in these areas to the Agreement's signers.

Export quotas claimed by participants in the August text discussions at London totalled seven million metric tons. Reduced by agreement to five million, these quotas were subsequently set at a total of 5,390,000 metric tons and this tentative figure was accepted as the "free world market". Cuba, as the leading producer and exporter, was allotted the biggest quota—about 42 per cent of the market.

The abstention of such important producers and exporters as Peru, Indonesia, and East Germany, who combined could perhaps supply nearly one million tons, forced further reduction at the end of December in the signers' quotas in the interests of price maintenance. Major exporters—over 50,000 tons—were cut 15 per cent and lesser exporters 10 per cent; the total of quotas for the 16 exporting countries who signed the Agreement then moved down from about 4,665,000 to about 3,930,000 metric tons.

Effect on Cuban Economy

In signing the Agreement, it is clear that Cuba has adopted the better of two difficult alternatives. The quota allotted to her represents a shrinkage in world market opportunity of over half a million tons. On the other hand, to continue high production in competition with other producers whose output is steadily increasing would perhaps force an even more serious price slide. Support of the Agreement indicates a policy of slowing down the Cuban sugar industry from its previous gallop to a more circumspect walk and to promoting agricultural and industrial diversification energetically.

In this situation of increased competition in sugar, Cuba has additional cause for concern in the growing anti-obesity campaign in the United States. In that country, the growth of understanding of the relation between calories and health has recently brought a flood of low-calorie, sugar-free foods, preserves and

* The anchor to Cuba's sugar sales is its position in the U.S. quota system. The U.S. Sugar Act of 1948 specifies absolute quotas totalling about 4.4 million short tons, raw value, for domestic sugar-producing areas, together with a further approximate 975 thousand tons for the Philippines under the Philippines Trade Act of 1946. Cuba receives about 90 per cent of the remaining consumption requirements—(this total requirements figure is announced annually by the Secretary of Agriculture)—but is assured minimum participation of between approximately 28 and 31 per cent, as the U.S. total declared requirements vary between 7.5 and 8 million short tons. Cuba also shares in the reallocation of supply deficits from any U.S. domestic areas and receives 95 per cent of any deficit in the supply of sugar from the Philippines. For 1954, U.S. Secretary of Agriculture announced U.S. requirements as initially 8 million short tons. Quotas allotted in this total were: U.S. mainland and insular beet and cane, 4.4 million; Philippines, 974 thousand; Latin America, 98,000; other 6,000; and Cuba 2,478,720 short tons. Cuba enjoys a tariff advantage of nearly 27 per cent over other foreign sugar exporters to the U.S.

** Excluded from the ISA are movements of sugar between Benelux, the French Union, and the Federal Republic of Germany; between the French Union and the Associated States of Cambodia, Laos and Vietnam; and exports of sugar from Czechoslovakia and Poland to the USSR.

beverages onto the market. The inroads made by these sugar-free foods and synthetic sweeteners have aroused the concern of sugar trade and industry groups in both the United States and Cuba. These groups are now organizing to combat the threat to sugar consumption of these chemical sweeteners and of sedulous anti-sugar advertising. In Cuba, a recent government decree—No. 3106—amending the Pure Food Law forbids the use of any synthetic sweetener in food or drink for public sale or its import for such purpose.

The outlook for Cuba's sugar in these circumstances is, at the moment, not one of continuously expanding world markets. Some observers see indications that, in the next year or two, barring exceptional events, production may even have to be further trimmed. The problem for Cuba now would seem to be how to control output to fill her United States and Agreement quotas in 1954 and yet not produce so much that in 1955, when her market may have diminished sensibly, the adjustment will be difficult.

trade and tariff regulations

Austria

IMPORT POSSIBILITIES IMPROVED—More information is now available concerning imports into Austria from Canada under that country's new foreign trade law which came into force on August 20, 1953, (see *Foreign Trade* of October 3, 1953).

The list of goods which may be imported into Austria without an import licence was enlarged. Among the items added to this list Canadian exporters may be interested in fish oils, paraffin wax, lubricants, caustic soda, amyl and butyl alcohol. Further, the following are among the commodities which did not require a licence before the new law was introduced and which continue to enter without a licence: non-ferrous metals other than aluminum, lead or mercury; zinc spelter; lead ore; linseed oil, and fresh lobsters.

Although imports of the above goods do not require a licence, the necessary foreign exchange allocations must be secured from the Austrian National Bank. As Austria's foreign exchange holdings have lately increased considerably, allocations should be granted more freely for these imports—Berne, Jan. 12.

Dominica

FOODSTUFFS RETURNED TO PRIVATE TRADE—The *Official Gazette* announces that flour, codfish and rice will no longer be bulk purchased by the Government of Dominica. Effective January 1, 1954, they will move through commercial trade channels—Port-of-Spain, Jan. 8.

Ireland

IMPORT CONTROL—By seven Orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts, 1934 and 1937, further quotas and quota periods have been announced as follows:

Pneumatic tires for motor vehicles: 8,000 articles for the period February 1, 1954 to July 31, 1954, as against 5,000 articles for the previous six months' period.

Pneumatic tires for bicycles: 23,000 articles for the period February 1, 1954 to July 31, 1954, as against 17,000 articles for the previous six months' quota.

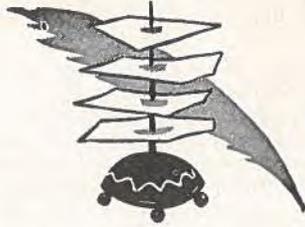
Certain rubber boots and shoes: 50,000 pairs for the period February 1, 1954 to January 31, 1955. This quota is unchanged from the previous period.

Certain woven tissues of wool or worsted and certain artificial silk piece goods: 750 thousand square yards for the period March 1, 1954 to August 31, 1954. Previous six months' quota was fixed at 300 thousand square yards.

Inner tubes for motor vehicle tires: 6,000 articles, as against 4,000 articles for previous six months. The quota period fixed extends from February 1, 1954 to July 31, 1954.

Inner tubes for bicycle tires: 12,000 articles for the period February 1, 1954 to July 31, 1954. Quota unchanged from previous six months.

Certain heeled rubber shoes: 5,000 pairs for the period February 1, 1954 to January 31, 1955. This quota is unchanged from previous period—Dublin, Jan. 4.



general notes

Argentina

MOTOR SCOOTER INDUSTRY—According to a press notice in *La Prensa*, the manufacturers in Italy of the Lambretta motor scooter have come to an agreement with the Argentine Government to make them in this country. The manufacture will be undertaken by a company already prominent in the refrigerator industry. Until the various processes can be adequately established, the main operation will be assembly of component parts imported from Italy. Production was expected to begin this month and the initial schedule provides for 20,000 units—Buenos Aires, Jan. 11.

Australia

NEW FACTORY UNIT OPENED—A new £500 thousand factory has been opened at Bankstown near Sydney by British Paints (Aust.) Pty. Ltd. The factory stands on ten acres of land and includes research laboratories and administration buildings. The Premier announced at the opening of this factory that there have been 10,000 new factories built in New South Wales since 1939, providing work for 140,200 persons—Sydney, Jan. 4.

Brazil

NEW ASPHALT INDUSTRY—According to the *Diario Oficial*, the National Petroleum Council is negotiating with the Standard Oil Company of California and its subsidiary, the International Bitumen Emulsion Corporation, for the setting-up of an asphalt industry near São Paulo, capable of producing 90,000 tons a year. Crude oil would be imported from Maracaibo, Venezuela. Although details have not yet been announced, it is believed that the factory would entail a total investment of 40 million cruzeiros, of which the American company would put up \$900 thousand. Standard Oil of California is also said to be prepared to finance all outlays in dollars for a period of five years, provided the National Petroleum Council undertakes to pur-

chase 2,000 drums of crude oil a day from Venezuela during the same period. Transport would be made by the national tanker fleet—São Paulo, Jan. 18.

Cuba

TEXTILE EXHIBITION—A permanent exhibition, located in the Ministry of Agriculture Building, has been opened. Emphasis is on the textile and garment industries, and the exhibits include the various types of textiles and garments made in Cuba. Among these are cotton and synthetic yarns and fabrics, lingerie, hosiery, shirting, etc. The Cuban textile and garment industries employ some 37,000 workers. During the last few years, imports have averaged 50 million yards of cotton textiles and 30 million yards of synthetic yarn fabrics. The Cuban Textile Association has indicated that more adequate tariff protection would tend to lessen imports and encourage greater production—Havana, Jan. 18.

Jamaica

CONSTRUCTION TENDERS—The Jamaican Government has issued invitations for tenders for the construction of improvements to the Palisadoes Airport. By re-alignment, it is intended to create a 7,200-foot runway and make other ancillary improvements. The matter has been under study for 18 months and government estimates place the expenditure at £1 to £1½ million sterling—Kingston, Jan. 14.

South Africa

SALT PRODUCTION PLANNED—New machinery is being installed at Coega where it is claimed that salt equal in quality to any in the world will be produced. The plant will have a capacity of 30,000 tons a year but it is expected that production will be limited for the present to 20,000 tons. The process will provide chemical by-products from the sea and will result in the saving of large amounts of foreign exchange; at present large quantities of industrial salt have to be imported. Foreign technicians will supervise the process—Cape Town, Jan. 14.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02860.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 21	Notes (See below)
Argentina	Peso	Preferential buying	.1296	(1)
		Basic buying	.1944	
		Preferential selling	.1944	
		Basic selling	.1296	
		Free	.06998	
Austria	Schilling		.03739	
Australia	Pound		2.1875	
Belgium Luxem- bourg & Belgian Dependencies	Franc		.01946	
			.00512	
Bolivia	Boliviano	Official	.5697	(3)
British West Indies	Dollar		2.7344	(4)
			.6835	
Brazil	Cruzeiro	Brit. Honduras	.05165	tax 8%
		Official selling	.03428	(2)
		Effective buying	.04162	(5)
Burma	Kyat		.2042	
Ceylon	Rupee		.2051	
Chile	Peso	Official	.00884	(1)
Colombia	Peso	Basic	.3889	
Costa Rica	Colon	Official	.1731	(6)
		Controlled free	.1464	
Cuba	Peso		.9722	tax 2%
Czechoslovakia	Koruna		.1350	
Denmark	Krone		.1408	
Dominican Republic	Peso		.9722	
			.06482	(7)
Ecuador	Sucre	Official	.05597	
Egypt	Pound	Free	2.7917	
Fiji	Pound		2.4634	
Finland	Markka		.00423	
France	Franc		.00278	
French Africa	Franc		.00556	
French Pacific	Franc		.01528	
Germany	D Mark		.2315	
Greece	Drachma		.000032	
Guatemala	Quetzal		.9722	
Haiti	Gourde		.1944	
Honduras	Lempira		.4861	
Hong Kong	Dollar	Free	.1662	*Jan. 8
Iceland	Krona	Official	.05970	
		Special buying	.04596	
		Special selling	.03703	
India	Rupee		.2051	
Indonesia	Rupiah	Basic	.08528	(8)
Iran	Rial	Official	.03014	
		Certificate	.01010	
Iraq	Dinar		2.7221	

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 21	Notes (See below)
Ireland	Pound		2.7344	
Israel	Pound	Effective basic	.9722	
		Premium	.5401	(9)
Italy	Lira		.00156	
Japan	Yen		.00270	
Lebanon	Pound	Free	.3050	
Mexico	Peso		.1124	
Netherlands	Guilder		.2569	
Netherlands Antilles	Guilder		.5155	
New Zealand	Pound		2.7344	
Nicaragua	Cordoba	Effective buying	.1473	(10)
		Official selling	.1378	
		With Surcharge I	.1207	
		With Surcharge II	.09673	
Norway	Krone		.1361	
Pakistan	Rupee		.2938	
Panama	Balboa		.9722	
Paraguay	Guarani	Basic	.06482	(1)
		With Surcharge I	.04629	(11)
		With Surcharge II	.03240	
		Certificate	.04839	
Peru	Sol		.4861	tax 17% (2)
Philippines	Peso		.03393	
Portugal	Escudo		.3889	
El Salvador	Colon			
Singapore & Malaya	Straits dollar		.3190	
South Africa (Union of)	Pound		2.7344	
Spain & Dependencies	Peseta	Basic buying	.04439	
		Basic selling	.08664	
		Basic commercial selling	.05918	(1)
		Free	.02496	
Sweden	Krona		.1879	
Switzerland	Franc		.2267	
Syria	Pound	Free	.2722	*Dec. 11
Thailand	Baht	Official	.07777	(1)
		Free	.04759	*Nov. 21
Turkey	Lira		.3472	
United Kingdom	Pound		2.7344	
United States	Dollar		.9722	
Uruguay	Peso	Official	.6400	
		Basic buying	.5461	
		Special buying	.4136	(1)
		Basic selling	.5116	
		Special selling	.3968	
Venezuela	Bolivar		.2902	(12)
Yugoslavia	Dinar		.00324	

* Latest available quotation date.

notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
8. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product.
9. Israel: An additional rate of 1 Israeli pound equals U.S. \$2.80 applies to imports of wheat and sugar only.
10. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
11. Paraguay: Basic rate applies to most Paraguayan exports.
12. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

foreign trade service abroad

* No Foreign Trade Officer at this post.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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Italy	M. S. Strong, Commercial Secretary (Fisheries)		
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Netherlands Belgium, Denmark, Luxembourg	C. J. Small Acting Agricultural Secretary		

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