



2	✓ Europe in the Past Twelve Months
	Business Conditions in:
4	Austria
6	Belgium
8	Denmark
11	Finland
13	France
14	Germany
17	Greece
19	Republic of Ireland
21	Italy
23	Netherlands
25	Norway
28	Portugal
30	Trade Agreements with Spain and Portugal
31	Sweden
33	Switzerland
36	Trade and Tariff Regulations
35	Commodity Notes
38	Foreign Exchange Rates
40	General Notes

foreign trade

Established In 1904

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

OTTAWA, JUNE 26, 1954, Vol. 101, No. 11

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 Statistics naturally play a major role in our annual assessment of business conditions in Europe. Practically all the reports contain figures on commodity trade, on the percentage rise or fall in exports and imports, on balance of payments, on gold and dollar reserves. Our cover design therefore symbolizes the importance of statistics in appraising economic progress in Europe during the past year.

Europe in the Past Twelve Months

Trend toward freeing Europe's imports from dollar countries from restrictions has gained momentum recently, as exports to dollar area have risen and gold and dollar reserves have been strengthened.

F. P. WEISER, *International Trade Relations Branch.*

FROM THE TRADING POINT OF VIEW, the most significant development in Europe over the last year was the freeing by a number of countries of many dollar imports—a development made possible by a large increase in European gold and dollar holdings.

Between January and September 1953, gold and dollars owned by European countries other than the United Kingdom increased by about \$1 billion to a total of some \$8½ billion—and the trend continues. The increase was greatest in Western Germany and the Netherlands, whose reserves now exceed \$1 billion. Switzerland, Belgium and France also have gold and dollar holdings of about the same size.

Several factors have contributed towards increasing Europe's reserves of convertible currencies. The trade deficit of European countries with the dollar area was reduced from about \$2 billion in the first nine months of 1952 to \$700 million in the corresponding period in 1953. This change reflects increased European exports to dollar countries as well as reduced imports from the dollar area. On the import side, increased industrial production in Europe and other non-dollar countries, plus good harvests, reduced Europe's dependence on dollar imports and provided it with alternative sources of supply. Many European countries retain strict controls on dollar imports. The shift in the trade balance was further aided by a development of the terms of trade in Europe's favour as prices of raw material imports declined in relation to prices of manufactured goods which Europe exports.

The dollar trade deficit of European countries in 1953 was approximately balanced by services rendered by these countries and paid for in dollars, such as earnings from tourists, military forces, transportation and similar services.

Canada's Trade with Europe

Canadian exports to European countries, excluding the United Kingdom, totalled \$384 million in 1953. Canadian imports from Europe increased slightly—from \$152 million in 1952 to \$174 million in 1953. The European market absorbed 9.3 per cent of all Canadian exports, a proportion similar to that in 1938 and considerably higher than in 1949, when it

amounted to less than 8 per cent. Imports from Europe, at 4 per cent of the total, reflect a steady post-war increase but they are still below the 5.9 per cent reached in 1938.

Wheat is traditionally Canada's leading export to Europe; other important exports include feed grains and raw materials needed by European industries, such as base metals, asbestos and wood pulp. Products of the Canadian chemical industries used for further manufacturing are entering Europe in increasing amounts, notably synthetic rubber and petro-chemicals. A wide variety of other Canadian manufactured goods were purchased by many European countries, particularly those which have liberalized dollar imports.

Leading Countries in Canada's Trade with Europe

(DBS statistics—in million dollars)

Canadian Exports to:		Canadian Imports from:	
	1953		1953
West Germany	84	West Germany	36
Belgium-Luxembourg	70	Belgium-Luxembourg	29
Netherlands	42	Netherlands	22
Norway	37	France	22
Italy	33	Switzerland	20
France	32	Italy	14
Switzerland	30	Sweden	9

The industrial nations of Western Europe were Canada's main European trading partners again in 1953. Among these, Western Germany has replaced Belgium as Canada's chief European customer and the Netherlands has advanced into third place. Western Germany, Belgium and the Netherlands, in that order, are Canada's leading European suppliers. In addition to being our most important European trading partner, Western Germany was last year the fourth largest market for Canadian exports and the fourth most important supplier of imports into Canada. Canada's trade with the agricultural countries of Eastern Europe remained small.

Relaxation of Dollar Import Restrictions

The improved dollar position of European countries is reflected in the liberalization of dollar goods imported into some of these countries. Switzerland continues to be one of the freest European markets for dollar

goods, maintaining few import restrictions. Since February 1953, Belgium has admitted most dollar imports free from discriminatory restrictions. The Netherlands, which removed import controls from some essential dollar goods in October 1953, is now expanding its list of unrestricted dollar imports considerably, under a common policy with Belgium and Luxembourg. In addition to the goods on the common list, Belgium is also admitting various other dollar imports free from controls, on an autonomous basis. Western Germany liberalized various dollar imports in February 1954, including a number of goods of interest to Canadian exporters. Greece has expanded, during the last twelve months, its free import scheme introduced in April 1953. Most Canadian exports to Greece, except wheat and flour, may thus compete freely, provided dollars are available, regardless of their essentiality. Denmark continues to subject most dollar imports to licensing but has recently



These cars coming off the assembly line at the Volkswagen plant in West Germany will go to swell the total of German exports. Last year West Germany replaced Belgium as Canada's chief European customer, exclusive of the United Kingdom, and became Canada's leading European supplier.

announced a new policy under which many imports will be admitted from the dollar area if their price is 8 to 10 per cent lower than that of similar non-dollar goods. In the past, Denmark has generally granted import licences for dollar goods only if similar commodities could not be obtained elsewhere.

Competition Is Strong

European goods are competing with Canadian products to an increasing extent as a result of advances in the productivity of European countries and in their industrial reconstruction. In the past twelve months,

subsidies granted to European exporters have declined as Western Germany and the Netherlands abolished their dollar incentive systems. France and Denmark are the only European countries still maintaining dollar retention schemes.

OEEC and EPU

The Organization for European Economic Co-operation continued this past year to work towards expanding the economic strength and integration of European countries and increasing their trade. Its 17 member countries have now liberalized, on the average, over 75 per cent of their private imports from each other (based on the year 1948, with certain exceptions) compared with 71 per cent in June 1953. Six member countries have freed over 90 per cent of their OEEC imports.

Apart from its many strictly European endeavours, the OEEC has also made progress in its efforts to create conditions for freer trade between Europe and the rest of the world. Of particular interest to Canada is OEEC's active promotion of dollar import liberalization by its members and convertibility of currencies. It has also been instrumental, with other organizations, in the abolition of dollar retention schemes.

The European Payments Union, the reader will remember, is a central clearing-house for intra-European transactions. Its function is to make European currencies convertible among themselves and thus to eliminate the need for a strict bilateral balancing of accounts between individual countries in Europe. Member countries of EPU settle their balances with the Union as a whole rather than with their European trading partners. In this way, EPU assists in the development of trade and in the liberalization program of the OEEC.

The EPU reflects the great disparity in the economic strength of European countries. Western Germany has become the leading creditor in the Union, with a surplus of over \$1 billion in April 1954. Other leading creditor nations in EPU are Belgium, the Netherlands and Switzerland; France, the United Kingdom, and several others are debtor countries.

Situation in General

Europe is reaching a turning point in its postwar economic development. Economic and trade controls are being extensively relaxed, internal difficulties and inflation have largely been controlled, and hard currency reserves have strengthened considerably.

As European countries proceed in removing their dollar restrictions, Canadian exporters face a market which is progressively freer and more competitive. Canada's ability to retain and enlarge its foothold in the European market depends largely on the capacity of her exporters to compete with other traders. ●

AUSTRIA

Currency devaluation of May 1953 boosted exports and deficit on total trade for year was sharply reduced. Hydro development is proceeding rapidly and industrial output rising. Heartening rise in gold and dollar reserves has marked the last twelve months.

W. R. HICKMAN, *Assistant Commercial Secretary, Berne.*

IMPRESSIVE ACHIEVEMENTS in industry, trade and finance have made the past year something of a milestone in Austria's postwar economic recovery. Production and exports rose, making possible a positive trade and services balance for the first time since the war. With the rapid development of a credit position in the European Payments Union, Austria introduced extensive import liberalization measures. Internal financial stability was achieved and steps taken towards the formation of a capital market and the accumulation of exchange reserves. Assisting in these developments was the expansion of primary industries, particularly agriculture, and a currency devaluation of about 20 per cent undertaken in May 1953.

Power Development

After years of intensive construction and capital investment, Austria is well on the way to utilizing its considerable hydro power potential. Power output increased from 8,032 million kwh. in 1952 to 8,764 million in 1953, roughly one-eighth of which was exported. The continued development of reserves, estimated at 30 billion kwh., will mean substantial increases in exported power. Coupled with the stabilization of the country's currency, the electrification scheme is expected to advance smoothly, resulting (both directly and through increased industrial potential) in an expansion of exports.

Industrial Expansion Aided

Thanks to this hydro development, Austrian production of primary aluminum last year reached 50,000 tons, 35 per cent above 1952 and almost four times that of 1950. Increased yields of iron ore, magnesite and coal, plus expansion of the iron and steel industry, also contributed to higher output and exports. With an average value of 169.9 through the year, the overall index of industrial production was 2.8 points higher than for 1952 (1937=100). Agricultural production also increased. Austria is now considered self-sufficient in meat, dairy products and sugar, but remains dependent on outside suppliers for wheat and feed grains.

According to available figures, Austria's balance of payments for 1953 showed a surplus of \$71 million, compared with a deficit of \$105 million in 1952. This

surplus resulted from a \$107 million reduction in imports (total, \$548 million), a \$31 million increase in exports (\$538 million) and a \$42 million increase in earnings from services (\$136 million). The latter was mainly the result of higher tourist traffic earnings which, at \$61 million, were nearly twice those of the preceding year. Foreign aid deliveries declined from 31 per cent of total imports in 1951 and 16 per cent in 1952, to 7 per cent in 1953. There was a net balance of \$10 million under the heading of capital account, mainly because of an \$8 million Swiss loan granted to the Austrian Postal Administration. Gold and foreign currency holdings increased by \$151 million.

Through substantially increased exports and a moderate decline in imports, notably in deliveries under the European Recovery Program, Austria managed to reduce its negative trade balance from 3,156 million schillings in 1952 to only 78 million in 1953. Excluding imports financed by U.S. aid, the balance was positive for the first time since the war—by 838 million schillings in contrast with the 1952 deficit of 1,200 million. American economic aid will be discontinued this year.

During 1953, total Austrian exports increased by 22 per cent to 13,190 million schillings, thanks largely to the currency devaluation (21.7 per cent) undertaken last May. The last eight months of 1953 saw an uninterrupted succession of positive monthly trade balances and, with the exception of January, this record was maintained through the first quarter of 1954. Austria's principal exports are wood and wood products, iron, steel and their products, and textiles. Total imports, consisting chiefly of raw materials, fell from 13,959 million schillings in 1952 to 13,268 million in 1953, with the reduction in United States aid deliveries offset by somewhat larger imports from western Europe.

The Trade Pattern

Austria's principal export markets and suppliers (with the exception of the United States, in fourth place) now lie in western and southern Europe. Western Germany takes the leading role, followed by Italy, the

United Kingdom, Switzerland, France, the Netherlands, and Belgium. Trade with these countries (including the U.S.) is increasing year by year; imports have risen since 1951 from 67.3 to 71.5 per cent of the total, and exports from 57.9 to 65.9 per cent. This, of course, arises from the disruption of Austria's traditional trade pattern with the countries of eastern and southeastern Europe, from which she obtained almost 40 per cent of her prewar imports but which now account for only 12 per cent of all Austrian imports and 10 per cent of all exports, according to available statistics.

Closing the Dollar Gap

The effect of this shift has been to increase Austria's dependence on dollar sources for raw material imports without, in the first instance at least, providing an equivalent source of dollar earnings. Nevertheless, having realized an export balance in 1953 of 84 million schillings (according to Austrian bank statistics) in "unaided" trade with the U.S. and at the same time reduced her "aided" imports from dollar sources to 119 million schillings, Austria made an impressive bid last year to close the dollar gap on commodity trading accounts. Continued progress towards this goal will depend on her ability to strike a balance between dollar imports and dollar-earning capacity.

Trade with Canada

Austria purchased in both 1952 and 1953 more than \$5 million worth of Canadian goods, according to DBS figures, with grains making up two-thirds of the total in each year. Wheat, valued at \$3.4 million (over twice its 1952 value), was the main item in 1953, followed by chemicals (\$687 thousand) and primary minerals, chiefly milled asbestos fibres, (\$650 thousand). Vegetable oils, lard and tallow accounted for a further \$287 thousand. In place of the heavy wheat and mineral purchases of 1953, barley, rye and primary metals, particularly copper, were featured in 1952; chemicals remained about the same in each year. Last year's export total, \$5.1 million, was only slightly lower than the 1952 figure of \$5.2 million.

Canada buys about three-fifths as much from Austria as she sells to that country; imports were valued at \$3 million in 1953 and \$2.9 million in 1952. Textiles, the principal item in this trade, fell from \$2.4 million in 1952 to \$1.7 million last year. Metals, machinery and equipment, precious stones and jewellery recorded gains. In an effort to get a better footing in the Canadian market, Austria participated for the second consecutive year in the Canadian International Trade Fair, taking 5,000 square feet of space in various categories.

The outstanding feature of Austria's economic program in 1953 was the progressive liberalization of trade within the European Payments Union. After becoming a full member last July, Austria removed quantitative controls on 50 per cent of imports from EPU sources during the remainder of the year. By May of 1954 the liberalized list accounted for 75 per cent of all such imports, achieving the target set by the OEEC. This was not accomplished without protest from competing home industry and agriculture, whose objections have to some extent been recognized by several raises in the tariff. Originally a debtor within the EPU, Austria made notable gains in 1953 and by April 1954, with a cumulative surplus equivalent to \$119 million (U.S.), had exceeded its quota by \$49 million. Now a creditor within the EPU, Austria is being pressed to take further liberalization measures. Most dollar imports into Austria, however, are still under licensing control.

Fiscal Reform

A month after the establishment in April 1953 of the present coalition government, the former exchange rate of 21.36 schillings to the U.S. dollar, applicable to commercial transactions, was permitted to find the more realistic level of 26 schillings to the U.S. dollar. This measure encouraged Austrian exports but at the same time raised the price of imported raw materials, a handicap which was lessened somewhat by the downward trend in international prices.

Early in 1954 a start was made in reducing internal taxes. The Austrian taxes, which accounted for 38 per cent of the national income in 1952, have been recognized as among the highest in Europe. It is estimated that initial reductions will result in an increase of two billion schillings in private purchasing power.

Outlook for Coming Months

The disinflationary policies followed by the Austrian Government for the past two years have helped to stabilize prices and wages. This has permitted the unification of multiple exchange rates into a single rate at a realistic level without any serious upward pressure on costs and prices. It is expected that the balance of payments will again show a surplus in 1954, though a smaller one because of trade liberalization and the necessity for restocking. Capital formation continues to progress and, assisted by the positive balance of payments, is helping gradually to overcome the shortage of investment funds. The Government's main task now is to consolidate its gains by encouraging private investment and capital expansion but there is a feeling of confidence in continued progress throughout 1954. ●

BELGIUM

Belgian industry faced stiffer competition in export markets in 1953 and production decreased slightly compared with 1952. Exports to North America continued to rise; constituted 12 per cent of all foreign sales. Year saw some relaxation in import restrictions on dollar goods.

THEO J. MONTY, *Commercial Secretary, Brussels.*

THE SLOWING DOWN in Belgian industrial activity which appeared in late 1951 and continued throughout 1952 was evident again during the first three months of 1953. Beginning in the spring, however, the situation improved and industrial production in 1953 was slightly above 1952 but still below 1951.

Belgian industry which, as a whole, depends upon selling about 40 per cent of its production abroad, suffered from increased competition in world markets. It was handicapped too by the relatively high Belgian wage scale, and social security charges. In addition, foreign producers were often in a better competitive position as a result of the subsidies their governments granted in an effort to promote exports. Some of these subsidies were abolished by the end of 1953.

The year was not as active for the country's heavy industry, but manufacturers of consumer goods enjoyed good sales. A great deal of building was carried out, with consequent benefit to the construction industry, and bricks, glass and cement were produced in record quantities.

Unemployment a Problem

Unemployment continued to be a problem. The Government passed legislation to eliminate some of the abuses in the unemployment insurance scheme but nevertheless at the end of the year, the number of unemployed was above what the Government considers normal—i.e., 3½ per cent of the working population. The Flemish part of the country, which is not as highly industrialized in relation to population, has the largest percentage of unemployed and the Government is therefore encouraging industry to operate in this part of the country.

Wholesale prices weakened during the year but there was little change in retail prices. Wages remained stable. Beginning in December, however, the cost-of-living index began to mount. This continued during January and February 1954 and carried with it an increase in salaries in certain sectors of Belgian industry.

Belgian coal production in 1953 totalled about 30 million tons, slightly less than the amount produced in 1952. This reduced figure reflects fewer industrial

orders and competition from the ever-increasing use of fuel oil for domestic heating. The result has been a building-up of stocks on the part of the mines. These stocks, which amounted to a little over 1½ million tons at the beginning of '53, increased to over three million tons.

Industrial Activity Varied

Some 4,430,000 tons of steel were produced in 1953, about 10 per cent less than in 1952. In the spring of 1953, uniform prices were established by the members of the European Steel and Coal Community. The Belgian and Luxembourg steel industries hope they will benefit from this common market for their products as they have already in the marketing of their coal. Because a large percentage of their production is intended for export, the industry has been extremely sensitive to fluctuations in the world steel market. The hope is that, with the development of this common European market, the industry will be more stable.

Despite the execution of substantial orders booked in 1952, production in the metallurgical industry as a whole was lower than in the previous year. Not all sectors were affected. The manufacturers of textile machinery, wire and nails, and electrical equipment, for example, had a good year. The Belgian railways placed fairly important orders for rolling stock and diesel-electric locomotives. The first television programs were produced during the year and are now a regular feature of the national broadcasting system. This opened a new field to the manufacturers of television receivers and to related industries.

The Belgian textile industry was active in 1953. The most favoured sections were the manufacturers of blankets and carpets, for which Canada is a good market. Jute spinners, wool spinners and producers of artificial textiles filled substantial orders. Monthly exports of textiles increased from an average of 22 thousand tons in 1952 to about 30 thousand tons in 1953. The value of these exports amounted to a fifth of the value of all Belgian exports.

Generally speaking, the Belgian chemical industry continued to suffer in 1953 from the regression which first appeared in 1952. Although exports rose over

1952, the value of the goods exported was less because of a falling-off in prices. Certain branches managed to improve their position, however, especially the producers of light chemicals.

Foreign Trade Shows Deficit

The balance of trade for 1953 showed a deficit of about 8 billion francs, (\$160 million) because the value of imports remained stable but, although the volume of goods exported increased, their value decreased. This was the result not only of the general falling-off of prices on world markets, but also of an increasing tendency to order from Belgium semi-finished instead of finished products. The main exports in order of importance were metals and metallurgical products, textiles, mineral products, and chemicals.

Belgium's main source of supply during the year remained the Netherlands, followed by Germany, France, the United States and Great Britain, in that order. The United States lost the predominant position it enjoyed last year.

In exports, the Netherlands remained far and away the best customer, followed by the United States, Germany, France, Great Britain, and the Belgian Congo. The debit balance of trade with Germany increased because of the zeal of German exporters. German goods coming into Belgium are extremely competitive both in price and quality.

Trade with Dollar Area

Canadian exports to Belgium and Luxembourg, according to Canadian statistics, decreased from \$104 million in 1952 to \$69½ million in 1953, and Belgium became Canada's fifth best customer. The Belgo-Luxembourg Economic Union was Canada's sixth supplier in 1953, selling us some \$30 million worth of goods, (Belgian statistics), about the same as last year.

The sharp decline in Canada's exports to Belgium came mainly from smaller sales of bread grains and cereals, partly because of the improvement in French supplies.

The National Bank of Belgium makes the following comment on trade with the dollar area: "While the surplus with EPU countries disappeared, equilibrium was tending to be restored on trade with the United States and Canada. The Customs statistics show that there is quite a clear correlation between these two processes, due to the combined effect of several factors. One of these was the prohibition on the re-export to EPU countries of goods costing dollars; another was the growth of production in Europe which made it possible progressively to replace imports of dollar goods by imports from Europe."

The goods bought on American markets accounted in 1953 for only about 13 per cent of total imports, compared with 18 per cent in 1952. The reduction applied mainly to purchases of bread grains and cotton, which were not subject to dollar discrimination.

Exports to the United States and Canada continued their remarkable rise, and amounted to 12 per cent of all foreign sales, compared with 9 per cent in 1952. Most of the trades shipping goods to the United States and Canada shared in the expansion but at different times and in differing degrees. The increase in exports of steel products and non-ferrous metals was somewhat irregular. It was steadier but less marked for metal manufactures and was large for products of the textile industry (such as carpets) and the diamond industry.

Belgium and the EPU

For the year 1953, the other members of EPU owed Belgium 2½ billion francs. This amount was covered through the payment to Belgium on account of 500 million francs, plus a payment of one billion francs in gold and dollars and a reduction of one billion francs in credits previously extended. At the end of the year, Belgium's claim against the EPU was 13,400 million francs, slightly less than the 1952 figure of 14,900 million francs.

Most Dollar Restrictions Removed

Belgium took two significant steps recently towards freeing imports from dollar countries. This measure represents a notable advance over the considerable degree of import freedom in Belgium since early 1953, when that country removed controls on many dollar imports.



A skilled Belgian craftsman works on a loom weaving the famous Brussels carpets. The textile industry in Belgium found 1953 a good year, with the makers of blankets and carpets pacing the field.

Effective May 26, Belgium abolished the system under which many dollar imports were under control while similar non-dollar goods entered freely. There remains a relatively short list of goods subject to import licensing requirements regardless of their origin. It is understood that licences will be granted freely, and with a minimum of discrimination against imports from the dollar area, for most goods under licensing. Goods not subject to licence enter Belgium free from any control on the basis of declaration licences issued by a bank.

In addition, Belgium and the Netherlands established a common dollar import policy effective June 1. Under this, many important Canadian products may enter Belgium or the Netherlands without restriction and circulate freely within the Benelux territory. This measure is described in more detail in the article on the Netherlands on page 23.

The common Benelux list of unrestricted dollar imports does not cover all goods which are free from licensing controls in Belgium. Various Canadian goods which remain under control in the Netherlands are admitted freely into Belgium. Complete details about goods in this category are not available as this issue of *Foreign Trade* goes to press. It is, however, understood that it includes agricultural machines, synthetic threads and yarns, textile rags and waste, radio receiving sets

and various other products of interest to Canada. More details will appear in a later issue.

Report on Benelux

Benelux is a small but distinct part of European economic integration, consisting, as the name implies, of an economic union between Belgium, the Netherlands and Luxembourg. It has had its ups and its downs since customs union was first advocated between these three countries in 1948.

The year 1953 saw distinct progress towards the ultimate goal of a full economic union. The opposition on the part of certain Belgian industrial interests which were affected by products from Holland, where wages are lower, has largely subsided and the increased trade and the increased share of each other's trade carried on into the year 1953 bore witness to the success of this experiment.

The early part of 1954 saw two further important and far-reaching decisions. One involved the establishment of a common trade and payments policy towards the outside world and the second, the establishment of free movement of capital inside the Benelux Union.

In the field of common commercial policy, a common list of liberalized imports from the dollar area has recently been put into force, but the impact of this measure upon Canadian trade with this territory has still to be determined.

DENMARK

Both exports and imports rose last year; sales to the dollar area continued to expand, under stimulus of an export premium scheme. Decline in freight rates reduced shipping earnings, though merchant fleet reached a record tonnage; agricultural output was high and agricultural exports increased.

J. L. MUTTER, *Commercial Counsellor, Oslo.*

DENMARK FOUND 1953 a comparatively favourable year, marked by greater activity in a number of important fields. Production and employment increased and, for the second year in succession, the balance of payments for goods and services showed a small surplus (about D.Kr.200 million) without any important economic aid from abroad. The farmers brought in a record harvest and agricultural exports rose. Wholesale prices went down slightly and as the down-trend affected import prices a little more than export prices, the terms of trade improved.

Features of '53 Foreign Trade

The outstanding feature of 1953 foreign trade, however, was the improved trade balance with the dollar area; Denmark had an export surplus with this area

of D.Kr.113.4 million, compared with a deficit of D.Kr.272 million in 1952. This substantial advance was stimulated by the dollar export premium scheme, the return of the international coal trade to more normal conditions which made it unnecessary to import coal from the United States, and the large 1952 and 1953 harvests which meant smaller imports of grain. On the other hand, the deficit on Denmark's account with European Payments Union countries rose from some D.Kr.500 million to D.Kr. 670 million. More than 80 per cent of Denmark's foreign trade, incidentally, is carried on with these countries.

During the summer, the Ministries of Commerce and Fisheries liberalized exports to the dollar area and the EPU countries of practically all the goods which they

From Denmark's farms, like this typical one in Central Jutland, come about 62 per cent of the country's exports; industry provides about 34 per cent. Last year, however, saw agricultural exports rise in value and industrial exports decline slightly because of lower prices in world markets.

controlled, with the exception of so-called "strategic goods". The year saw, however, little progress in liberalizing imports. By the end of 1952 Denmark had free-listed 75 per cent of her imports from other OEEC countries, the minimum percentage stipulated by the OEEC. In May 1953 this percentage reached 76, classified as follows: foodstuffs, 80 per cent; raw materials, 96 per cent, and manufactured goods, 60 per cent.

Most dollar imports are still under licensing control, although raw materials and partly manufactured goods from the dollar area are now admitted more freely if they are considerably cheaper than similar non-dollar imports. The improvement in Denmark's foreign trade balance in 1952 and the beginning of 1953, however, prompted the various trade organizations to approach the Ministry of Commerce with the request that the free lists be extended gradually with the objective of complete liberalization of import trade.

Trade Deficit Smaller

Denmark's foreign trade expanded considerably in 1953, with imports increasing by D.Kr.263 million to 6,908 million, and exports by D.Kr.299 million to 6,173 million. The balance of trade thus showed a deficit of D.Kr.735 million, a slight improvement over the previous year, when it stood at D.Kr.771 million. The entire increase in imports came in manufactured goods. Of the total value of exports, 62.3 per cent consisted of agricultural produce and 33.2 per cent of industrial goods. Compared with 1952, the value of agricultural exports increased by D.Kr.444 million and industrial exports declined by D.Kr.146 million.

Analyzed by Countries

Roughly 80 per cent of Denmark's foreign trade was carried on with the OEEC countries, chiefly the United Kingdom and Western Germany. About 30 per cent of all imports came from the United Kingdom and 41 per cent of total exports went to that country; the corresponding percentages for Western Germany were 18 and 10 per cent respectively. The value of bacon exports to Great Britain increased from D.Kr.921.4 million to 1,071.4 million, butter exports from D.Kr.531.3 million to 686.8 million, and eggs from D.Kr.274.3 million to 291.1 million. Denmark has signed long-term contracts with Britain for the delivery of bacon and butter for several years to come, and it



is unlikely that the British derationing program will affect exports of these commodities to that market. Britain already takes 90 per cent of Denmark's total exports of bacon and 75 per cent of her total butter exports. Exports of cheese and eggs, on the other hand, may increase as a result of the derationing.

Imports from the United States declined from D.Kr.552 million in 1952 to 309 million in 1953, mainly because demand for American coal and grain fell off. The export premium scheme, introduced in August 1952 to further exports to the dollar area, was largely responsible for the notable improvement in Denmark's export trade with the United States, which rose from D.Kr.279 million in 1952 to 409 million in 1953.

Trade with Canada

Imports from Canada declined in value from \$9,881,138 to \$6,303,092, almost entirely because of a \$3.5 million reduction in shipments of barley. Main commodities were wheat, barley, radio and wireless apparatus, milled asbestos fibres, milk powder, primary copper, and drugs and chemicals. Together they accounted for \$5,720,920 of total imports from Canada. Exports to Canada, on the other hand, increased from \$2,167,202 to \$2,174,904; chief commodities featured were cheese, grass seed and machinery.

Denmark's foreign trade continued to expand during the first quarter of 1954, with imports up by D.Kr.13.5 million and exports by D.Kr.6.3 million, compared with the same period last year. Exports of agricultural produce declined by D.Kr.32.3 million but industrial exports rose by D.Kr. 36.8 million. Exports to the

United States increased by D.Kr. 36 million and imports from the U.S. by only D.Kr. 9 million. This export surplus further improved Denmark's trade balance with the dollar area.

Shipping Earnings Decline

At the beginning of 1953 Denmark's merchant fleet totalled 1,343,000 gross tons. During the year, new tonnage built by Danish shipyards or purchased from abroad totalled 148 thousand tons and sales to other countries amounted to about 57,000 tons. The net increase brought the merchant fleet up to a record tonnage, a good 30 per cent above the prewar level. As in previous years, the additions were entirely motor ships, (tankers=54,000 gross tons) and the vessels sold were chiefly steamships. At the end of the year about 80 per cent of the total fleet was motor ships. Shipping earnings, only slightly affected in 1952 by the decline in freight rates which set in towards the end of 1951, dropped considerably in 1953, totalling about D.Kr.1,100 million compared with D.Kr.1,270 million in the previous year. The average freight rate million in the previous year.

The Fisheries Picture

The total fisheries catch, including that landed in foreign ports, was somewhat larger than in 1952—328 thousand tons compared with 312 thousand. Because the catch of the industrial fisheries rose at the expense of the catch for human consumption, total fisheries earnings did not show a corresponding increase; the value increased from D.Kr.202 million in 1952 to D.Kr.205 million in 1953. The catch of the industrial fisheries, mainly North Sea herring for the production of herring oil and meal, is now some 15 to 16 million tons larger than the catch for human consumption. The average price for all edible fish landed in Danish ports was somewhat higher than in the previous year, but direct landings in British ports brought lower prices, on the average. The fishing fleet increased slightly during the year and the cost of practically all types of equipment was a little lower than in 1952. Exports of fish products declined in both quantity and value. This was particularly noticeable in canned fish products.

Record Harvest in '53

The 1953 harvest reached new heights—143·7 million "feed units" or 8·7 million more than in 1952. (A "feed unit" is the equivalent nutritive value of 100 kilograms of barley.) Agricultural exports were the largest ever recorded, valued at D.Kr.3,844 million compared with D.Kr.3,400 million in the previous year. A livestock census taken in July showed increased stocks of all farm animals, except horses, compared with July 1952. A census taken on April 10, 1954, revealed a pig population of 4,657,000.

The mechanization of farms continued, the number of tractors alone increasing from 32,400 to 43,300 from July 1952 to July 1953.

The output of all animal products increased, with milk up by nearly 400,000 tons, butter by 20,000 tons, cheese by 1,000, beef and veal by 8,000, pork and bacon by 100,000 and eggs by 10,000. The price of butter exported to the British market was raised by 2·2 per cent but at the same time the bacon price was reduced 7·5 per cent. The price of butter to the secondary markets was about 7 per cent higher than in the previous year. Production index for agricultural produce in 1953 reached 131, compared with 115 in the previous year (1949 equals 100), and the total value of this production is estimated at D.Kr.6,500 million compared with 6,250 million.

Industry's Contribution

The production index for consumer goods rose 5 per cent over 1952 but the index for producers' goods declined by 1 per cent. Thus the net result was an advance in the total industrial production index of 3 per cent. The trend, however, varied considerably in the different branches of industry. The tendency towards lower prices, plus the greater competition in foreign markets, may have retarded industrial activities to some extent but these factors were largely counteracted by a growing local demand and increased building activities. Practically all branches of industry increased their output, with the exception of the iron and metal industries which declined by 3 per cent, although even these showed a marked improvement towards the end of the year. The value of industrial exports declined by some D.Kr.146 million, mainly because of the lower prices on the world market.

Outlook for 1954

A decline in the foreign exchange reserves of the National Bank during the first four months of the present year caused some apprehension. There are no indications, however, that the Government is unduly concerned about the foreign exchange position; in fact, the Ministry of Finance has earmarked \$11 million for extraordinary reductions of Denmark's frozen United States debts and the Government is prepared to reduce Danish EPU debts by \$15-20 million. On the other hand, a certain amount of long-term economic risk may be involved because Danish consumption capacity is steadily growing and this increase in purchasing power largely affects commodities requiring foreign exchange. There is some doubt whether the export industries will be able to keep pace with this development, or whether the balance of trade will prove to have deteriorated permanently and dangerously. Developments during the coming months will undoubtedly offer a clue to the economic policy which the Government will follow in the future. ●

FINLAND

Trade with Eastern bloc has increased strikingly at expense of trade with the West; in 1953, Russia replaced the United Kingdom as Finland's principal trading partner. Forest industries are working at full capacity and exports this year should exceed the 1953 figure.

E. PARTRIDGE, *Office of the Commercial Counsellor, Stockholm.*

FINLAND'S ECONOMIC DEVELOPMENT in 1953 was overshadowed by difficulties in the export market and in some industries export prices did not cover the cost of production. Improving the competitive position of industry became a central problem and was the main cause of the changes of government that occurred during the year. Because of the decline in the prices of wood products, export earnings were reduced by 16 per cent and consequently a strict control on imports was imposed; throughout the year import licences in most western currencies were granted with considerable reluctance. Trade with the Eastern bloc, however, rose substantially. Despite a slight increase in industrial production, unemployment grew and caused some concern. The total grain crop increased but the harvest of cereals was smaller than in the previous year.

Trade Slanted towards East

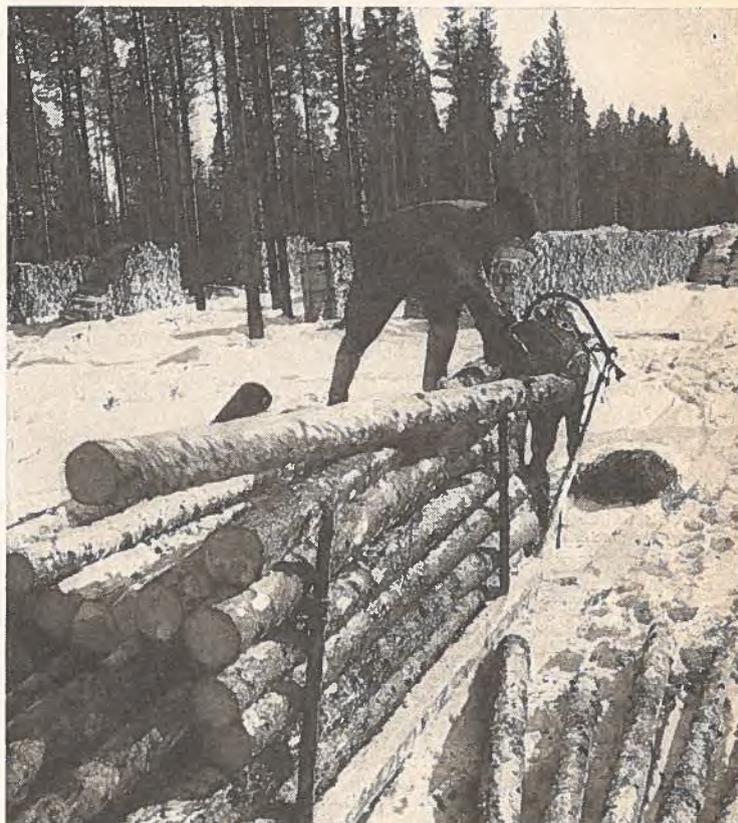
The total value of foreign trade fell by more than 25 per cent compared with 1952. Expressed in volume of goods, however, the decrease was not so large and exports, in fact, showed an increase. Exports were valued at 131,555 million marks compared with 156,829 in 1952 and imports at 121,860 million compared with 182,186 million the previous year. The import surplus of 1952 was thus replaced by an export surplus of 9,695 million marks. The strict government import control affected imports of dollar-paid goods and purchases from all dollar countries slumped considerably.

The value of imports from Canada fell from \$2.7 million to \$1.4 million; exports to Canada rose from \$0.2 to \$0.5 million. Purchases of Canadian aluminium, asbestos, porcelain insulators and seeds were larger and those of brass and other metals, automobiles, tires and wheat rather smaller.

The most striking change in 1953 was the increase in trade with the Eastern bloc at the expense of trade with the West. Soviet Russia became Finland's most important trading partner, ousting the United King-

dom from its traditional first place. Purchases from Russia increased from 27.4 million marks in 1952 to 33.5 million in 1953 and sales to Russia rose from 22.0 million to 26.1 million marks. In 1951 the proportion of Russian goods in total Finnish imports was 7.6 per cent; this rose to 12.1 per cent in 1952 and 21.4 per cent in 1953. Russia's share in the value of total exports was 8.3 per cent, 17.5 per cent and 25.4 per cent respectively. Trade with Eastern Germany in 1953 increased by almost 150 per cent, with Czechoslovakia by over 50 per cent, and with other countries of the Eastern bloc by over 100 per cent. A large part of the imports from these countries was paid for, under tripartite agreements, by exports to the U.S.S.R., but despite this Finland still had an export surplus with them. At the end of the year, negotiations were begun over a plan for using this export surplus for imports from Western Europe.

The import and exchange policy pursued improved the payments position. By the end of 1953 the gold



Finland likes to refer to her forests as "green gold" because wood and wood products make up such a large percentage of Finnish exports. This year, sales abroad of cellulose, paper, plywood and pitprops will probably exceed those of 1953.

and dollar holdings had increased to 13,200 million marks and the debit balance with the sterling area and Western European countries was 4,200 million, which implied a decrease of 7,800 million marks in the clearing liabilities. On the other hand, the Eastern bloc currencies decreased to 11,200 million marks and a net liability of 700 million marks was recorded for other currencies. Thus the exchange reserves at the end of the year totalled 27,900 million marks, 73 per cent higher than a year earlier.

Industrial Production Improved

The total volume of industrial production rose by 3 per cent compared with 1952 but was 4 per cent below 1951. It improved considerably towards the end of the year, largely because the export industry worked at almost full capacity during the last quarter. The principal reasons for this were the refund to the export industry of 4,200 million marks of taxes previously paid on export earnings originally due in 1954, and the exemption from sales tax of chemicals needed in production processes. The latter measure resulted in a reduction of over 1,000 marks per ton in production costs in the cellulose industry.

Forest Products Exported

Exports of mechanical pulp totalled 204 thousand metric tons against 143 thousand in 1952; sulphite and sulphate cellulose exports rose to 787 thousand tons, compared with 722 thousand the previous year. Production in the cellulose industry, however, incurred heavy losses, estimated for some factories at 8,000-10,000 marks a ton.

Exports of wood products, compared with 1952, were:

	Unit	1952	1953
Prefabricated wooden houses.....	1,000 sq. metres	1,049	897
Round wood products.....	1,000 cu. metres	5,112	2,388
Sawn wood products.....	1,000 stds.	611	688
Matches.....	ton	1,268	1,178
Plywood.....	1,000 cu. metres	222	216
Bobbins (spools).....	ton	1,167	1,143

Paper and cardboard exports were as follows:

	1952	1953	
Newsprint.....	392,442	402,181	metric tons
Other paper.....	176,646	274,412	" "
Cardboard.....	109,201	120,816	" "

Particularly striking was the sharp rise in metal exports which, both in volume and in value, increased by about 50 per cent.

The home market industries which, in the first half of 1953, were less active than in the corresponding

months of 1952 stepped up output during the last quarter. The demand for finished goods has been fairly brisk.

Agricultural Record Mixed

The grain crop was estimated at 200 million kilograms, or about 10 per cent more than in the previous season and the crop of oats and barley in particular was above normal. On the other hand, wheat and rye production was less than a year ago, with a decrease in rye alone of about 45 million kilograms. The poor crop of cereals meant that Finland was less self-sufficient in bread grain than in 1952. Large stocks of grain have, however, been imported during the last two years, principally from the U.S.S.R., because only slightly more than half of the demand for cereals can now be satisfied by home production. The potato crop in 1953 was about 100 million kilograms less than in 1952 but the hay crop as well as the crop of root vegetables was considerably better. Other branches of agriculture showed some improvement compared with the previous year.

Outlook for Coming Months

So far this year, industrial activity appears to be greater. All branches of the forest industry are working at full capacity and preliminary estimates indicate that export volume of cellulose, paper, plywood and pitprops will exceed 1953. The rise in export prices will probably mean an increase in imports of some 10 per cent above the austerity level of last year, but any relaxation in the control on dollar-paid imports seems most unlikely.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

FRANCE

Industrial production has picked up during the past year after two years of slipping back; tax receipts have risen and exports have increased. But lack of foreign exchange continues to hamper the growth of trade with the dollar countries, including Canada.

J. H. STONE, *Assistant Commercial Secretary, Paris.*

THE FRENCH BUSINESS SCENE shows definite signs of improvement over last year; industrial production is recovering from a period of stagnation, the trade liberalization program with OEEC countries has been resumed after complete cancellation, and the foreign trade balance is healthier than it has been for some years.

Industrial Production Recovers

Industrial production has now recovered to the post-war peak attained in the spring of 1952, after two years of relative recession. The index of industrial production stood at 152 (1938=100) in December 1953 and again this April, a gain of 5 per cent over April 1952. This compares with an average figure of 141 for 1953 but represents a relatively modest increase over the 125 of 1929. No accurate figures of unemployment are published, but the number of people without work is estimated at about 350 thousand compared with 400 thousand last spring.

Prices have remained stable at a high level throughout the past 12 months; hourly wage rates have risen about 6 per cent. The labour scene has been relatively quiet since the extensive strikes of last summer, with only brief and limited work stoppages during the past winter.

The budget for 1954 predicts a deficit of 291 billion francs, compared with a planned 320 billion in 1953. The war in Indo-China and the fact that private savings are insufficient to finance industrial and housing investment impose a drain on public finance which can only be covered in the long run by an expansion in output. The deficit will probably be less of a problem this year than it was in 1953, because tax receipts are higher this spring, private savings are increasing, and the public treasury reserves are substantially larger.

Foreign Trade Balance Improves

The foreign trade of France during 1953 showed a healthier balance than during the previous year, with exports paying for 81 per cent of imports, compared with 67 per cent in 1952. This enabled France to resume progress towards freeing inter-OEEC trade from restrictions. (The liberalization program was completely suspended in early 1952, following an alarming rise in the trade deficit.) Last September

about 8 per cent of imports from OEEC countries were freed from import control; this rose to 18 per cent later in the fall and to 53 per cent in April of this year.

The French deficit with the European Payments Union continues to be a problem, however, although it was much smaller in 1953 than in 1952. The cumulative total increased by \$306 million during 1953, compared with \$429 million in 1952. During the first four months of this year, the cumulative increase was only \$49 million, an annual rate of less than \$150 million—or one-half the 1953 rate.

The commercial balance with the dollar area improved in 1953, with 58 per cent of imports being paid for with exports; the equivalent average in 1952 was only 36 per cent. Exports to the sterling area covered only 34 per cent of imports last year, however, although this situation appeared to be improving in early 1954. United States aid directly financed an average of 5.4 billion francs of imports per month during 1953, out of a monthly average of 91 billion. This was approximately 60 per cent of the average monthly aid received during 1952.

Canadian Trade with France

Canadian trade with France continues to be in Canada's favour, even though imports from Canada fell substantially during 1953—from 26.8 billion francs in 1952 to 13.8 billion last year. French exports to Canada, by contrast, increased by almost 50 per cent to total 9.0 billion francs in 1953, compared with 6.7 billion in 1952. Canadian exports during the first quarter of this year had a value of 3.9 billion francs (3.5 in 1952) with imports from France reaching 1.2 billion francs, down slightly from the 1.4 billion francs of the first quarter of 1953.

Canadian products exported to France continue to be limited almost entirely to raw materials or to industrial products which cannot be obtained from non-dollar sources. This situation, which has existed for a number of years, naturally reflects the French inability to export enough to the dollar area to pay for needed imports. Though French exports to dollar countries have gained during the past year, they continue to be substantially lower than dollar imports. With the

present inconvertibility of the franc, Canadian exports to France (and those from other dollar area countries) are necessarily related to France's dollar earnings plus United States loans and grants.

The Outlook

The future level of Canadian trade with France is unpredictable. French exports to Canada are circumscribed both by the difficulties of doing business in a distant market and by the uncompetitive prices and designs of many French goods. Unless the French can find means to earn more dollars, our exports to France under present circumstances must continue to be restricted to goods which they cannot buy from soft-currency countries.

Strenuous efforts are being made to render French production more efficient, through modernization of equipment and the grouping of industries to produce a smaller range of products on a larger scale. Government aid to exporters through tax drawbacks and other fiscal measures is also bearing fruit. The present program of trade liberalization which progressively subjects French industry to international competition should hasten the process of adjustment to world price levels. It should also, in the long run, make French price levels more competitive, increase dollar earnings, and enable the country to import a larger volume of Canadian goods.

In the immediate future, however, present conditions seem likely to persist.

GERMANY

West German Republic made remarkable progress in 1953; exports rose by 17 per cent in volume; gold and dollar reserves nearly doubled; gross national product increased by 6 per cent. Liberalization of dollar imports, begun in February 1954, may be extended further.

BRUCE MACDONALD, *Commercial Counsellor, Bonn.*

THE PEOPLE OF WEST GERMANY had reason to be pleased with the economic results of 1953. The records confirm the continuation of remarkable progress. Agricultural output, overall production, and output in most individual industries were either eminently or reasonably satisfactory. Foreign trade expanded greatly and the terms of trade proved highly favourable to Germany. Exports increased in volume, variety, and value; imports, while increasing in volume, cost the country less. Gold and foreign exchange reserves nearly doubled.

The Deutsche Mark became harder and freer. Its convertibility—with some limitations on capital transfers—is now widely regarded as a possibility which will materialize “five minutes after sterling is made convertible”. It has, in fact, already attained a large measure of convertibility as a result of restrictions lifted during 1953 and in the first quarter of this year.

Prices remained notably stable and any important changes were downward. Exceptions were rents and charges for public utility services and transport, which were raised. The overall cost-of-living index moved slightly downward—from 171 for 1952 to 168 for 1953.

Wages rose somewhat and real wages also increased. The year was characterized by a widespread gain in

income resulting first, from tax reductions benefiting low- and middle-income groups under the so-called “Minor Tax Reform”; second, from a number of increases in the rate of social insurance pensions (over one-third of the budget goes towards welfare benefits of one kind or another); third, from rises in salaries paid in the public service; and fourth, from accelerated payments made under the “Equalization of Burdens Law”.

Housing conditions improved but the losses to be made good in this field remain staggering. Expenditures on food, goods (especially household appliances and motor vehicles), services, entertainment, and travel increased. All in all, the standard of living rose perceptibly although, because of the frightful wastage of war, it is still far below that of the United States, Canada and most of the countries of Northwest Europe.

Employment and Wages

The population of West Germany has reached 49·3 million (or 51·5 million, if the 2·2 million inhabitants of the West sector of Berlin are included). The Federal Republic is thus the largest country on the continent, (Italy, 47 million; France, 43 million). The United Kingdom, with 50·8 million, has roughly the same population. This review does not include the East or Soviet-controlled part of Germany, which has a popu-



This German workman is making a final test of a microscope to make certain that, both mechanically and optically, it is up to standard. Optical and precision instruments today figure largely in West Germany's export trade.

lation of 17.1 million, or 18.3 if the 1.2 million people who live in the East sector of Berlin are included.

The number of workers employed (*registered salary and wage earners*) increased from 15.2 million in March 1953 to 15.7 in March of this year. Despite this large increase in employment, unemployment also rose by 35,000 during the same period because of the large number of new workers who entered the labour market and the continuing problem of refugees from the Soviet controlled areas.

The fact that, even in a period of high economic activity, the unemployment rate has swung between 6 and 11 per cent (in absolute numbers, between one and two million) depending on seasonal factors, is not only a cause of concern for Germany, it also has significance for other modern industrial countries. It is the main reason why hourly gross earnings of German industrial workers averaged only 1.63 during 1953 (DM 1.56 in 1952) or under 40 cents compared with reported equivalent rates per hour of 47 cents in the United Kingdom, of \$1.78 in the United States and of about \$1.50 in Canada. There is no very strong movement at present towards a rise in

wages although workers are apparently seeking to reduce the hours of work, which averaged 47.9 per week in 1953 (peak 48.9 in November) compared with 47.5 in 1952.

Industrial and Agricultural Production

The gross national product totalled DM 134 billion in 1953, an increase of 6 per cent over the previous year. Roughly equivalent to \$32 billion, or \$620 per capita, this compared with Canada's GNP in 1953 of \$24 billion or \$1,600 per capita.

The overall index of industrial production (monthly average) rose from 145 in 1952 to 158 in 1953. (The basis is 1936=100.) Other indices increased as follows: raw materials and producers' goods, from 131 to 143; capital goods, from 170 to 175; consumer goods, from 135 to 156; construction, from 145 to 176. The cautious outlook, noticeable at the beginning of 1953, over prospects for certain industries proved justified in iron and steel and machine building; their production returns dropped. The declines were not large, however, and these industries are now showing signs of recovery. The textile industry, which was experiencing difficulties in 1952, recovered to an index of 146 for the whole of 1953, compared with 125 for 1952. Shipbuilding and motor vehicles also made outstanding progress.

Production of the main agricultural crops in 1953 was as follows, in thousands of metric tons. (The figures for 1952 are given in brackets.) Bread grains, 6,638 (6,582); fodder grains, 5,294 (4,887); potatoes, 24,535 (23,854); sugar beets, 8,422 (6,845). These substantial increases played an important part in the favourable foreign trade results.

The winter of 1953-54 was unusually cold and dry and the past spring exceptionally dry. There is thus some anxiety about this year's crops, although belated general rainfalls have appeared as this is being written.

Foreign Trade Expands

The continued expansion of German foreign trade, and especially exports, featured the economic scene in 1953, as it may the current year, judging by the figures for the first quarter. Total foreign trade rose in value from the equivalent of \$7.9 billion in 1952 to \$8.2 billion in 1953.

The increase came entirely in exports, which rose in value by some \$400 million, or ten per cent—\$4.0 billion to \$4.4 billion. The increase in volume was even greater, some 17 per cent.

Total imports dropped in value from the equivalent of \$3.85 billion in 1952 to \$3.81 billion in 1953 but because of the decline in raw material prices, which continued until late in 1953, this fall in value masked a rise in volume of 13 per cent.

The export expansion applied to all the main geographic areas and to all the payment areas and it is continuing, and even accelerating, in the present year. Total exports for the first quarter of 1953 were valued at DM 3,970 million (\$945 million); those for the first quarter of this year reached DM 4,941 million (\$1,172 million) an increase of 24 per cent.

Trade with Canada

The returns of the German Statistical Bureau indicate that total trade with Canada declined from DM 633 million (\$150 million) in 1952 to DM 593 million (\$141 million) in 1953, entirely because of a decline in imports from Canada, which fell from DM 539 million (\$128 million) in 1952 to DM 467 million (\$111 million) in 1953.

Exports to Canada increased sharply (by over 33 per cent) from DM 94 million (\$23 million) in 1952 to DM 126 million (\$30 million) in 1953. On the basis of the German statistics, Canada ranked ninth among Germany's suppliers in 1953 (seventh in 1952), but only 31st (28th in 1952) among Germany's customers.

The official Canadian returns (Dominion Bureau of Statistics) show the movement of trade between the two countries as follows (nearest millions of dollars):

	1952	1953
Exports to Germany	95	84
Imports from Germany	23	35
Total trade	118	119
Balance of trade in Canada's favour.....	72	49

The fall of \$11 million in exports to Germany stemmed mainly from smaller sales of barley, pitprops and wood pulp—products which are particularly susceptible to wide swings from year to year, at least in the German market. Exports to Germany of a number of other important commodities increased appreciably in value and volume—for example, iron ore, pig iron, primary aluminum, copper in ore, lead in ore, sulphur pyrites, asbestos, synthetic rubber, herring oil, hides and skins, canned salmon, canned lobster, and whisky.

The Financial Situation

As a result of the upward surge of exports and the favourable terms of trade, Germany's gold and dollar reserves totalled \$1,187 million at the close of 1953 compared with \$635 at the end of 1952. Her cumulative credit position in the European Payments Union rose during the same period from \$378 million to \$821 million (units of account). As of April 30th this year it had passed the billion dollar mark to reach \$1,034 million. These large and persistent credits, and some of the correctives recommended, are posing in acute form the problem of reconciling external and internal economic policy and this breaks down into the problem of reconciling conflicting

interests within the country itself. Broadly speaking, the divergent interests here lie, on the one hand, between the exporting industries and urban consumers and, on the other, agriculture. The latter is traditionally protectionist and conservative and sometimes even backward in the use of modern implements, chiefly, it would seem, because of the fragmentation of farms, which is said to characterize 65 per cent of all West German farm holdings. Ploughing with oxen is still a common sight all over the country.

The Federal Republic has now liberalized the level of her OEEC imports progressively as follows, as from the end of 1952: March 1953 to 84.4 per cent; April 1953 to 90.1 per cent; and February 1, 1954 to 92 per cent. The remaining 8 per cent consists for the most part of agricultural products. Certain industries, e.g., tires, still receive quantitative protection against their competitors in the OEEC—and dollar—countries. Many dollar goods are still subject to licensing.

Viewing the Future

The statistical data for the first quarter of 1954 indicate that business activity is continuing at a high level. The spring company reports, plus statements by government and business leaders, reveal an optimism which in some cases extends to three and even five years ahead. Certainly there is much internal work to do. It is estimated that three million new housing units are still required and extension of the great autobahn system is to begin next year. Rationalization of plant is expected to add to the huge backlog of construction (apart from housing) which remains, despite all that has been done so far, and will bolster the demand for capital goods.

Nevertheless, export pressure will almost certainly continue and probably expand. It will be assisted in several ways:

- By the restoration of old German trade connections and the creation of new ones—both of which are strongly under way.
- By the restoration of the German merchant marine and, soon to begin, the Lufthansa civil aviation service.
- By the restoration of the German diplomatic service which is nearly complete in the more important foreign countries.

There is little doubt that reciprocal economic relations of almost all kinds are bound to grow between Germany and Canada. The annual totals of Canadian exports to this country may vary from year to year, but the basic trend will in all probability be upward; German exports to Canada are also likely to rise.

The outlook in this market in the near future for those Canadian commodities which are currently largely excluded by quantitative restrictions, such as fully

manufactured products and processed foodstuffs, depends principally on two circumstances. The first is whether the list of goods import of which from the dollar area was liberalized on February 17th of this year (see *Foreign Trade* of March 6, 1954) will be extended. When the list was issued the Minister of Economic Affairs expressed the hope that it could be broadened before the end of the year. No further

announcement has been made so far. The second is the degree to which the prices of these Canadian goods are found to be competitive if and when the list is widened. There are reasons to fear that, on the basis of their present prices, some Canadian products would find it difficult to enter the German market, even if all existing restrictions were removed.

GREECE

Freeing of imports from quotas, quantitative restrictions and currency discrimination, a step taken in 1953, has proved successful. Total prohibition of wheat and flour imports remains and affects Canada's trade with Greece, though liberalization has widened opportunities there.

H. W. RICHARDSON, *Commercial Secretary, Athens.*

THE YEAR 1953 was an outstanding one in the economic and commercial life of Greece. For the first time in the postwar period, the country abandoned import quotas, quantitative restrictions, special import taxes for subsidies on exports, discrimination between currencies, and most controls over imports. This was done by the bold policy of jumping, rather than stepping gradually, to import freedom—a move made possible by the heavy devaluation of April 9, 1953, which cut the external value of Greek currency by one-half, plus a continuing deflationary policy on bank credit and circulating currency. Even though this bold measure has, as yet, been announced to the other member countries of OEEC as only an "experiment", most observers now believe it has been so successful that it stands an excellent chance of becoming long-term policy.

Favourable Developments

Partial restrictions remain on only a few ultra-luxury items and total restrictions only on wheat and wheat flour; all other goods can be freely imported from almost all the free world and not just from EPU countries, provided there is foreign exchange to pay for them. Unfortunately for Canada, the two prohibited items comprise the great bulk of our traditional export trade with Greece and it is to be hoped that the new policy will continue to be so successful that wheat and wheat flour may be freed.

Other significant and favourable developments in Greece in 1953 include:

- A switch to a favourable balance of international payments in the last half of 1953 for the first time since the war.

- A considerable increase in the reserves of gold and foreign exchange.
- The highest agricultural output in history, particularly of wheat.
- The highest rate of industrial output in history.
- A strengthening of the banking system, a start towards reduction of the high rates of interest and bank commissions, and an encouraging increase in the low volume of bank deposits.
- The passage of a law adequately protecting the interests of foreign private capital.
- Decreasing dependence upon United States economic aid, without accompanying difficulties.
- An encouraging increase in the tourist trade.

Balance of Payments Improved

The most important of these developments is probably the great improvement in the Greek balance of payments in spite of the general removal of import restrictions. A natural consequence of this has been the increase in the reserves of foreign exchange. During 1953, exports worth \$135 million, plus invisible receipts from shipping, tourism, emigrant remittances, etc., totalling \$118 million, almost paid for imports of \$238 million plus invisible payments of \$27 million. This compares favourably with 1952, when exports of \$114 million plus invisible receipts of \$85 million failed by a large margin to cover imports of \$289 million plus invisible payments of \$40 million. The adverse balance of payments has thus been reduced from \$130 million in 1952 to \$12 million in 1953.

This improvement, with continuing U.S. economic aid, permitted a relatively large 1953 increase in reserves of gold and foreign exchange—from about \$93 million to \$142 million, a fairly comfortable level in relation to the volume of external transactions. An interesting feature of this change has been the increase in dollar holdings from \$33 million to \$90 million, contrasted with a continuing EPU deficit; reserves of sterling dropped slightly, and gold reserves increased from \$9.5 million to \$10 million. This situation allows import licences to be granted dollar area suppliers at least as freely as European suppliers, other things (such as prices and terms) being equal.

Some Difficulties Remain

Weaknesses in the Greek economy still remain, chief among them the extremely limited development of natural resources in relation to the steadily increasing population. Efficiency in agriculture and secondary industry will probably be stepped up before long and will help to alleviate the difficulties which producers experienced after the freeing of imports, even though tariffs were raised. Gold coins still remain as a currency for certain transactions in competition with drachmas and this practice lowers the volume of bank deposits. Interest rates are thus high and working capital scarce, to the detriment of new economic activities. The large external debt, both prewar and postwar, ranks as an unsolved problem and, if service is to be resumed, as a potential burden upon the economy which could prove beyond bearing.

Economic Policies Sound

The success of the devaluation and the removal of import restrictions depends on Greece's ability to keep to a minimum price and wage increases following devaluation. Fiscal stability through balancing the State budget and strict currency and bank credit controls successfully set the stage in advance for the implementation of the new economic policies. These deflationary controls have since been continued relentlessly. This in turn has kept wholesale and retail prices to a modest 30 per cent increase and wage increases to 25 per cent in the 14 months following the 100 per cent rise in the cost of foreign exchange on April 9, 1953. This new par value was fixed at drachmas 30.00 (new issue) per U.S. dollar by doubling the previous rate of exchange in terms of drachmas. This bold move solved the problem of stabilizing the new par value of the drachma to make Greek exports more competitive and to attract invisible exchange earnings and foreign capital.

A series of measures for achieving monetary stability followed. Greek foreign trade was liberalized through

the system of freed imports and, at the same time, the strict control on note circulation and credit policy was not relaxed. Developments to date fully justify the correctness of the decision to establish the new par value of the drachma at double that of the previous notes.

Thus, though the present situation is more favourable than for two decades, the long-term outlook is clouded by uncertainties which make any predictions at this time unwise.

Trade Prospects for Canada

Canadian-Greek trade declined in 1953 mainly because of the total prohibition of Canadian wheat and flour imports since last July, although the trade balance continues heavily in Canada's favour. Exports from Canada totalled \$1.6 million in 1953 compared with \$4.4 million the previous year, and imports from Greece totalled \$224 thousand compared with \$197 thousand the previous year. The 1953 exports from Canada were featured by a non-recurring item of \$477 thousand in government canned beef, which was purchased by the Greek Government. The freedom from import restrictions permitted certain Canadian exports again to enter the Greek market—particularly canned salmon, salmon roe and tanned upper leathers. There was also a substantial increase in imports of Canadian polystyrene. Canadian purchases of Greek products continue to expand slowly, but volume is still low. Main products featured were alcoholic beverages, tobacco, gloves and processed furs.

For the first three months of 1954, Canadian exports to Greece were valued at \$472,782, compared with \$661,276 for the same quarter of 1953. Greek sales to Canada also were smaller, falling in the first quarter of 1954 to \$40,269, compared with \$49,070 in 1953.

Opportunities for Canada

Thus far, few Canadian firms have taken advantage of the present favourable trading conditions in Greece. There is complete freedom in imports (except wheat and flour) and prospects for many other Canadian products are now promising—if these products are competitive in other Mediterranean countries. It is hoped that this liberalization of imports will induce more Canadian firms to enter the Greek market. Furthermore, Greece should be remembered as a competitive source of supply for ripe olives, figs, oriental tobacco, wines, certain preserves, raisins, currants, sponges, and colophony. ●

IRELAND

Past twelve months have witnessed rise in industrial production and slight fall in unemployment. Trade deficit in 1953 was slightly smaller than in '52 but may increase during present year; over 90 per cent of exports continue to go to Britain, who is also leading supplier.

T. G. MAJOR, *Commercial Counsellor, Dublin.*

THE ECONOMY OF THE IRISH REPUBLIC showed no outstanding changes during the past twelve months, although the decontrol of agricultural and food products in the United Kingdom served to emphasize the vital importance of the cattle and meat trade to Irish well-being.

Industrial production is rising and unemployment is lower than in the spring of 1953. The index measuring the volume of production of industries producing transportable goods rose from 164.6 in the first quarter of 1953 to 189.8 in the last quarter; the average for the year was 16.7 points higher than for 1952. The industries contributing mainly to this rise were sugar and sugar confectionery; hosiery, woollen and worsted fabrics; tanning and leather; paper; fertilizers. In the first few months of this year, exports of chocolate crumb and chocolate confectionery to the United Kingdom, which rose phenomenally in 1953, dropped considerably as a result of increased production in Great Britain. Maintenance of output in this industry therefore depends on absorption by the home market or on finding alternative outlets. The engineering and implements, malting and distilling industries were among the small number in which production dropped.

In spite of the fact that wheat acreage has risen, wheat flour production declined during 1953 because of a fall in imports of wheat. However, millers throughout the Republic are installing extra grain-drying and storage facilities in anticipation of a record domestic wheat harvest this year, stimulated by the continued subsidy on production.

Creamery butter production for January and February 1954 showed a substantial increase over last year but imports from New Zealand of 10,000 cwt. were still necessary in those two months.

Expenditures and Cost of Living

Government expenditure exceeded revenue during the last financial year and the deficit was largely met by borrowing. In October a £25 million 4½ per cent National Loan was floated to finance electricity and peat development, agriculture, fisheries and afforestation projects, transport and housing.

The cost-of-living index, which rose sharply in the second quarter of 1953, has since shown little change. Statistics for the first quarter of this year, however,

indicate that retail prices are higher than in the corresponding period of 1953. The wholesale price index, on the other hand, was 6.4 points lower in January this year than in January 1953. However, the cost of living appears to be high in relation to consumer income.

Other Economic Factors

Construction of houses in the Republic has been declining steadily. Fewer new ones were built in 1953 than in 1952 and the total number constructed under state-aided schemes fell to 1,699 in the first two months of this year, compared with 2,340 in the same period of 1953.

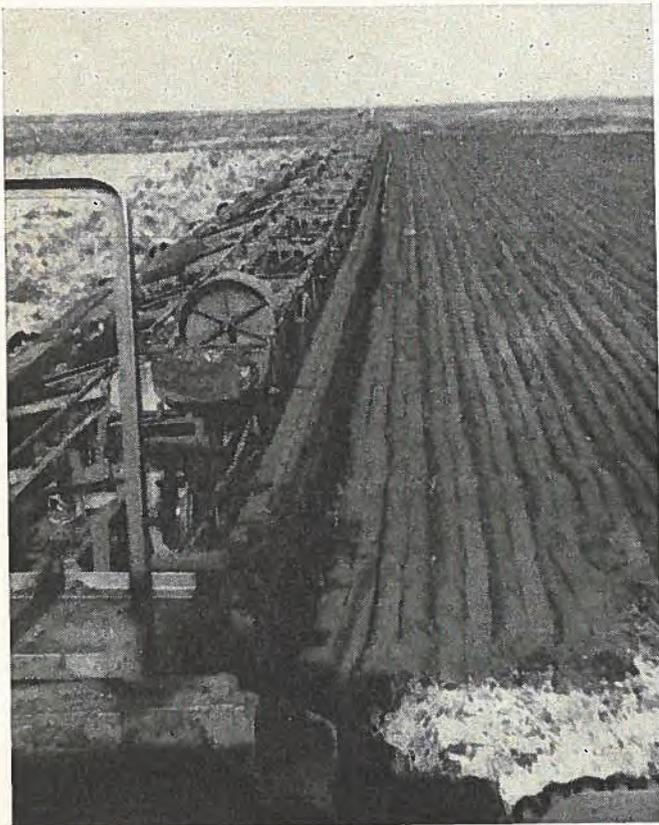
The tourist trade is holding up well. Total hotel receipts from visitors outside the Republic for the year 1953 reached over £5.8 million, compared with £5.5 million in 1952. Some £218 thousand of this was contributed by visitors from the United States and Canada, a 25 per cent increase over 1952, partly because of an overflow from the Coronation celebrations in the United Kingdom.

Emigration remains a major factor in the Irish economy and undoubtedly helps to ameliorate the unemployment problem. The birth rate has far exceeded the death rate since 1951, yet statistics reveal a decline in population since the 1951 census to the mid-1953 estimate of 2,942,000. Despite continued efforts to check the movement, migration from the countryside in general and the Gaeltacht in particular continues unabated.

Electricity Production and Transport

Electricity production in the Republic is increasing year by year. Monthly output in 1953 averaged 103.83 million kwh. compared with 94.47 million in 1952 and it is still rising. One factor is increased industrialization but the strides being made in the rural electrification scheme also contribute much to the trend. Recently the 100,000th consumer since the start of this program seven years ago was connected with the national network.

The Irish national transport system, Coras Iompair Eireann, is planning an almost complete replacement of steam by diesel power and has recently signed a £4½ million contract with a British firm for 94 diesel



This special machine is at work cutting peat, a fuel widely used in Ireland. The arm is 54 metres long and turns 1½ tons of "turf" per minute. Irish peat-winning machinery was on display at the C.I.T.F. in Toronto this spring.

electric locomotives. In addition, the company is building a number of diesel locomotives in the Republic. This change-over will save about £1 million a year in fuel costs.

Agricultural Production

The agricultural price index averaged 316 in 1953 and fell to 314 in February 1954, compared with 317 in the same month last year.

The government policy of increasing the area of land under tillage is reflected in the rise in the acreage under wheat in 1953 and the yield per statute acre of this crop also is believed to have risen. Sugar beet acreage and yield per acre were up but, on the other hand, the production of oats and barley declined. The Government is putting greater emphasis on the vital need for building up soil fertility, lowered seriously by the shortage of fertilizers immediately before and during the war years. A number of fertilizer plants have been opened recently.

The cattle, sheep and pig population went up by 3.5, 4.9 and 13.7 per cent respectively between January 1953 and January 1954 but the poultry population fell

by 6 per cent, the result of price declines in the United Kingdom market. The Minister for Agriculture recently outlined a proposed scheme for the eradication of tuberculosis in cattle. This is related to the forthcoming decontrol of the livestock and meat trade in Great Britain as it is felt that the disease could seriously hamper the Republic's cattle trade.

Trade Deficit Persists

Total trade of the Republic in 1953 reached £297.4 million, with the excess of imports over exports £69.4 million, £1.3 million less than in 1952. In the early months of this year, however, the trade deficit again showed signs of increasing. It is estimated that imports in March exceeded the 1953 figure for that month and exports were about £.79 million lower than in March 1953.

In 1953, just over half of the imports into the Republic came from the United Kingdom, 13.9 per cent from dollar countries, and 18.8 per cent from non-sterling EPU countries. Some 90.6 per cent of exports went to the United Kingdom (an increase of 4½ per cent on 1952), 2.5 per cent to the dollar area, and 3.8 per cent to non-sterling EPU countries. Figures for January-February 1954 reveal an increase in buying from sterling and non-sterling EPU countries as compared with the same two months of 1953 and a decrease in dollar imports because of a fall in wheat purchases from Canada. Imports from the United States actually increased in this period. A comparison of exports for the same two months of 1954 and 1953 reveals that sales to the United Kingdom rose but those to non-sterling EPU countries, and the dollar area in particular, dropped off. The OEEC inter-European trade liberalization figure for the Republic of Ireland now stands at 86.7 per cent, compared with just over 75 per cent before July 1953.

Trade with Canada

Trade between the Republic of Ireland and Canada, which is greatly hampered by exchange restrictions, has declined considerably since 1952. The value of this trade fell from £11.2 million in 1952 to £6.1 million in 1953 because of a fall in imports of nearly 50 per cent—from £10.9 million to £5.7 million. The 1954 statistics reveal an acceleration of this trend, although a moderate increase in exports to Canada during the first quarter of 1954 compared with the same period of 1953 is apparent. In 1953 chief imports were wheat, lumber, newsprint, hides, skins and wastes of leather; the most important exports were raw wool, chocolate and chocolate confectionery, jute fabrics and sisal matting, and pork. Cordage and woollen and worsted fabrics also figured in the trade. Exports of frozen beef and veal, which reached only £2,410 during 1953, totalled £22,573 in the first two months of 1954. ●

ITALY

Good crops, especially of wheat, higher industrial production, and a smaller trade deficit marked 1953. Improvement in the trade picture may well continue throughout this year, as exports continue slow climb and rate of imports seems to be stabilized at about \$200 million a month.

A. A. CARON, Assistant Commercial Secretary, Rome.

IN GENERAL, business conditions in Italy improved during the last few months of 1953, assisted by good crops, a large number of tourists (including 67,000 Canadians) and by the confidence in business circles over the Government's attitude towards the more serious problems of Italian production.

The value of Italy's foreign trade last year totalled \$3,900 million,* compared with \$3,700 million in 1952, but this trade remains beset by certain problems, chief of which is a structural deficit in its balance. The trade deficit stems largely from external causes, as it is linked with international conditions and with the actions of other countries in relation to Italy—about 80 per cent of Italian imports consist of essential goods which cannot be produced domestically. U.S. economic aid and offshore orders have largely financed the overall deficit.

Industrial Production Rises

Stated in terms of 1938 production=100, the general index of industrial production stood at 156 in 1953, an increase of 9.9 per cent over 1952, in spite of strong international competition. The index numbers for the three branches of industry were: mining, 175, or 30 per cent above the index number of 1952; manufacturing, 150 (14 per cent greater); electricity and gas, 202 (9 per cent greater).

Italian industry, located principally in the north, is varied in character and consists chiefly of a few big and internationally known enterprises and a very large number of small and scattered manufacturing units. Heavy industry is concentrated in and near Milan, Turin and Genoa, although steel is also produced in central and southern Italy. The principal lines are still automotive and railway transportation equipment, shipbuilding, and mechanical engineering. In most of these lines, especially shipbuilding, production capacity substantially exceeds current use. The chemical industry is located mainly on the Po River and its tributaries and to a lesser extent in Central and Southern Italy.

The surplus of labour remains a major industrial problem. The abundance of cheap labour, coupled

with high interest rates and a dearth of capital seeking investment, has made managements slow to install costly capital equipment and the degree of mechanization in industry is below North American standards. In addition, some industrial companies often find themselves obliged to keep a considerable number of inactive workers on their payrolls.

The following index figures for 1952 and 1953 give an idea of the progress achieved in the various branches of industry:

Index Numbers Classified by Branch and Group of Industries

BRANCH AND CLASS	1952	1953
<i>Mining Industries</i>	145	175
Metallic ores	99	102
Non-metallic ores	165	208
<i>Manufacturing Industries</i>	136	150
Food and allied industries	146	150
Textile and clothing	105	113
Wood	62	59
Paper	113	129
Metallurgy	150	149
Engineering	142	156
Processing non-metallic ores	137	161
<i>Chemical and Kindred Industries</i>	172	212
Chemical	147	177
By-products of coal and oil	465	591
Synthetic textile fibres	71	96
Rubber	142	160
<i>Electricity and Gas</i>	193	202
Electric	200	212
Gas industries	163	157
General Index Number	142	156
Exclusive of electricity and gas	136	150

The Agricultural Record

On the whole, the agricultural year 1952-53 was favourable and did not disappoint expectations. The bumper wheat crop was followed by an excellent maize harvest. The outstanding wheat crop meant that Italy did not have to import such large quantities of wheat from the usual suppliers, such as Canada, the United States, Argentina and Australia.

The favourable results of the agricultural year must be credited also to improved methods of farming, the increasing use of fertilizers, and the ever-growing mechanization of farms. At the beginning of 1953 some 97,913 agricultural machines were in use in Italy, about 80,907 of them tractors. The growth of

* Unless otherwise noted, dollars means U.S. funds.

farm mechanization in the last five years is illustrated by the rise in new tractors registered from 3,167 in 1949 to 15,765 in 1953.

Trading Problems

The statistics currently available indicate that the improvement in Italy's foreign trade registered late in 1953 may well continue throughout 1954. Imports appear to be stabilizing at about \$200 million a month; exports appear to be climbing slowly but steadily and to be remaining well above the 1953 monthly average of \$124 million.

The slowing-down in the rate at which imports are rising can be attributed largely to the substitution of domestic wheat and methane gas for imported grains and coal. The upturn in exports is the result partly of the improving European economic and financial situation and increases in trade liberalization by other OEEC countries. Over 66 per cent of Italy's trade in 1953 was carried on with EPU members.

Despite the improved trade balance, trade still presents some problems. The deficit, although tending downward, threatens to remain large—it averaged \$74 million a month in January-February 1954, an annual rate of \$888 million. Import competition was encouraged by Italian liberalization of OEEC imports, a step which continued to be severely criticized on the ground that aid received by exporters in some other countries apparently was impairing the value of the relatively small protection afforded by temporarily reduced Italian tariffs. It was reported that many small firms have been forced to the wall, unable to compete with goods allegedly dumped by certain European countries. Exports have also encountered difficulty, it is claimed, partly because of medium and long-term export credits and other incentives available to certain of Italy's competitors. In addition, restrictions on imports of foods and agricultural items, especially by EPU creditor countries which are important markets for Italy's exports, are adversely affecting the country.

Foreign Trade by Currency Areas

The following table gives the monthly averages of the foreign trade of Italy by currency areas:

Imports	(in millions of dollars)		
	Dollar area	EPU area	Other
1952	52	110	33
1953	34	134	32
Exports			
1952	17	76	23
1953	17	81	26

Compared with 1953, there may be a fall in dollar imports in 1954, largely because of smaller wheat purchases from the U.S. and Canada. A planned increase in imports of U.S. coal offsets this wheat reduction only partially. A high level of EPU imports is anticipated, based on Italy's continued demand for consumer and investment goods and the maintenance

of a liberal import policy. Imports of Turkish wheat and possibly European coal will probably fall but larger imports of Australian wool, sterling area crude oil, Pakistan cotton and European machinery are expected.

Imports from third areas should rise because Argentina expects to supply 500 thousand tons of wheat, the Soviet Bloc promises to deliver more grain, cotton and petroleum, and Brazilian coffee imports continue to grow despite rising prices.

Exports to EPU countries will undoubtedly increase substantially, dollar exports will probably show no great change, and those to third areas will expand moderately.

Trade Policy

Italy's trade and payment difficulties have forced the Government to consider corrective action. A policy of shifting imports from dollar and EPU countries to third sources has been put into effect on a trial basis. It is, however, meeting some resistance because the independent Italian cotton mills prefer U.S. to Egyptian cotton and some operators prefer U.S. to Polish coal. Another policy, that of liberalizing the issuance of dollar import licences on a selective basis, is being considered and most importers are, moreover, demanding full liberalization of many dollar imports. As for EPU imports, the Government has been petitioned to restore quantitative restrictions to protect some hard-pressed sectors. This would reportedly involve a drop of about 8 per cent in Italy's present OEEC liberalization program of 99 per cent. A restoration of higher import tariff schedules is also a currently popular demand. Still being considered are various export incentives, such as fiscal rebates and medium-term credits.

Trade with Canada

The following table illustrates the trade between Canada and Italy.

	(in Canadian dollars)	
	1952	1953
Imports from Canada	52,645,030	33,169,576
Exports to Canada	11,735,426	14,270,933
Italy's deficit	40,909,604	18,898,643

The 1953 imports of wheat and flour from Canada fell far below the 1952 figure because of the excellent Italian crop and the increased production of local flour mills. Imports of codfish fell off largely because Italian importers had abnormal stocks carried over from the previous year. Greater quantities of canned salmon were purchased from British Columbia exporters and it is expected that the current local demand will approach the 1953 level. Non-ferrous metals such as aluminum and asbestos fared well but there was a somewhat smaller demand for stainless

steel and wood pulp. Canadian chemicals were imported in larger quantities in 1953 than in 1952.

Italian sales to Canada of wines, cherries and nuts increased last year and the market for Italian machinery and machine tools also expanded.

Canada-Italy Arrangement

On Thursday, June 10th, the Rt. Hon. C. D. Howe, Minister of Trade and Commerce, made the following statement to the House of Commons:

"Wednesday evening a joint statement was issued in Rome by the Hon. Mario Martinelli, Minister of Foreign Trade of Italy, and the Hon. Robert Winters, Minister of Public Works of Canada. This statement announced an arrangement between Canada and Italy, whereby Italy has agreed to make dollars available for the importation of codfish, canned salmon and synthetic rubber. This arrangement was negotiated by the Hon. Robert Winters, following preliminary dis-

cussions carried on in Rome with Italian officials by Shirley G. MacDonald, Commercial Counsellor of the Department of Trade and Commerce.

"Under this arrangement the Government of Italy has agreed to make dollars available for the purchase during the period July 1, 1954, to June 30, 1955, of Newfoundland and Labrador-type codfish, valued at \$2,500,000; Gaspé-type codfish, valued at \$600,000; and canned salmon, valued at \$2,000,000.

"Provision for the sale of canned salmon was made possible by the lower prices for this product now being quoted in markets abroad. In addition, an initial quota for the importation of \$500,000 worth of synthetic rubber has been established. This quota is over and above the considerable quantity of synthetic rubber for which quotas have already been established.

"Codfish, canned salmon and synthetic rubber are among the most important Canadian exports to Italy. This new arrangement will place sales of these products on a firm and stable basis in the Italian market."

NETHERLANDS

Most restrictions on imports of dollar goods removed June 1st; but new freedom provides a challenge rather than a concession for Canadian exporters. Government plan to increase industrialization is proving successful and the people are enjoying greater private consumption.

V. L. CHAPIN, *Commercial Secretary, The Hague.*

ON JUNE 1st the Netherlands Government removed all but a few restrictions on the import of goods originating in the dollar area. The Dutch now accord to dollar goods the same freedom as the Belgians do—and Belgium's dollar import policy has been one of the most liberal in Europe since early in 1953. The removal of Dutch restrictions is, in fact, a result of the adoption by the two countries of a common import policy for dollar goods. As a consequence, the Benelux Governments have moved a step nearer to complete economic union and this area, with its population of 20 million, is practically a free market for Canadian products.

Canadian exporters must, however, regard this new freedom as a challenge rather than a concession. The Benelux Governments do not anticipate that dollar imports into the area will increase. This opinion is based on the belief that Canadian and U.S. manufacturers will do well to hold their own in the market, let alone oust European suppliers who, during the days of dollar restrictions, established themselves in the Benelux area. The new policy has been adopted

partly because of this assumption, but mainly because of a substantial increase in Netherlands gold and dollar reserves—a direct result of a steady strengthening of the Dutch economy.

Common Import Policy

Under the new policy, a common free list has been established for dollar imports which is, with a few exceptions, the same as the free list governing imports from the OEEC area. In other words, dollar goods now enjoy almost the same degree of import freedom as do goods originating in Western Europe. Commodities of particular importance to Canadian exporters included in the free list are the following: newsprint and wood products, including lumber and plywood; wood pulp; metal ores; iron and steel products, including special steels; crude aluminum, and other base metals; asbestos; chemicals; leather; electric and gas ranges, oil furnaces, washing machines; synthetic rubber products; large-size refrigeration units; salmon; frozen horsemeat; whisky, and all coarse grains. Items of interest to Canadian manufacturers which do not

appear on the free list but which will likely be under quota or some other form of limited restrictions are the following: bulk antibiotics, nylon hosiery, hides and skins, and domestic refrigerators. Information regarding individual goods may be obtained from the International Trade Relations Branch of the Department.

It is possible that a few items may be restricted to protect local production and industry. Such restriction, generally speaking, applies to the OEEC as well as to dollar goods.

Quota goods, like free list goods, can be transferred without restrictions throughout the Benelux area. This may result in one or the other of the partners monopolizing the trade in various commodities.

Challenge not Concession

In calculating whether the new policy would deplete their dollar reserves, the Benelux partners counted heavily on the inability of Canadian and U.S. manufacturers to make any substantial increase in their exports to this area. In fact, some quarters express doubts that we can maintain the present level of our exports to this market, even in the essential raw material trade in which we have had a strong postwar position.

The logic of these calculations is that the abnormal demand for dollar goods has disappeared. This is not the result of any substantial slackening of Dutch and Belgian demand but reflects the fact that supplies which formerly could be purchased only in the dollar area are now available at competitive prices from many West European countries and from a few in Eastern Europe. It is for this reason that the new freedom is a challenge rather than a concession. The market is no longer here for the asking—it must be won. In planning their campaign, Canadian exporters should bear in mind that they have a distinct advantage over European suppliers because the Dutch especially place a high premium on Canadian quality and on Canadian products generally. Purchasing power in this country is, however, deliberately curtailed in order to keep consumption within manageable proportions, and price is an all-important factor. A certain combination for success is Canadian quality at European prices and this is true of both industrial raw materials and durable goods.

Strength of the Dutch Economy

Few, if any, countries enjoy a happier blend of control and freedom than is to be found in Holland. The Central Planning Bureau of the Netherlands Government has carefully planned the nation's course and government, management and labour are working in

harmony to achieve it. Throughout the postwar period the keynote of the plan has been a sacrifice of private consumption in the interest of investment at home to industrialize the nation. This industrialization was desired to counterbalance the loss of the Dutch East Indies and to maintain a flow of goods for foreign trade, the lifeblood of the economy. To accomplish this, fiscal policy has been designed to keep private consumption at the lowest possible level consistent with national well-being, and wages have been, and continue to be, controlled at a level lower than in most European countries.

The task which the Netherlands Government has set itself is not yet completed but it has advanced to the stage where the Dutch nation can now begin to enjoy a greater measure of private consumption. This is evidenced by a consistent surplus on current account, by a gold and dollar reserve of approximately one billion dollars, a cumulative EPU surplus position of 340 million at the end of March, and by increased freedom of capital movements.

Schuman Plan

The High Authority of the European Community of Coal and Steel which was instituted under the Schuman Plan last year opened a common market for coal, iron ore, scrap and steel.

Customs duties and quota restrictions, which impeded the free movement of coal and steel within the six member countries, have been abolished; so have exchange controls. The President of the High Authority, M. Jean Monnet, has reported progress in this step towards the economic integration of Western Europe.

Discriminatory railway tariffs have been removed, exchanges between the six member countries have increased, imports of coal from outside the Community have fallen, and exports have risen after a year of operation of the Schuman Plan.

A loan agreement between the U.S. Government and the High Authority will assist it to finance re-equipment in the member countries and to build homes for mine workers. The High Authority is also looking forward to closer collaboration with the United Kingdom on the production and distribution of coal and steel. All this represents a considerable achievement and hopes are high that this plan can be extended to include other spheres of economic integration.

NORWAY

Low export prices and rise in imports during 1953 meant continued restrictions on purchases from dollar area. Lower freight rates brought a decline in shipping profits, though merchant fleet increased. First quarter of 1954 saw slight improvement in exports and a fall in imports.

J. L. MUTTER, *Commercial Counsellor, Oslo.*

DURING 1953, Norway's total production of goods and services topped that of 1952 and the exchange of goods and services with the rest of the world also rose. Export prices, however, developed less favourably than import prices and imports also increased in volume more than exports; the result was a large deficit in the balance of payments. The import surplus and the rise in production made possible greater civilian consumption and capital formation, despite a rise in defence expenditures. The low prices and marketing difficulties experienced by the export industries in 1952 carried on into the first half of 1953 and production in some—notably those manufacturing wood pulp, paper and paper products—fell below the previous year. However, in the late summer marketing conditions improved and production rose, although prices continued low.

From April 1948 to September 1953 Norway received \$460 million in economic aid from the United States under ERP and MSA and \$275 million of this represented direct aid. Since June 30 of last year, Norway has not had any further help under MSA. However, offshore procurement orders, mainly for ammunition, given to Norwegian suppliers totalled \$22.5 million during 1952 and 1953 and in the last six months of 1953 technical aid granted to Norway amounted to \$40,000. These offshore procurement orders and limited dollar grants for technical purposes appear to be the only forms in which Norway will receive American aid in the future.

Relations with EPU

In 1953, as before, the European Payments Union was a vital factor in Norway's economic relations with other member countries. At the end of the year her total deficit in EPU stood at \$106.41 million, compared with \$16.51 million a year previously. The December deficit of \$15.14 million was the largest for any one month. The big deficit in 1953 was mainly due to a N.Kr.623 million decrease in export and shipping earnings. During the first quarter of 1954 the deficit went up by \$11.1 million and by the end of March reached \$117.51 million. About \$31 million of this has been paid in gold or dollars; the balance, \$86.5 million, represents Norway's debt to the Union.

As a result of the unfavourable balance of payments, Norway did not take steps during the year towards a further liberalization of inter-European trade. On the contrary, import regulations were more stringently applied to certain goods and the so-called "global quotas" were slightly reduced. The Ministry of Finance appealed to the banks to adjust their credit-granting policies in a further effort to limit imports.

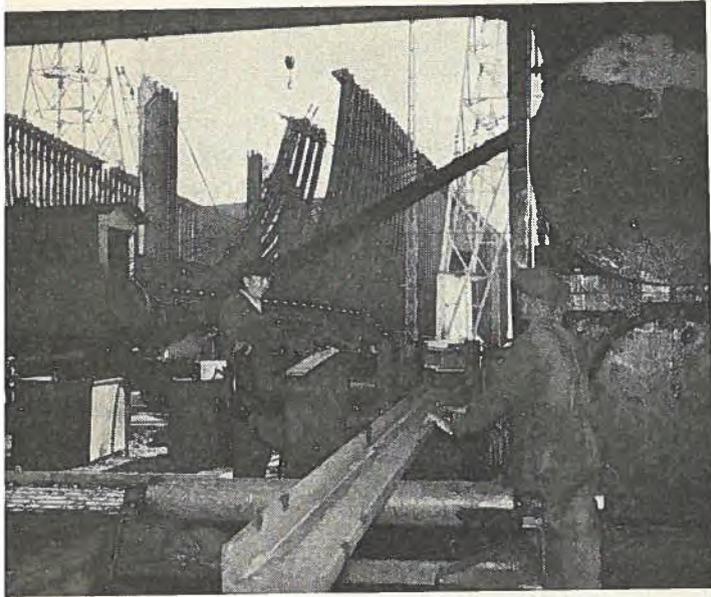
Balance of Payments

The year 1951 brought a surplus on the balance of payments for goods and services, 1952 approximate equilibrium, and 1953 a deficit of about N.Kr.711 million. Main cause was a considerable drop in freight rates and the low prices prevailing for exports of wood refining products. The deficit was financed mainly by credit in the European Payments Union and to a lesser extent by long-term foreign loans and an increase in business credits abroad. The balance with the dollar area was favourable to Norway, with a \$22 million surplus. This surplus, however, was reduced to \$7.5 million by the repayment of debts and by capital expenditure.

Trade Shows Import Surplus

Although the volume of both export and import trade increased over 1952, the value of '53 exports (exclusive of ships) declined by N.Kr.302 million as a result of lower prices on the world market. Import values, on the other hand, increased by N.Kr.44 million. The total import surplus (commodities only) rose from N.Kr.1,816 million in 1952 to 2,162 million in 1953. Value of imports in 1952 was N.Kr.5,584 million and in 1953 5,628 million, and of exports, N.Kr.3,768 million in 1952 and 3,466 million in 1953.

The value of Norway's exports to the dollar area increased by 28 per cent over 1952; imports from the dollar area went down by 14.5 per cent compared with 1952. Main factor in this favourable trend was a rise in Norwegian exports to the United States of 32.5 per cent and a drop in imports from the U.S. of 20.7 per cent. Stringent restrictions on dollar imports were partly responsible for this trend. Of total Norwegian imports, 76 per cent came from European countries, compared with 72 per cent in 1952.



This ship taking shape on the ways in an Oslo shipyard is typical of the new vessels being added to the merchant fleet. Norway's earnings from shipping, however, declined during 1953, largely because of lower freight rates.

The chief suppliers were (1952 figures in parentheses): Great Britain, 21 per cent, (20); Western Germany, 16.1 per cent, (11.2); Sweden, 13.1 per cent, (13.8), and the United States, 8.5 per cent (11.1). The principal purchasers of Norwegian goods were Great Britain, 19.5 (20.1); the United States, 11.9 (7.7); Sweden, 9.4 (9.6), and Western Germany, 9.1 (8.8).

Trade with Canada

Norway imported slightly less from Canada than in 1952—a total of \$37.3 million compared with \$39 million. Commodities figuring most largely were, in order of importance, nickel in matte or speiss, wheat, fine copper in ore, synthetic rubber, ores n.o.p., wireless radio apparatus, flaxseed, carbon graphite electrodes, and barley. Total value of exports to Canada declined considerably—from \$3.9 million to \$2.3 million. Norwegian fish products, which in 1953 comprised about half of these exports, appear to be steadily gaining a larger market in Canada. The most important exports to the Canadian market were canned anchovies and sardines; castings of steel; nickel bars, rods, strips and sheets; canned crabs, clams and shrimps; platinum, palladium and iridium; non-ferrous metals and products thereof; salted herrings; cod liver oil; cash registers; canned kippered herrings.

Shipping Profits Decline

The past year has been a difficult one for the Norwegian shipping industry. Lower freight rates meant that shipping profits declined by N.Kr.450-500 million, totalling approximately N.Kr.1,550 million. The tramp freight index (July-December 1947 equals 100) remained fairly stable throughout the year; the highest

rate, 93.5, was reached in April and the lowest, 83.3, in August. In February 1954 it was 85.6. The time charter index also reached its highest point, 76.3, in April and the lowest level, 63, in January. In February 1954 it rose to 69.3. The freights prevailing throughout 1953 were, however, sufficiently high to keep most of the Norwegian merchant fleet in operation. The number of gross tons laid up varied from 33,423 in January 1953 to 102,924 in October. On March 1, 1954, the laid-up tonnage totalled 87,908 (42 ships). The special tax imposed by the Government in 1948 on shipping freights earned by Norwegian shipping companies was abolished from January 1, 1954.

The merchant fleet continued to increase during 1953, from 6.04 to 6.45 million gross tons. The net increase represented about 410 thousand gross tons compared with 254 thousand in 1952. Of the total fleet on January 1, 1954, 395 were tankers totalling 3,405,000 tons. Deliveries of new ships from abroad in 1954 are estimated at 700 thousand gross tons, compared with about 400 thousand gross tons in 1953.

Fisheries and Whaling

As a result of unfavourable weather, the Lofoten cod fisheries and the winter herring fisheries yielded considerably smaller catches than in 1952. The former declined from 90,807 to 50,113 tons and the latter from 820 thousand to 670 thousand tons. The total fisheries catch was some 20 per cent lower than in 1952; gross production was valued at N.Kr.454 million, or N.Kr.44 million less than in the previous year. On July 1, 1953, the Norwegian fishing fleet consisted of 36,056 vessels, compared with 34,127 vessels a year previously. The total catches of herring during the winter and spring season of 1954 reached a record of approximately 1,025,000 tons.

Because of the low prices for whale oil, only seven Norwegian floating factories and 95 whalers participated in the Antarctic whaling operations during the 1952-53 season, compared with 10 factories and 132 whalers during the previous season. Consequently, the production of whale oil and sperm oil declined and the total value of the catch dropped from N.Kr.226 million to N.Kr. 173 million. During the 1953-54 season, which ended on March 18, nine Norwegian floating factories participated.

Agriculture and Forestry

Agriculture enjoyed a particularly good year and the output of vegetable products reached a new high. Hay crops and grazing proved satisfactory so that,

in spite of smaller purchases of feedingstuffs from abroad, the output of animal products surpassed 1952. The steady increase in production in recent years has made it difficult to market bacon, eggs and butter. The output of milk products was too large to be marketed locally and exports, particularly of butter, increased. A reduction in the price of milk, however, helped to raise local consumption. Exports of eggs reached a record 2,150 tons, an increase of 94 per cent compared with 1952. The gross value of agricultural production in 1953 is estimated at N.Kr.1,482 million, or N.Kr.138 million more than in 1952.

During the felling season 1952-53, timber production dropped below the record of the previous season but had a gross value of N.Kr.747 million (N.Kr.943 million in 1952).

Industrial Output Rose

Norwegian industries experienced varying conditions during 1953, but activity was high and output rose during the last half of the year. The total index of industrial production (1949 equals 100) was 127 for the whole year, compared with 122 for 1952. The index for export industries rose from 129 to 133 and for industries producing for the home market from 120 to 125. The wood refining, iron and metal and textile industries showed marked increases in output compared with the previous year. As in 1952, the iron ore industry achieved the largest increase in output—

from 887 thousand to 1.27 million tons, most of which was exported. It was hard to market kippers and smoked herring in 1952 because of import restrictions in some of the more important buying countries, and large stocks remained on hand at the beginning of 1953. For this reason the production of these commodities was cut and the production index of the canning industry declined.

During the year certain industries, particularly tanneries, leather, footwear and textile manufacturers, appeared short of liquid assets. As a result, the Ministry of Finance freed previously frozen funds for these industries as well as for the fisheries. Industrial production as a whole, however, continued to rise during the first few months of 1954.

Outlook for 1954

During the first quarter of this year, Norway's imports were slightly lower and exports slightly higher than in 1953, and shipping freights also improved. If the international economic situation remains favourable, increased production and high employment will probably continue throughout the current year. Irrespective of world economic developments, however, a deficit on the balance of payments in 1954 seems certain; imports of ships will go up and the buying pressure for other imports is likely to continue. The size of the deficit will therefore depend largely on the trend in the terms of trade.

trade commissioners on tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions here and to renew their contacts with businessmen. Details of their itineraries appear under this heading, as a service to exporters and importers who wish to discuss trading problems with them.

M. J. VECHSLER, Canadian Government Trade Commissioner in Liverpool, began his Canadian tour in Toronto on June 23rd. His itinerary is:

Toronto—June 28-29	Kitchener—July 5
Hamilton—June 30	London—July 6-7
St. Catharines—July 2	Windsor—July 8-9

W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, began his Canadian tour in Ottawa on March 3rd and completes it in Vancouver, June 22nd to 30th.

Businessmen in the various centres may get in touch with these officers through the following organizations:

Chamber of Commerce—Hamilton, Kitchener, London, St. Catharines, Windsor.

Canadian Manufacturers Association—Toronto.

Department of Trade and Commerce—Vancouver (355 Burrard Street).

PORTUGAL

Six Year Plan made progress during 1953; two important dams plus power stations were completed. Trade showed unfavourable balance because exports fell in both volume and value. Foreign exchange reserves are high and restrictions on dollar imports may be relaxed.

L. MOORE COSGRAVE, *Commercial Counsellor, Lisbon.*

SEVERAL SECTORS OF THE PORTUGUESE ECONOMY have achieved expansion in the past twelve months. Construction of houses and public buildings, of roads and bridges, of hydro-electric projects in the river valleys and of irrigation facilities has gone on apace; railways, airports, seaports, the merchant marine and the fishing fleet have all shared in the development. Bearing in mind the size of the country and its few natural resources, plus the fact that private industry has been, until recently, reluctant to subscribe to such undertakings, the record is a remarkable one.

The Six Year Plan

Some 1,713,500 contos* were earmarked for the Six Year Plan in Continental Portugal during 1953 but not all of this was used, because of delays in some of the projects and slow delivery of construction materials. Even so, the following sections of the plan made progress: afforestation; the settlement of farmers; building of hydro-electric stations and oil refineries; development of maritime ports, railways, merchant and fishing fleets; and telegraph and telephone facilities.

Several new ships and many fishing boats have been commissioned, two important dams and their power stations completed, and the new national oil refinery nearly finished. Production of calcic-cyanamid has begun and two other large enterprises have gone into operation. One of these is carrying out the harnessing of the River Douro and the other is undertaking the building of a large thermal power station, burning national oil, to support the national grid when necessary, as in times of drought.

Metallurgy has taken a step forward and it is expected that progress will quicken when the Douro power station begins to produce.

Trade in Agricultural Products

The 1953 season was an unfavourable one for agriculture in metropolitan Portugal and especially for fruit and vegetables. Wine and olive oil, however, the products with the greatest influence on the Portuguese economy, had better success; the olive and grape crops were exceptional—much larger than the average

* One conto=1,000 escudos, or approximately \$34.00 Canadian.

of the last ten years. The production of wheat has also been increasing slowly for the last five years and in 1953 reached about 650 thousand tons. Production of maize dropped in 1953 in both irrigated and non-irrigated zones.

Stock breeding had its ups and downs during the year; the drought made forage scarce but the situation improved during the first months of 1954.

Other Export Industries

Wood and Cork

Wood exports, and especially pitprops, dropped during 1953 compared with the previous year; so did sales abroad of certain classes of cork, mainly shavings and cork-boards, down by Can.\$646 thousand and Can.\$918 thousand respectively. The only class of cork products to rise both in value and quantity was cork agglomerates.

During the first five months of 1954, however, both the cork industry and the export trade in cork have improved so much that substantial exports during 1954 seem possible.

Resinous Products

Exports of rosin during 1953 were about double those of 1952, although the unit value dropped about 20 per cent.

Ore

Exports of ore, especially pyrites and wolfram, fell sharply—down by Can.\$782 thousand and Can.\$5.3 million respectively, compared with 1952.

Wine

Table wine exports increased in value but decreased in volume; port wine showed a slight drop in value but the volume rose over 1952.

Canned Fish

Sales abroad of some species of canned fish improved but the price per unit was lower, especially for sardines in olive oil and in sauces. The canned fish industry appears to be having problems and no improvement was evident until quite recently.

Industry in general has been passing through an anxious phase. In fact, the increase in competition

both in home and in foreign markets has produced a difficult situation for some industries and the 1953 drought, lowering power production by about 25 per cent, has certainly not improved matters. Competition in the home market comes mainly from so-called cottage industries, which produce much more cheaply, and foreign competition from other European countries which could not previously export but are now back in the field.

Foreign Trade

A comparison of the 1952 and 1953 figures on Portuguese foreign trade reveals that the unfavourable balance of 3,178,000 contos in 1952 rose in 1953 to 3,215,000 contos.

Portuguese Foreign Trade

	1953		1952	
	Tons	Contos	Tons	Contos
Imports	2,919,000	9,505,000	2,729,000	9,988,000
Exports	1,857,000	6,290,000	2,354,000	6,810,000
Balance ...	1,062,000	3,215,000	375,000	3,178,000

The figures for 1953 show that the cost of imported raw materials dropped about 25 per cent compared with 1952 but exports also fell both in volume and value.

In trade with Portuguese overseas territories, the deficit with Mozambique and Guinea increased and the surplus with Angola was larger. The trade balance with OEEC countries (with the exception of Ireland, Denmark, Greece, Trieste and Turkey) and with the British, Belgian and French overseas territories was favourable. Trade experience with Belgium, Great Britain, Germany, the Dutch overseas territories, France and Switzerland was especially good.

Turning to non-OEEC countries, trade with the United States showed a surplus of 102 thousand contos, in contrast to an unfavourable balance of 377 thousand contos in 1952. Trade with Brazil, conducted under a payments agreement, showed an unfavourable balance of 12,000 contos. The trade plan with Brazil provided for a Brazilian surplus to facilitate the settlement of outstanding commercial debts.

Trade with Canada

In 1953, Portugal's purchases from Canada showed a slight drop of about 48,000 contos compared with the year before. Commodities figuring most largely in this trade included codfish, grain, furs, asbestos, aluminum, copper, tinplate, antibiotics, chemicals, and newspaper.

Exports to Canada increased in 1953 by about 6,200 contos. The main factor in this slight improvement was larger sales of raw carpet wool; cork shavings, cork-boards, cork agglomerates, and unspecified cork

products; tin ore; wine and other beverages; shelled almonds; dried fruits; glassware.

Relations with EPU

Portugal's balance with the European Payments Union has been in her favour practically since EPU began. In February 1952 Portugal's cumulative EPU balance totalled \$114 million. Under pressure from the EPU to reach a closer balance, this was reduced consistently during the 22 months up to December 31, 1953, when it stood at \$56 million.

The favourable balance with the dollar area, however, has continued and as of November 30, 1953, gold and dollar holdings had increased by \$84 million, despite the repayment of \$27 million to EPU.

The gold reserve seems more than adequate for any contingency and is actually equal to 112 per cent of the present note circulation and the hope is that restrictions on dollar imports may now be relaxed. Discussions with leading industrial organizations such as the Industrial Association of Portugal, the leading commercial associations, and long-established importers indicate that, in a number of categories, dollar goods are lower in price than similar European supplies—for example, semi-manufactured products, antibiotics, refrigerators, washing machines, etc.

In general, the outlook is reasonably hopeful for some relaxation in import restrictions. The recent conclusion of a most-favoured-nation agreement between Canada and Portugal, and particularly the extension of such treatment to Portugal's overseas provinces such as Angola and Mozambique, plus the useful concessions to Portugal on various commodities, should mean Canadian trade with Portugal will show a definite improvement.

Transportation

A new edition of "Canadian Foreign Trade Routes," giving more detailed information on sailings from Canadian ports, is now available from the Transportation and Trade Services Division. "Canadian Foreign Trade Routes" contains an index to foreign ports of discharge and to steamship companies and their Canadian agents, plus a table of steamship services from eastern Canadian ports and from Canadian Pacific ports, including ports of discharge, loading ports, number of sailings, space accommodation and other information.

To obtain this directory and other information on water, rail, air and road transport services to and from Canada, write to the Director of the Transportation and Trade Services Division, Department of Trade and Commerce.

New Trade Agreements Concluded

Portugal

THE FIRST DIRECT TRADE AGREEMENT between Canada and Portugal was signed in Lisbon on May 28, 1954, and comes into force provisionally on July 1st. On ratification it will remain in effect for two years and thereafter, unless denounced by either country. Since 1928 Canada and Portugal have exchanged most-favoured-nation treatment under the 1914 Treaty of Commerce and Navigation between the United Kingdom and Portugal.

The new Agreement replaces the former arrangement. It provides for the exchange of unconditional most-favoured-nation treatment as regards customs duties and other charges and as regards all rules and formalities connected with imports and exports. Accordingly Canadian products, on their import into Portugal, are assured no less favourable treatment than goods from any other foreign country, including the United States and the United Kingdom. In return, Portuguese products on their import into Canada are accorded the most-favoured-nation rates of the Canadian tariff.

In addition, both countries undertake not to discriminate against each other in the application of import and exchange controls. As an exception and in recognition of balance of payments difficulties and the widespread inconvertibility of currencies, each country may temporarily discriminate as between convertible and inconvertible currency countries in order to safeguard its external financial position. However, there may be no discrimination against Canada and in favour of the United States or other dollar suppliers.

The Agreement includes a number of new features not formerly covered in Canada's treaty relations with Portugal.

- The exchange of most-favoured-nation treatment under the new Agreement applies to Canadian trade with the Portuguese overseas provinces as well as to metropolitan Portugal and adjacent Portuguese islands. Of particular interest are Portugal's large territories in Africa—Angola and Mozambique. These areas are in the process of rapid economic development and there are prospects for substantial trade. Canada has accorded tariff concessions to Portugal on almonds and cork and the overseas provinces will now benefit from the extension of Canada's most-favoured-nation rates of duty on their products, chief among which are coffee and cocoa. In return, Canadian goods are assured equal treatment on their import into Portugal's overseas territories.

- The Agreement also covers protection of trade marks, marks of origin and rights under patents.

- As part of the Agreement, and in recognition of Canada's traditional interest in the Portuguese market for codfish, Portugal has undertaken to authorize imports of up to 3,000 tons of dried codfish annually from the dollar area. Thus, while Portugal may find it necessary, because of balance of payments difficulties, to discriminate against dollar goods and in favour of imports payable in inconvertible currencies, special recognition is accorded to Canada's position in the Portuguese market for this important item. Salt cod has long been an important traditional item in the trade, but sales have been severely restricted in recent years under Portugal's dollar conservation measures. This relaxation of the restrictions is of particular interest to Canada's East Coast fisheries.

Spain

THE FIRST DIRECT TRADE AGREEMENT between Canada and Spain was signed in Madrid on May 26 and comes provisionally into force on July 1. The Agreement will remain in effect for a definite period of three years from the date of ratification and automatically thereafter, subject to termination on three months' notice by either country.

This new Agreement, which supplements and amends existing treaty relations, strengthens Canada's commercial relations with Spain. Since 1928, trade between Canada and Spain has been conducted under

the terms of the 1922 United Kingdom-Spain Treaty of Commerce and Navigation. The articles of this treaty not affected by the new Agreement continue in effect. They cover a variety of subjects, including national treatment on transport facilities, trade-marks, patents, consular and property rights.

The new Trade Agreement between Canada and Spain reaffirms the exchange of unconditional most-favoured-nation treatment as regards customs duties and other charges and all rules and formalities connected with imports and exports. As a result, Canadian goods will

receive, under a direct agreement between Canada and Spain, no less favourable treatment on their import into Spain than the products of any other foreign country, including the United States and the United Kingdom. Canada, in return, extends to Spanish goods the most-favoured-nation rates of duty.

Features of New Agreement

The new Trade Agreement extends most-favoured-nation provisions to all the Spanish possessions, whereas the former arrangement did not cover trade with all of Spain's territories in Africa. In addition, the Agreement includes a number of Canadian tariff concessions on items of particular interest to Spain—olives, olive oil, almonds and paprika.

An up-to-date article is included providing for the exchange of most-favoured-nation treatment in the application of import and exchange controls. Neither country may discriminate against the other under these controls except when it is necessary to safeguard the

external financial position and balance of payments. However, restrictions shall not be applied in such a way as to cause unnecessary damage to the commercial or economic interests of the other country and may not discriminate as between convertible currency countries. There may be no discrimination against Canada and in favour of the United States or other countries whose currencies are convertible or may become so in the future.

The Agreement also contains an undertaking by Spain to authorize minimum annual imports of 2,000 tons of dry salted cod from the dollar area. Thus, while Spain may find it necessary to restrict dollar imports for balance of payments reasons, Canadian exporters of codfish are assured a continuing market in Spain for their product. Spain is a traditional and important market for Canadian cod but the trade has, in recent years, been sharply affected by Spain's restrictions on dollar goods. The Agreement results in a strengthening of the trade in dry salt cod on a more stable and continuing basis.

SWEDEN

Foreign exchange position improved during 1953, as larger exports of wood products and wheat offset a drop in sales of commercial iron and steel and of engineering products. On the whole, business conditions in Sweden continue to be both stable and prosperous.

E. PARTRIDGE, *Office of the Commercial Counsellor, Stockholm.*

THE SWEDISH ECONOMY showed great stability in 1953. Industrial production moved up towards the end of the year and there was full employment, but without any marked shortage of labour. Since the end of 1953 consumer prices and the cost of living have risen only slightly. Sweden's foreign exchange position gradually improved throughout '53 and the deficit in the balance of trade with the dollar area became considerably smaller, though the strict control on imports paid for in dollars continued. The total value of wood exports increased, with exports of sawn and planed wood products reaching the highest level since 1934. Wood pulp exports exceeded in volume any postwar year and the paper industry worked at capacity. Iron and steel and engineering products did not enjoy such a favourable market. An excellent harvest brought a substantial export surplus of wheat.

Sweden's foreign trade in 1953 showed a deficit of 517 million kronor, with imports totalling 8,162 million and exports 7,645 million kronor. This represented an improvement of about 300 million kronor over 1952. The deficit in the balance of trade was more than offset

by the 850 million kronor revenue from shipping and other transactions abroad. Gold and foreign exchange reserves, which increased by 340 million kronor, at the end of the year were:

(in million kronor)

	1952	1953	Changes
Gold and dollars outside EPU	1,052	1,307	+255
Gold and dollars received through EPU	391	419	+ 28
EPU currencies	837	867	+ 30
Other currencies	4	31	+ 27
Total	2,284	2,624	+340

The following table shows the distribution of Swedish foreign trade:

(in million kronor)

	Import		Export	
	1952	1953	1952	1953
Sterling area	1,833	1,834	1,886	1,888
Other EPU countries	4,392	4,263	4,000	3,732
Dollar area	1,174	922	662	773
Remainder of South America	547	470	458	385
Eastern Europe	563	310	609	346
Other countries	438	363	519	521
Total	8,947	8,162	8,134	7,645

The decrease in trade with the Eastern bloc reflected the fact that Swedish deliveries under the five-year credit agreement with the Soviet Union were completed by the end of 1952. However, Sweden and Soviet Russia have concluded an agreement for commodity exchange during 1954.

The decrease in imports from the dollar area—from 1,174 million kronor to 922 million—may be traced mainly to the continued rigid government control of imports in this category and to the increasing availability of certain staple products from soft currency areas. Practically no coal was imported from the dollar area in 1953 and purchases of grain, cotton and metals from that area decreased considerably.

Trade with Canada

Sweden's imports from Canada in 1953 totalled about \$4.6 million compared with \$12 million in 1952. Aluminum purchases—one of the important items in Swedish-Canadian trade—dropped from \$2.8 to \$1.9 million; Swedish imports of Canadian copper decreased from \$1.6 million to nothing in 1953, and iron and steel imports dropped from \$1.2 million to \$154 thousand. The surplus production of wheat in Sweden meant no purchases of grain from Canada. The value of asbestos bought from Canadians increased from about \$155 thousand to \$331 thousand. Swedish exports to Canada went up from \$8.6 million in 1952 to \$9.3 million in 1953.

Forestry Exports Analyzed

Wood exports increased in total value by 100 million kronor and exports of sawn and planed wood products rose to 4,227,000 cubic metres in 1953 from 2,931,000 in 1952. Round timber exports, however, fell from 1,308,000 cubic metres to 929,000 and exports of prefabricated wooden houses also suffered.

Total production of wood pulp reached roughly 2.5 million metric tons, slightly larger than in 1952. Wood pulp exports, in volume, were the highest since the war.

Wood Pulp Exports, 1953

	(in metric tons)
Mechanical pulp	310,472
Bleached sulphite	619,842
Unbleached sulphite	470,186
Bleached sulphate	328,644
Unbleached sulphate	434,733

There was a welcome reduction in stocks from the excessive figure at the beginning of the year to the fairly normal one of 190 thousand tons. However, despite the large increase in volume, the lower prices meant an export value of about 250 million kronor below that of 1952.

The capacity of the Swedish paper industry has now risen to about 1.4 million tons a year and was almost fully utilized during 1953. Exports of newsprint

reached 206,600 metric tons, compared with 208,400 in 1952. Wallboard exports rose from 105,400 in 1952 to 126,800 metric tons and, mainly because of the relaxation of import restrictions in the sterling area, exports of other paper and cardboard rose from 353,200 to 507,700 metric tons in 1953, though their value was somewhat less than in 1952, with the average price sliding from 1,400 kronor a ton to 950 kronor. The decrease in the export value for paper and cardboard came mainly in sales to the EPU area but the increase in value of exports to the dollar area and to South America compensated for the decline in EPU countries.

Markets for Iron and Steel

Markets for the iron and steel industry have weakened noticeably, although the large backlog of orders on hand was adequate to maintain normal production. To stimulate demand, the steel works had to reduce their export prices but in spite of this, Swedish prices were higher than those of foreign competitors. Some preliminary production figures are:

	(in metric tons)	
	1952	1953
Pig iron	1,033,000	989,000
Iron and steel ingots	1,666,000	1,763,000
Commercial iron and steel	1,093,000	1,175,000

Pig iron exports increased from 73,900 to 123 thousand metric tons, although the export value declined. Exports of commercial iron and steel amounted to 143,600 metric tons compared with 142,000 in 1952 and their value decreased by about 25 million kronor.

Engineering Industries Revive

During the first ten months of the year production in the engineering industries dropped sharply but conditions improved in November and December. The value of total exports of engineering products (including vehicles and ships) shrank by about 300 million kronor because the volume was down. (The decrease in exports to the Soviet Union occurred largely in this category.) The following table gives the value of exports of engineering products, quoted in million kronor:

	(in million kronor)	
Manufactured products	438	363
Machines, means of transport, instruments (exclusive of ships)	1,320	1,141
Firearms, etc.	81	99
Ships	461	365
	<u>2,300</u>	<u>1,968</u>

Harvest Proves Excellent

The bread grain harvest is estimated at well over 1.3 million tons, or 22 per cent more than in 1952, and the total harvest of fodder grain was about 2.2 million tons—an increase of 20 per cent over 1952. The excellent '53 crop resulted in a large wheat surplus,

replacing the 1952 shortfall which required imports. In 1953, Sweden exported 263 thousand tons of wheat compared with 62,100 tons the previous year; wheat imports totalled 45,400 tons compared with 334,800 tons in 1952. The principal purchasers of Swedish wheat were West Germany, Spain and Brazil. Other branches of agriculture also showed good results in 1953.

Future Prospects

There is no indication that the marked though balanced boom which has prevailed in Sweden for more than a year is likely to taper off within the next few months. In the pulp and paper industry, production is rising

because of relatively favourable export conditions and even in the engineering industry, where the trend was causing some apprehension, the situation appears to be stabilized. The timber market, on the other hand, is rather slack and the iron and steel industry is faced with stiffening foreign competition both in the domestic and in the export field. Wage negotiations so far in 1954 have been smooth and pay rises in some branches relatively small. Stability of income and prices should continue, especially as the excellent crops will probably lead to lower-priced foodstuffs.

There seems to be no immediate prospect of any relaxation in the present strict control on imports from the dollar area and import licences are still required for all dollar products.

SWITZERLAND

With industrial production high, national income rising, and exports exceeding imports, 1953 brought Switzerland prosperity, though competition from other traders is growing. Swiss bankers and industrialists are displaying interest in Canadian securities and industrial development opportunities.

W. R. HICKMAN, *Assistant Commercial Secretary, Berne.*

LAST YEAR was one of continued prosperity for Switzerland. National income increased from 20.2 to 20.8 billion francs (from about \$4.6 to \$4.8 billion Canadian) despite a moderate decline in commodity prices which has now been checked. Swiss foreign trade closed with the first surplus balance in any peacetime year, following record exports and reduced raw material purchases. Revenue from invisible exports, particularly tourism and foreign investment, also reached a record. Accordingly, liquid reserves are high and there is an active interest in capital investment abroad.

Employment Index Rises

One indication of the brisk industrial activity during 1953 is the movement of the employment index from 120 in the first quarter of the year (100=satisfactory) to 126 by the last quarter. Factories worked more overtime than ever before and the small number of totally unemployed at no time exceeded registered vacancies. Although some industries which had previously benefited most from defence activity abroad—engineering in particular—received fewer orders than in 1952, the backlog of unfilled orders helped to maintain high production. The chemical and pharmaceutical industry, and most of the textile industry, did better than in the previous year. Thanks to fine autumn weather, the tourist and construction industries also made excellent progress.

The high level of employment swelled the volume of retail sales, which exceeded 1952 by 2.6 per cent. This is all the more remarkable because selling prices were mostly lower than in 1952. Trade circles attribute this not to a real expansion in consumption but to the deferment of purchases in 1952 in anticipation of the lower prices which 1953 brought. The inventory reductions of 1952 came to an end almost everywhere in the course of the year. The best that retailers think they can expect in 1954 is to move as much merchandise as last year.

Recovering in February from a slight drop at the end of last year, the wholesale price index for Swiss goods remained steady at 196 (1939=100) over the remainder of the first quarter, fractionally above the 1953 average. The index for foreign goods on the Swiss market, after falling steadily over the past two years, climbed seven points in recent months to reach 240. To date, these increases have not carried over to the cost-of-living index which, based on 1948=100, continued steady at 105.

The Foreign Trade Record

The balance of foreign trade for 1953 showed a marked surplus in Switzerland's favour. Normally, and desirably in view of the necessity to equip traditional Euro-

pean suppliers with the means to support Swiss service industries, Switzerland has a deficit on commodity account. The reversal occurred principally in trade with dollar countries, improving the Swiss exchange position at little or no expense to her invisible exports.

Exports rose by \$95 million over 1952 to reach a record total of \$1.2 billion in 1953. Imports, on the other hand, dropped by \$30 million to \$1.17 billion. The resulting export surplus of \$28 million is in marked contrast to the 1952 deficit of \$104 million and the even greater 1951 deficit of \$280 million. In 1952, imports went down because of stock depletion; in 1953 the main reason was falling prices—the index of import prices averaged 6 per cent lower and the volume of imports moved up in many lines. With firming prices, greater buying activity is expected this year to result in the customary trade deficit. On the export side, the engineering industry contributed most to the expansion of sales. Even more pronounced, however, was the revival in foreign sales of cotton fabrics and aniline dyes.

In terms of countries, changes in trade with the United States were the most influential in shaping the 1953 balance. Imports from the U.S. fell by \$50 million to a total of \$141 million, sales to the U.S. rose by \$34 million to \$195 million. Shipments to Argentina, Brazil and Eastern Europe dropped sharply; those to the majority of Western European countries and to Australia, China and Japan improved. Trade with Europe in 1953 showed a deficit of \$97 million and trade with overseas countries a surplus of \$118 million.

Trade with Canada

Because of their complementary economies, Canada and Switzerland have a common interest in fostering reciprocal trade. This trade has traditionally consisted of the exchange of Canadian raw materials for finished products but it is still relatively small. In 1953 Canadian goods represented 4 per cent of total Swiss imports, compared with the 1.8 per cent of total Swiss exports which went to Canada.

Over the past six years and into the first quarter of 1954, Switzerland has managed to increase its exports to the expanding Canadian market. Last year exports totalled \$22 million,* an increase of \$3 million over 1952 and almost treble the 1948 figure. Purchases from Canada during 1953 fell almost 10 per cent in value, reversing the former trend, but at \$46 million still exceeded the Swiss export figure. The current ratio of two to one in Canada's favour nevertheless represents a change compared with the three to one ratio of 1948 and 1949.

The re-emergence of European competition in manufactures seriously restricts the possibilities for Canadian

finished products in this market. Automobiles proved an exception in 1953, with imports from Canada amounting to \$2 million. For its basic requirements of foodstuffs and industrial materials, however, Switzerland should continue to offer a dependable market. Imports of Canadian wheat, at \$25 million, represented just over half of all Swiss purchases from Canada and 80 per cent of Swiss wheat imports from all sources. Watches (50 per cent), machinery and apparatus (15 per cent), chemicals (13 per cent), textiles (10 per cent), and cheese (10 per cent), accounted for the vast bulk of Swiss exports to Canada during the year. It is interesting to note that, per capita, Canada imported a third more watches than did the United States.

European Payments Union

The progressive relaxation of import restrictions throughout the sterling area has been clearly reflected in Switzerland's foreign trade. Reduced almost to the vanishing point by postwar difficulties, Swiss exports to sterling countries (excluding Hong Kong) last year reached a record \$135 million (1952, \$128 million). Imports moved up to \$108 million from \$107 million in 1952. This encouraging development stemmed largely from Switzerland's joining the European Payments Union in 1950, which put an end to the discrimination against Switzerland as a hard currency source of goods.

Swiss purchases from currency areas affiliated with the European Payments Union increased from \$770 million in 1952 to \$785 million in 1953, the latter representing 67.7 per cent of total imports. Exports to these territories also rose during the past year from \$625 million to \$712 million, or 60.4 per cent of total sales abroad. The trade deficit with EPU therefore amounted to \$71 million in 1953, \$47 million less than in the preceding year. In spite of this, Switzerland realizes an overall surplus on EPU accounts as a result of invisible transactions settled through the Union. Although this large surplus has resulted in Switzerland advancing a considerable credit to EPU, it is generally agreed that the country's trade structure has shown distinct improvement as a result of membership.

Capital Market

Last year the drain on reserves which set in in the middle of 1950 and showed signs of slackening in 1952 gave way to definitely easier conditions in the Swiss money market as a consequence of the 307 million dollar surplus on trading and service accounts. As against an aggregate increase of almost 46 million dollars in the central bank's sight liabilities and in outstanding banknotes, there was a rise of 55 million dollars in reserves of gold and foreign exchange, to 1.5 billion dollars at the end of 1953. The central

* All statistics on trade with Canada are Swiss.

bank's foreign exchange holdings apart from gold reached the equivalent of 119 million dollars, about 6 per cent higher than in 1952 and over twice the 1951 and 1950 figures.

Private capital exports from Switzerland are substantial and higher on a per capita basis than in any other country. They amounted to 286 million dollars in 1953, up from 270 million dollars in 1952. In 1953, they have compensated almost fully for Switzerland's surplus on current account of about 297 million dollars and have thus been an important factor in maintaining a balance in Switzerland's economic situation. The United States attracted most of Switzerland's foreign investment money.

Investment in Canada

Marked activity in Canadian securities was reported in Switzerland during 1953 and investments channelled through several of the leading banks were estimated at 20 to 30 per cent higher than in 1952. In the area of funded Canadian securities on the Swiss market, similar percentage increases were reported, with the combined value of Canasec, Canafund, and Amca (America-Canada Investment Trust) securities (Canadian only) estimated at over \$80 million.

Following the recent lead of the well-known engineering firm of Brown Boveri and of two of the leading

Swiss banks, several other Swiss enterprises were active on Canada's industrial development front during 1953.

Conservative by nature and influenced by the larger-scale production and market possibilities in the United States, the Swiss have nevertheless begun to pay close attention to Canadian investment and industrial development opportunities over the past few years.

The Outlook

Emerging from three increasingly prosperous years, the Swiss economy has reached a point where stability rather than continued expansion is the most that can be hoped for. First-quarter developments were favourable, with sustained levels of production and employment, firming prices, and renewed activity in imports. EPU relationships are helping to restore Switzerland's traditional role in European trade and incidentally to ease the pressure on monetary reserves through facilitating capital export. Special attention is being given to the export of capital on a larger scale and to provide increased markets for Swiss goods.

The main danger facing Swiss economic interests is probably the increasing competition at home and in foreign markets. Business and trade officials are collaborating over means of meeting this competition. On balance, however, Switzerland's immediate economic future is viewed with confidence in official and business circles.

trade and tariff regulations

Japan

IMPORTS UNDER FOREIGN EXCHANGE FUND ALLOCATION SYSTEM—Import Notice No. 10, issued by the Japanese Ministry of International Trade and Industry on May 21, announced an additional list of goods for which applications are invited for licences to be issued under the Foreign Exchange Fund Allocation System. Under this import procedure, the Japanese importer must first obtain an allocation of foreign exchange from the Ministry before applying to the foreign exchange bank for an import licence.

According to the Notice, the commodities which may be imported from the U.S. dollar currency area, including Canada, are: soya beans, American lumbars, phosphate rock, pharmaceuticals, chemicals, and

"miscellaneous". The Notice does not indicate the scope of the last mentioned heading.

See "Foreign Trade" of May 29, page 27, for previous announcement.

AGREEMENT RATIFIED AND IN FORCE—The instruments of ratification of the Agreement on Commerce between Canada and Japan were exchanged in Tokyo on June 7, thus bringing the Agreement into force as of that date.

The Agreement provides for the exchange of most-favoured-nation treatment in respect of customs duties and related matters, and for non-discrimination in the application of import and exchange controls except for balance of payments reasons. With

respect to nine products of particular interest to Canada, Japan has undertaken to extend unconditional non-discriminatory treatment. Canada's most-favoured-nation rates of duty now apply to imports from Japan and Canadian goods are similarly assured most-favoured-nation treatment by Japan.

United Kingdom

LICENSING ARRANGEMENTS FOR SYNTHETIC RUBBER—The Board of Trade, in Notice to Importers No. 655, announces that it is prepared to consider applications to import synthetic rubber from dollar sources during the six months ending December 31, 1954.

It has been announced that licences for synthetic rubber will be made available for up to 15,000 tons from the dollar area in 1954, whereas about 5,000 tons of synthetic rubber were permitted entry from this source in 1953.

LICENSING ARRANGEMENTS FOR DRUGS—The Board of Trade, in Notice to Importers No. 654, announces that any drug, raw or simply prepared, is admitted under World Open General Licence and may therefore be imported into the United Kingdom from any country without separate licence.

As a result, the Notice to Importers No. 635 is amended by including all drugs which previously required a separate licence.

commodity notes

Greece

HONEY—The 1953 record crop of honey in Greece exceeded 4,500 tons, compared with recent average of 3,000 tons a year. This increase was the result of favourable weather conditions and improved bee-keeping equipment, both imported and successfully copied by local industry. To absorb the surplus, officials have appealed to local hotels and restaurants to increase the use of honey in their menus. It is expected that better packing and standardized qualities will increase exports, and that some 1,000 tons will be sold abroad during the year—Athens, May 24.

Ireland

DRESSED MEAT—The dressed meat trade of the Republic of Ireland increased slightly during 1953 and continued to show an upward tendency during the early months of 1954. In 1953 exports of fresh or chilled beef and veal reached 421,581 cwt., compared with 282,074 cwt. in the previous year. Fresh or chilled mutton and lamb showed a slight increase, but exports of frozen beef, veal, mutton and lamb declined as compared with 1952.

Great Britain continues to be the main market; in 1953 practically all exports of fresh and chilled meat were consigned there. The United States received nearly 50 per cent of frozen beef and veal exports

(46,683 cwt. out of a total of 96,141 cwt.), the remainder going chiefly to Great Britain (13,661 cwt.), Sweden (17,605 cwt.) and Japan (11,233 cwt.) Statistics for the first quarter of 1954 show a change in the direction of exports of frozen beef and veal as compared with the same three months in 1953. Spain was the chief market, while other consignees, in addition to the U.S. and Great Britain, were Sweden, the Canary Islands and Canada. Canada received 2,088 cwt. valued at £22,573 in those three months, compared with total imports valued at only £2,410 in 1953—Dublin, May 31.

SUGAR BEETS—The acreage of sugar beets allotted by contract this year shows a substantial increase over the 1953 figure. The total contract acreage in 1953 was 64,281 statute acres, while that allotted to date is 73,306. The yield per acre in 1953 was 12.6 tons, compared with 10.5 tons in 1952. A new sugar beet seed breeding plant will begin operations shortly at the Thurles factory. This project is concerned with the breeding of the sugar beet seed varieties best suited to Irish conditions. Unrefined sugar imports during 1953, chiefly from Cuba, totalled 60,410 tons, valued at over £2 million. Refined sugar imports reached 44,228 tons, valued at nearly £2 million, and came from Cuba, Great Britain, Spain and Belgium—Dublin, May 26.

Norway

HERRING MEAL AND OIL—As a result of this year's record herring catch, Norwegian production of herring meal has reached some 200 thousand tons, and herring oil some 90,000 tons. Both oil and meal have already been sold, over 70 per cent being exported for about Kr. 240 million. The total value of both commodities was approximately Kr. 350 million—Oslo, June 5.

Spain

OLIVE OIL—An official report estimates the olive oil crop at between 250 thousand and 300 thousand metric tons, to which must be added the 90,000 tons left over from the last crop. During the first half of 1953, 12,000 metric tons of olive oil were exported; Cuba and the United States were the principal buyers—Madrid, May 26.

ARTIFICIAL FIBRES—Spanish production of artificial fibres in 1953 totalled 32,170 metric tons, according to an official trade journal. Output in 1952 and in 1951 was 30,300 metric tons. This year's production is expected to be slightly larger—Madrid, May 26.

AUTOMOBILES—The plant of the newly established company Sociedad Espanola de Automoviles de Turismo, Barcelona, is now producing at the rate of 4,000 units a year. The Italian "Fiat 1400" is being manufactured partly with Spanish materials and partly with materials imported from Italy. The completion of the plant and installation of additional equipment is under way and it is expected that the factory will eventually produce 20,000 cars a year—Madrid, May 26.

Sweden

WOOD PRODUCTS—By the end of April, about 525 thousand standards of sawn and planed wood products (excluding box boards) had been sold by Sweden for delivery on the export markets during 1954. These sales represent 65-70 per cent of the total quantity available to export this year, which is estimated at 750 thousand-800 thousand standards—Stockholm, June 8.

CEMENTED TUNGSTEN-CARBIDES—A new factory has recently been opened for the production of cemented tungsten-carbides. The new plant, which employs 300, is stated to be the largest of its kind in Europe. Most of the production will go to export, the principal customers being Britain, France, Italy and the United States—Stockholm, June 8.

West Germany

WOOD PULP—West German wood pulp production in 1953 exceeded that of 1952 by approximately 11 per cent. On a basis of "absolutely dry", it rose from 491 thousand to 540 thousand tons—Bonn, June 5.

PAPER AND CARDBOARD—During 1953 German paper and cardboard production reached a new peak of 1,970,000 tons, compared with 1,695,000 in 1952 and 1,805,000 in 1951. Despite this expansion, Germany's share in world production was only 4.7 per cent compared with 12.4 per cent before the war. German paper production per capita increased from 36 kilograms in 1952 to 42 kilograms in 1953—still below the 1938 consumption of 47.8 kilograms. At the same time the demand for imports increased considerably. Pulp wood imports totalled 235 thousand tons during 1953, exceeding the 1952 imports by almost 50 per cent, and imports of paper and cardboard increased sharply by 57 per cent. Imports of newsprint reached 84,000 tons, which represents more than 40 per cent of domestic production—Bonn, June 8.

PETROLEUM—During 1953, German consumption of petroleum products reached a new high of 6.8 million tons, compared with 5.6 million the year before. The increase in consumption of diesel oil alone amounted to 370 thousand tons. Total imports of mineral oil exceeded 5.2 million tons; crude oil imports of about 4.5 million tons were the main item. Under the 1954 processing program, a total of 9.2 million tons of crude oil—including 2.6 million tons of domestic oil and 6.6 million tons of imported oil—will be refined, compared with a total of 6.4 million tons, 2.1 million tons and 4.3 million tons, respectively, in 1953. The break-down of the 1954 refining program is as follows: 2.7 million tons of gasoline, 2.4 million tons of diesel oil, 1.7 million tons of heating oil, 0.7 million tons of bitumen, 0.4 million tons of lubricating oil, etc. Domestic crude oil production will expand considerably within the next five years. Estimates place total German petroleum reserves at 55 million tons, or about 80 per cent of the West European total. Domestic production is expected to reach 3.1 million tons in 1958. While Germany ranks only 18th among world petroleum producers, it is fourth with regard to the opening of new oil-wells. Although production from newly opened fields was only 40,000 tons in 1952, it is expected to reach 250 thousand to 350 thousand tons during 1955-56 and possibly 700 thousand tons in 1958. The some 2,200 wells in Germany produce an average of 2.4 tons a day, which is 30 per cent above the U.S. average—Bonn, June 9.

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

Conversions 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 1.01846.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. June 11	Notes (See below)
Argentina	Peso	Preferential buying .....	.1309	(1)
		Basic buying .....	.1964	
		Preferential selling .....	.1964	
		Basic selling .....	.1309	
		Free .....	.07068	
Austria	Schilling ...	.....	.03776	
Australia	Pound .....	.....	2.2135	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	.01967	
Bolivia	Boliviano ...	Official .....	.00517	(3)
British West Indies	Dollar .....	.....	.5764	(4)
	Pound .....	.....	2.7669	(4)
Brazil	Cruzeiro	Dollar .....	.6917	tax 8%
		Brit. Honduras .....	.05217	
		Official selling .....	.03462	
Burma	Kyat	Effective buying .....	.04203	(2)
		Coffee buying .....	.2062	(5)
		.....	.2075	
Ceylon	Rupee .....	.....	.00893	(1)
Chile	Peso	Official .....	.3928	
Colombia	Peso	Basic .....	.1749	(6)
Costa Rica	Colon	Official .....	.1479	
		Controlled free .....	.9819	tax 2%
Cuba	Peso .....	.....	.1364	
Czechoslovakia ...	Koruna .....	.....	.1422	
Denmark	Krone .....	.....	
Dominican Republic	Peso .....	.....	.9819	
Ecuador	Sucre	Official .....	.06546	
		Free .....	.05672	
Egypt	Pound .....	.....	2.8195	
Fiji	Pound .....	.....	2.4927	
Finland	Markka ...	.....	.00427	
France	Franc .....	.....	.00281	(7)
French Africa ...	Franc .....	.....	.00561	(8)
French Pacific ...	Franc .....	.....	.01543	(9)
Germany	D Mark ...	.....	.2338	
Greece	Drachma ...	.....	.03273	
Guatemala	Quetzal ...	.....	.9819	
Haiti	Gourde ...	.....	.1964	
Honduras	Lempira ...	.....	.4909	
Hong Kong	Dollar	Free .....	.1698	*May 21
		Official .....	.06029	
Iceland	Krona	Special buying .....	.04642	
		Special selling .....	.03740	
		.....	.2075	
India	Rupee .....	.....	.08613	(10)
Indonesia	Rupiah ...	Basic .....	.01088	
Iran	Rial	Certificate		
Iraq	Dinar .....	.....	2.7493	

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. June 11	(See below) Notes
Ireland	Pound		2.7669	
Israel	Pound	Effective basic	.9819	
		Premium	.5455	
Italy	Lira		.00158	
Japan	Yen		.00273	
Lebanon	Pound	Free	.3068	
Mexico	Peso		.07855	
Netherlands	Guilder		.2596	
Netherlands Antilles	Guilder		.5206	
New Zealand	Pound		2.7669	
Nicaragua	Cordoba	Effective buying	.1488	(11)
		Official selling	.1393	
		With Surcharge I	.1220	
		With Surcharge II	.09770	
Norway	Krone		.1375	
Pakistan	Rupee		.2968	
Panama	Balboa		.9819	
Paraguay	Guarani	Basic	.06546	(1)
		With Surcharge I	.04675	
		With Surcharge II	.03273	(12)
Peru	Sol	Certificate	.05119	
Philippines	Peso		.4909	tax 17% (2)
Portugal	Escudo		.03427	(13)
El Salvador	Colon		.3928	
Singapore & Malaya	Straits dollar		.3228	
South Africa (Union of)	Pound		2.7669	
Spain & Dependencies	Peseta	Basic buying	.04483	
		Basic selling	.08751	
		Basic commercial selling	.05978	(1)
		Free	.02521	
Sweden	Krona		.1898	
Switzerland	Franc		.2291	
Syria	Pound	Free	.2757	*May 14 (1)
Thailand	Baht	Official	.07855	
		Free	.04725	*March 31
Turkey	Lira		.3507	
United Kingdom	Pound		2.7669	
United States	Dollar		.9819	
Uruguay	Peso	Official	.6464	
		Basic buying	.5516	
		Special buying	.4178	(1)
		Basic selling	.5168	
		Special selling	.4008	
Venezuela	Bolivar		.2931	(14)
Yugoslavia	Dinar		.00327	

* Latest available quotation date.

notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only; certain essential imports exempt.
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. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. 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.
11. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
12. Paraguay: Basic rate applies to most Paraguayan exports.
13. Approximately same rate for currencies of Portuguese Territories in Africa.
14. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

General notes



Denmark

NEW FISHING BOATS FOR GREENLAND—In an attempt to interest Greenlanders in modern fishing methods, the Royal Greenland Trading Company in Copenhagen has had built six modern vessels at a Danish yard. These consist of three 26-foot and three 30-foot boats, capable of carrying between five and six tons each, full-decked with living accommodation for the crews. All six are equipped with line winches, making it possible to use lines of up to 1,000 hooks. They will be sold to interested Greenlanders on the instalment plan—Oslo, May 28.

Greece

POULTRY FARMING—Poultry farming has yet to recover from the damage and neglect suffered during World War II and the civil war that followed. Shortage of agricultural credits plus very high prices of feed, domestic and imported, are responsible for the delay in rehabilitation. The poultry farm population is still only a little above one half of its prewar numbers (7,500 thousand head, compared with 12,500 thousand in 1938). Imports of eggs, chiefly from Turkey, are increasing as the purchasing capacity of the urban population rises. Egg production during 1953 was 25,800 metric tons and only a further 1,300 were imported, showing consumption per capita is still very low, at 64 eggs a year. The rate of domestic production must be doubled to raise consumption to satisfactory dietary standards. Imported egg powder has not been well received by the Greeks who have an aversion to processed or canned foods. In an effort to improve the laying breeds, the Agricultural Bank has been importing baby chicks from Holland and the United States. Prospects for business with Canada could develop in the future—Athens, May 15.

Norway

CORUNDUM PRODUCTION—British and United States business interests are reported to be considering the joint project of a new bauxite smelter for the production of corundum, to be situated at Sauda near Stavanger. The factory, the first of its kind in Norway, will have six furnaces consuming about 5,000 kilowatts. The United States is to supply the bauxite and the finished product will be for export to the United Kingdom and Europe—Oslo, June 8.

Sweden

NEW STEEL WORKS—A new steel tube mill at Storfors, Sweden, will soon begin production, with an annual capacity of 12,000-20,000 tons. The mill will specialize in tubes of small dimensions up to three inches in diameter—Stockholm, June 5.

United Kingdom

ANGLO-GERMAN TRADE—As a result of discussions which took place recently between the United Kingdom Chancellor of the Exchequer and the German Federal Minister for Economic Affairs, a joint statement by the United Kingdom and Germany concerning the restoration of conditions of normal competitive trade has been released.

This statement announces the German decision to abandon export incentives by means of tax adjustments when the existing law expires at the end of 1955. The United Kingdom has asserted, and Germany has accepted, that Britain does not subsidize her coal and steel exports and that internal coal and steel prices do not subsidize export industries using these materials.

The United Kingdom also pointed out that it is not its intention to return to any system of government allocation of raw materials and that there are no open or concealed subsidies for British exporters. The acceptance of these statements by the German Government, together with the German announcement of the proposed abandonment of tax adjustments for export industries, is regarded as a significant step in the drive to eliminate subsidized exports in world trade—London, June 12.

West Germany

FILM INDUSTRY FOR BERLIN—The Ufa Universum-Film A.G., created when the old Reich film property was split up, will have its head office in Berlin and shoot its films there. All preliminary conditions, including funds, are guaranteed for the production of six large films—Bonn, June 2.

BRIDGES IN COLOMBIA—Contracts for construction of 14 steel bridges in Colombia, at a total value of pesos 12 million (roughly \$4.8 million) are reported to have been let to two German firms. The choice was confined to German firms only because of the necessity of balancing a large payments item in the German-Colombian trade agreement—Bonn, June 4.