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# foreign trade

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**COVER** Newsprint paper took first place among Canada's exports in 1953, outdistancing wheat, the leader last year. Photo shows dried sheets of pulp being broken up in a beater in preparation for the paper machine. (See story on page 2.) —Photo by Malak

# Canada's Trade in 1953

*The 1952 export balance of \$325 million turned, in 1953, into an import balance of \$215 million. What influences brought about this change and how was trade with particular countries and in particular commodities affected?*

L. A. SHACKLETON, *Balance of Payments Section, Dominion Bureau of Statistics.*

CANADA'S TRADE IN 1953 was marked by a further substantial rise in commodity imports, which reached some 9 per cent above their 1952 value. As in recent years, investment goods led this increase: purchases of industrial machinery, farm machinery, and many consumers' durables seem to have established new records and those of most industrial materials and "soft" consumers' goods (especially textiles) were very high. During the third quarter, however, imports slowed down considerably and in the fourth quarter not only failed to show their usual seasonal increase but even fell below the level of the final quarter of 1952.

Exports were only about 4 per cent lower in value in 1953 than in 1952. During the second and third quarters their value and volume differed little from 1952, but in the first quarter they were more than seasonally low and, like imports, in the fourth quarter they failed to show the usual seasonal increase. Smaller shipments of wheat and other grains to overseas countries were the principal influence reducing exports in the fourth quarter.

## Import Balance Resulted

The increase in imports, together with the small decrease in exports, produced an *import balance* of \$215 million on trade in 1953. Though this balance, like those in other recent years, was small in relation

to Canada's total trade, it nevertheless contrasts sharply with the 1952 *export balance* of \$325 million. However, it must be remembered that the export balance of 1952 reflected very largely the extremely sharp fall in import prices from mid-1951 to mid-1952. No such factor dominated the trade results in 1953 and an import balance, which has characterized much of the period since early 1950, reappeared.

## Prices Showed Little Change

For the first time since 1949, price changes did not have an important influence on trade results in 1953. Import prices averaged less than 1 per cent below their 1952 level and export prices declined by less than 3 per cent. The terms-of-trade ratio was slightly lower than in 1952; nevertheless, relatively low and stable import prices may have stimulated imports. Changes in the volume of exports and imports resembled their changes in value—exports declined by less than 2 per cent and imports increased by more than 9 per cent.

Although an import balance on commodity trade reappeared and was the principal factor in creating a substantial current account deficit in Canada's international accounts in 1953, the foreign exchange value of the Canadian dollar changed little. As in 1950 and 1951, the inflow of investment capital from the United States and elsewhere was sufficient to offset the trade deficit. The heavy investment in resource development and in other sectors of the Canadian economy in recent years, financed in part by foreign capital, has contributed greatly to the achievement of record levels of personal income and consumption in Canada. Heavy investment and consumer spending has, in turn, led to an unprecedented level of imports. To the extent that foreign capital has contributed to the investment and income boom in Canada, it has contributed to as well as financed the import deficit.

The share of overseas markets in Canadian exports fell off in 1953. Shipments to the United Kingdom, to other Commonwealth and European countries and to Latin America declined in value and formed a smaller proportion of total exports than in 1952. A reduced demand for Canadian grains because of better crops

## Summary Statistics of Canadian Trade

	1951	1952	1953	Change, 1952 to 1953 %
		\$'000,000		
<b>Value of Trade:</b>				
Total Exports .....	3,963	4,356	4,173	-4.2
Total Imports .....	4,085	4,030	4,387*	+8.9
Trade Balance .....	-121	+325	-215*	.....
<b>Price Indexes:</b>				
	1948=100			
Exports .....	123.0	121.8	118.7*	-2.5
Imports .....	126.2	110.3	109.7†	-0.5
Terms of Trade .....	97.5	110.4	108.2†	-2.0

\* Preliminary.

† Estimated.

## Direction of Canadian Trade

	1951	1952	1953	1951	1952	1953
	Value in \$'000,000			% of Total		
<b>Total Exports to:</b>						
United States .....	2,333.9	2,349.0	2,463.1	58.9	53.9	59.0
United Kingdom .....	635.7	751.0	668.9	16.0	17.3	16.0
Other Commonwealth and Ireland .....	264.3	287.6	247.8	6.7	6.6	6.0
Other Europe .....	347.4	475.8	372.7	8.7	10.9	8.9
Latin America .....	208.9	273.6	199.0	5.3	6.3	4.8
Others .....	173.1	218.9	221.2	4.4	5.0	5.3
<b>Total Imports from:</b>						
United States .....	2,812.9	2,977.0	2,729.9*	68.9	73.9	73.9*
United Kingdom .....	421.0	359.8	376.2*	10.3	8.9	10.2*
Other Commonwealth and Ireland .....	306.9	185.2	144.8*	7.5	4.6	3.9*
Other Europe .....	177.1	151.3	141.5*	4.3	3.8	3.8*
Latin America .....	273.7	284.2	242.7*	6.7	7.0	6.6*
Others .....	93.3	73.1	57.9*	2.3	1.8	1.6*

\* January-October 1953 only.

in importing countries and larger surpluses in competing exporting countries played a major role in this shift. European demand for Canadian wood pulp and some metals was also lower; import controls still restricted Canadian access to important Commonwealth markets and exchange problems were factors in a sharp drop in our sales to the important Brazilian market.

The greater part of the overall decline in exports to overseas countries was offset by a substantial gain in sales to the United States. Sales of base metals to that country rose steeply and shipments of wood pulp and lumber increased in volume. But sales of farm machinery to the United States fell, largely because of a decline in agricultural income in that market. And the United States does not provide an important outlet for such Canadian commodities as wheat and automotive products; overseas shipments of both of these were reduced. Adjustments in exports of such individual commodities were therefore greater than in total exports.

Changes in the direction of imports were much less pronounced. The proportion of total imports drawn from the United States showed no significant decline from 1952; their value, like that of total imports,

increased by some 9 per cent. Though both the value and the proportion of total imports drawn from the United Kingdom increased, this gain was paralleled by lower proportions from other Commonwealth countries and from Latin America. Very low prices for some industrial materials seem to have depressed the value of imports from the latter areas and, as primary producers, these countries did not share in the increase of imports of capital goods and manufactures during 1953.

### Closer Balance on Overseas Trade

The shifts in trade direction generally reduced the imbalance of trade with overseas countries which had been more pronounced in 1952 than in other recent years. The size of the export balances resulting from trade with the United Kingdom and many European countries was reduced considerably. Trade balances with many Commonwealth and Latin American countries were also smaller. The import balance on trade with the United States increased, but this imbalance remained a smaller proportion of trade between the two countries than characterizes Canadian trade with most overseas trading partners.

The relative importance of individual countries as export markets in 1953 showed several changes. The

### Some Leading Countries in Canada's Trade

Domestic Exports			Imports		
Country	Calendar Year		Country	January-October	
	1952	1953		1952	1953
\$'000,000					
United States .....	2,307.0	2,418.9	United States .....	2,447.5	2,729.9
United Kingdom .....	745.8	665.2	United Kingdom .....	296.5	376.2
Japan .....	102.6	118.6	Venezuela .....	111.6	129.5
Germany, Federal Republic .....	94.9	83.9	Germany, Federal Republic .....	18.2	27.6
Belgium and Luxembourg .....	104.4	69.5	Brazil .....	30.1	26.4
Union of South Africa .....	47.9	50.8	Belgium and Luxembourg .....	28.1	25.1
Netherlands .....	41.5	42.4	India .....	21.6	21.8
Australia .....	49.7	39.6	Australia .....	16.7	19.4
Brazil .....	81.4	37.6	Netherlands .....	13.2	18.8
Norway .....	39.0	37.3	Colombia .....	14.6	18.7
India .....	55.4	37.2	Malaya and Singapore .....	21.7	18.4
Venezuela .....	35.7	36.5	France .....	15.6	18.2

## Some Leading Commodities in Canada's Trade

Commodities	Domestic Exports			Commodities	Imports		
	Calendar Year January-October				Calendar Year January-October		
	1951	1952	1953		1951	1952	1953
	\$'000,000				\$'000,000		
Newsprint paper .....	536	592	619	Machinery (non-farm) .....	276	299	334
Wheat .....	441	621	568	Farm implements and machinery .....	171	172	194
Planks and boards .....	312	296	283	Automobile parts (except engines) .....	169	161	190
Wood pulp .....	365	292	249	Petroleum, crude .....	195	171	177
Aluminum, basic forms .....	121	155	173	Electrical apparatus, n.o.p. ....	102	112	165
Nickel, basic forms .....	137	151	163	Petroleum products, n.o.p. ....	104	107	117
Barley .....	59	146	137	Coal .....	140	128	116
Copper, basic forms .....	82	101	117	Rolling mill products (iron and steel) .....	144	123	102
Wheat flour .....	114	116	102	Engines and boilers .....	71	119	98
Asbestos, unmanufactured .....	80	87	84	Aircraft and parts (except engines) .....	30	77	93
Farm implements and machinery .....	106	105	74	Automobiles and trucks .....	67	54	89
Whisky .....	54	54	63	Fruits .....	80	82	88

United States and the United Kingdom retained first and second places respectively, but Japan ranked as Canada's third export market for the first time since the war. Grains formed an especially important part of exports to Japan; metals and forest products were other major exports. Sales to Belgium and to Brazil dropped more sharply than to any of the other leading export markets. Lower exports of wheat and barley accounted for most of the decline in sales to Belgium; reduced sales of wheat, motor vehicles, electrical equipment and metals were responsible for the Brazilian decline. Belgium's demand for Canadian grains was lessened in part by the improvement in French supplies after the 1953 harvest. Brazil's total demand for imports had to be restricted because of the serious deficit in that country's external transactions in 1952. Sales of wheat to Brazil were limited by improved supplies in the Argentine, her normal supplier.

Statistics of Canada's imports during the first ten months of 1953 show no changes as sharp as those in exports to Belgium and Brazil. The United States, the United Kingdom, Germany and the Netherlands showed the greatest gains in sales to Canada. In the increase in imports from the latter three countries, textiles played an especially important part; the United Kingdom and Germany in particular increased their shipments of machinery and of motor vehicles to Canada. In the case of the United States, in addition to these categories, imports of electrical equipment, of aircraft and parts, of refrigerators and parts, and of chemicals increased sharply.

### Newsprint Leads Exports

Newsprint paper regained first place among Canada's leading exports in 1953; higher average prices over the year raised the value of newsprint exported to \$619 million. This is the second time that a leading export has surpassed \$600 million in value for the year; the 1952 leader, wheat, set a record of \$621 million for exports of one commodity in a calendar year. Better supplies in other countries brought a decline in wheat

exports to \$568 million in 1953 but even at this figure, these exports remained above those of any postwar year except 1952.

Both lumber and wood pulp were affected by lower average prices and changing markets in 1953. In total, exports of both commodities increased in quantity, although shipments of some types declined. Greater sales in the United States market offset reduced sales overseas. Exports of aluminum, copper and nickel were also greater in value than in 1952, although the latter was due to higher average prices rather than to increased shipments. Farm implements showed the sharpest proportionate drop of any of these leading exports, largely because of reduced farm incomes in the key United States market, but partly because of overseas trade restrictions as well.

Beef cattle and beef again failed to rank with Canada's major exports in 1953. These exports were sharply reduced at the end of 1951 by a relative rise in Canadian prices and were largely eliminated for most of 1952 by embargoes resulting from the outbreak of foot-and-mouth disease in Canada. When the United States embargo was removed in March 1953, cattle prices in Canada and the United States did not differ sufficiently to induce much trade in cattle or beef. This situation continued throughout the year, as heavy domestic consumption of beef maintained the Canadian price level at or slightly above that in the United States.

### Investment Goods Lead Imports

The list of Canada's leading imports in the first ten months of 1953 illustrates the key influence of investment and industrial activity on the record level of imports. Of the twelve leading imports, three—non-farm machinery, farm machinery, and electrical apparatus n.o.p. (which excludes machinery items and refrigerators)—were almost entirely investment goods and accounted for two-fifths of the value of these twelve commodities. Imports of automobiles were

—please turn to page 22

# Markets for Canadian fish

*Significant trends appeared in Canada's exports of fisheries products last year; total value was down a little but prospects for sales in 1954 are generally good.*

T. R. KINSELLA, *Agriculture and Fisheries Branch*

CANADA'S FISH EXPORTS were slightly lower in value last year, 2.4 per cent below the 1952 figure of \$117 million, according to preliminary statistics. But there were significant trends in the 1953 fish trade. Exports of fresh and frozen fillets to the United States increased; sales of canned salmon abroad, principally to the United States, Belgium, Italy and the Netherlands, almost doubled; revenue from exports of shellfish continued high; Jamaica bought more salt cod, and the Dominican Republic's imports of salt pollock and smoked herring bloaters improved.

## Canadian Fish Exports\*

Kind	Quantity		Value	
	1952 (thousands of lb.)	1953	1952 (thousand dollars)	1953
Total exports .....			117,175	114,309
Fresh and frozen whole or dressed .....				
Total seafood .....	198,148	180,157	31,954	29,832
Total, freshwater fish .....	142,177	125,898	17,479	16,584
Total, freshwater fish .....	55,971	54,259	14,475	13,248
Fresh and frozen fillets .....	81,069	89,859	20,900	21,390
Total, seafood fillets .....	71,997	78,731	17,088	17,361
Total, freshwater fillets .....	9,072	11,128	3,812	4,029
Smoked fish .....	12,500	9,947	2,005	1,320
Salted fish .....	132,276	117,498	19,655	17,427
Pickled fish .....	39,606	35,415	3,878	3,491
Canned fish .....	47,415	58,499	11,554	16,202
Molluscs and crustaceans .....	30,754	30,337	17,510	17,587
Miscellaneous .....			9,719	7,060

\* Preliminary figures.

A resumé of 1953 production and sales in the main groups of fisheries products, and a look at the prospects for this year, follow.

● *Fresh and Frozen Fish*—The outlook in 1954 for fresh and frozen fish appears quite bright, almost the reverse of the position at this time last year. Prices for fresh and frozen fish in the first part of 1953 were depressed, and stocks were at an all-time high in both Canada and the United States. Several reasons were given for this condition, such as large imports into the United States market from European sources, including Iceland and Norway, lower prices for meats generally, and the fact that chain stores were buying only their immediate requirements of fillets. However,

the situation improved towards the end of the summer when it became known that United States and Canadian production of groundfish fillets was considerably lower and that U.S. imports from other sources were down.

United States stocks of frozen fish and shellfish on January 1st this year were listed at only 176 million lb., compared with 193 million lb. on the same date in 1953; frozen fish were almost equal to the 1948-52 average. As a result, prices for fresh and frozen groundfish fillets are firmer and prospects for the coming season seem good.

A comparatively recent innovation in the frozen fish field are frozen breaded fillets and fish sticks. Sales of these products, with their convenience appeal—"just heat and serve"—are increasing, particularly in the U.S. market.

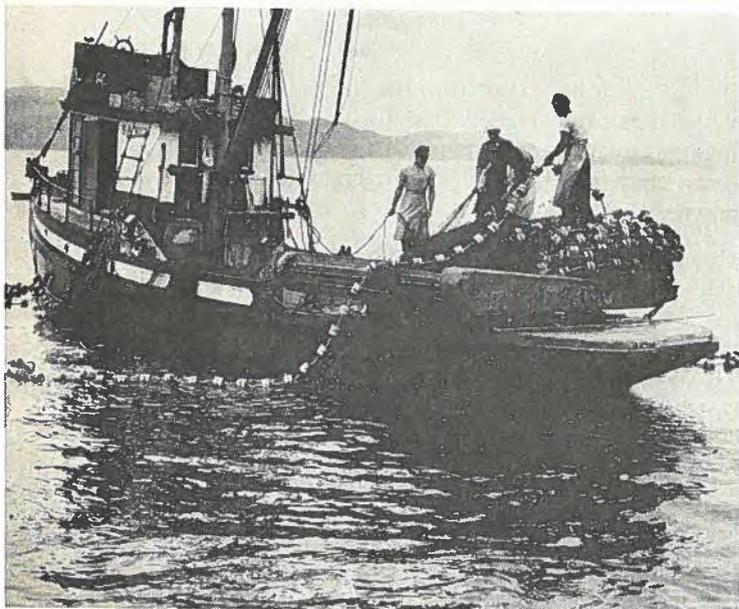
● *Pickled, Salted, and Dried Fish*—Early forecasts in 1953 predicted fairly good markets for salt fish, especially since an analysis of world production of salted groundfish indicated that available supplies would be lower than in the previous year. But large consuming markets such as Brazil did not buy their usual quantities because of currency difficulties, and the surplus stocks were overhanging the other markets. However, substantial sales were made after Brazil revamped its exchange regulations in October, permitting importers to bid for available exchange at the daily auctions. In addition, some \$950 thousand worth of salt cod is being procured from Canadian producers for relief shipments to Greece and Korea.

If sales continue at present levels Canadian exporters of salted groundfish should have little trouble marketing their current stocks during the balance of the 1953-54 season which ends on June 30th, and in that event, will find themselves in a firmer marketing position at the outset of the new season.

Stocks of pickled fish and bloaters are currently higher than last year, although a demand from the Caribbean area for good quality fish at competitive prices is

expected. Jamaica's imports of pickled herring were considerably larger than in '52, and prospects for '54 are encouraging.

● *Canned Fish*—Last spring, West Coast packers were faced with large surplus stocks of canned salmon. The prospects were poor but a contract with the United Kingdom for some 200 thousand cases and increased sales in Belgium and the United States and in the domestic market helped to relieve the situation.



*West Coast fishermen, seining for salmon, pull in a promising-looking catch. Much of it will go to the B.C. canneries, which last year produced over 1.8 million cases, compared with about 1.3 million cases in 1952.*

The 1953 pack exceeded 1.8 million cases, compared with the 1.3 million cases put up in 1952, and difficulties were again anticipated. However, Belgium, Italy and the Netherlands bought substantial quantities, and the poor runs of Alaska pink salmon and California pilchards or sardines strengthened the demand in the United States for the Canadian packs.

### **B.C. Delegation to Britain**

A delegation from the British Columbia fishing industry visited the United Kingdom in the autumn of '53 to investigate the market for canned salmon and to purchase British goods for the West Coast fishing industry. The delegation was cordially received by U.K. government and trade officials, and the visit is expected to result in some worthwhile business. In this connection, a recent press announcement confirms that the British Ministry of Food has decided to open negotiations for one more purchase of canned salmon

from North America on government account before decontrolling canned salmon and handing the trade back to importers later in the year. This final purchase on government account will ensure that the market is not denuded of supplies immediately before decontrol. British Columbia canned salmon has gained worldwide popularity and seems to have become a permanent item in many of the markets.

Production of canned sardines in 1953 was quite low and the current demand and price are exceptionally good. The British colonies in the Caribbean area are among the important outlets for this fish product.

The market for canned lobster continued strong in the United States. Shipments to the United Kingdom this year will be governed by the U.K. Token Shipment Plan, based on 30 per cent of exports during the period 1936-38.

### **B.W.I. Trade Liberalization Plan**

A recent announcement that canned fish is no longer subject to vouchers issued under the British West Indies Trade Liberalization Plan, but is now under Open General Licence there, should be of major assistance to Canadian exporters.

● *By-products*—Herring meal is again being produced in quantity in British Columbia after a year's lapse, because of a strike by West Coast herring fishermen. The bulk of this commodity is sold in the U.S. market and prospects seem encouraging. Atlantic Coast fish meal is also marketed in both Canada and the United States; prices are a little lower than at this time last year.

Herring oil prices have strengthened a little but, as is the case with other fish oils, they are still below those of a few years ago.

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### **Gifts Entering Poland**

*Effective February 9, all gifts entering Poland have been made subject to customs duties. Hitherto, small quantities of food, clothing and some other articles sent as gifts have entered Poland duty-free, subject only to customs handling charges.*

*The new customs duties on gifts are high, amounting, for example, to 100 zlotys on a kilogram of roasted coffee, 300 zlotys on a kilogram of wool, and 60 zlotys on a pair of nylon stockings.*

*At the official Polish rate of exchange, one zloty equals 25 cents U.S. One kilogram equals 2.2 pounds.*

# Vancouver • Canada's Second Port

- *Founded on the lumber industry, Vancouver has grown with the expansion of Canada's trade today ranks second only to Montreal in volume of traffic handled.*
- E. A. LESLIE, *Office of the Western Representative, Vancouver.*

ONLY 67 YEARS AGO, a sailing ship from China brought the first transpacific cargo into the port of Vancouver—a shipment of 800 tons of tea. That same year saw the first outbound cargo loaded. Lumbering was the city's initial industry and inevitably that first shipment consisted of timber and spars for ships.

A glance at the present-day statistics for the port tell of phenomenal growth. In 1952 inbound cargo totalled 5.8 million tons and outbound cargo 6.3 million tons. Over 1,360 deep-sea vessels used the port, plus over 29,000 smaller ships, both Canadian and foreign, engaged in the coastal trade.

## Growth Was Rapid

It was a Royal Navy officer, Captain George Vancouver, who in 1792 first explored the area where the city named for him now stands. His sailor's eye noted the fine landlocked harbour which opens inside the First Narrows, a harbour with an area of nearly 50 square miles and a total shoreline of 98 miles. Seventy years later, Burrard Inlet, which now forms the main harbour, was surveyed and the city itself was incorporated in 1886.

Soon after, two developments combined to assure Vancouver's future as a port. In 1887 it became the terminus of the first transcontinental railway. Twenty-seven years later the Panama Canal was opened, cutting 23 days off the voyage from Vancouver to Liverpool compared with the old route via the Straits of Magellan.

Over fifty deep-sea steamship lines use the port today, maintaining regular services to the Orient, the Antipodes, Central and South America, Europe, the United Kingdom, South Africa and the Atlantic coast. Regular passenger and freight service to the Orient was begun in 1891 by the Canadian Pacific liner *Empress of India*; two years later, the first liner loaded for Australia. In comparison with Eastern Canadian ports, Vancouver is only 6,030 miles from Hong Kong compared with the 11,045 from Halifax to Hong Kong.

In addition to the deep-sea ships, Vancouver is served by a large number of coastal vessels maintaining

regular schedules up and down the Pacific coast, north to Alaska and south to California.

Vessels enter Vancouver through the First Narrows, which are spanned by the lofty Lion's Gate Bridge, largest single suspension bridge in the British Empire. Ships can go in and out without tugs and the draft is 40 feet at high water.

## Port and Its Equipment

Principal piers and wharves are located at the south side of the harbour, which extends four miles between the First and Second Narrows. Beyond the bascule lift span which bridges the Second Narrows an extension of the harbour runs north and east for many miles. It is in this area that the huge new oil refineries are being constructed to handle the flow of oil from Alberta which started to move through the new Trans-Mountain pipeline in October 1953. New oil loading docks are being constructed and the channel deepened to accommodate the world's largest tankers.

The main harbour piers and wharves range from small coastal terminals up to the steel and concrete Ballantyne pier which has a berthing length of 2,610 ft. and sheds covering an area of 400 thousand sq. ft. There are 27 piers and wharves for deep-sea vessels with a total of 47 deep-sea berths. Average depth of water at these piers is 31 ft. at low water. Railway tracks lead to the piers from four transcontinental lines, in addition to an electric railway and the National Harbours Board terminal railway which supplies switching services to both sides of the harbour. There are four oil bunkering berths.

The harbour is operated by the National Harbours Board which regulates all traffic. On the north shore lies the city of North Vancouver, site of another grain elevator and deep-sea berths, in addition to extensive shipbuilding and ship repair facilities. The repair facilities include floating drydocks with a lifting capacity of 20,000 tons and marine railways with a lifting capacity of 3,000 tons. There are sixteen shipways. The repair facilities are manned by many old-country artisans who brought their skills with them.

In addition to the regular cargo-handling equipment of the port, there are numerous auxiliary facilities—including large cold-storage terminals, heavy lifting equipment, and storage facilities for more than half a million gallons of fish and vegetable oil. The National Harbours Board Fishermen's Wharf offers berthing space for 130 fishing craft.



*This aerial view of the port of Vancouver shows, in the foreground, Burrard Inlet, and to the left the principal piers and grain elevators and the main line of the C.P.R. running into Vancouver. In the background lie English Bay and the entrance to False Creek.*

The export trade of Vancouver is largely made up of natural products, including grain, lumber, pulp and paper, canned and fresh fish, flour, apples, metals, etc., but there is also a large movement of manufactured products from all parts of Canada. Import cargo covers a wide range of commodities from many countries. Principal foreign exports in 1952 included the following:

Grain, in bushels .....	116,639,673
Flour, in barrels .....	2,929,471
Canned fish, cases .....	1,006,129
Lumber, ft. M.B.M. ....	251,821
Apples, boxes .....	232,442
Pulp and paper, tons .....	46,394
Shingles, bundles .....	35,919
Logs, poles, pilings, M ft. ....	9,423

### Leading Grain Exporter

It is perhaps in the export of grain that Vancouver has gained its greatest reputation. The first elevator was constructed here in 1914 and limited shipments of

sacked grain were made to the Orient, but it was several years before wheat started to move to the United Kingdom—in fact, after the opening of the Panama Canal in 1914. Gradually additional elevator facilities were added and in 1921, some 1½ million bushels were shipped. This rose to a record of more than 116,600,000 bushels in 1952 and there are indications that the present crop year will establish another record.

The first elevators were constructed by the Government and operated by the National Harbours Board, which later leased them to private interests. Today there are seven modern grain elevators in the main harbour with a storage capacity of more than 18,716,000 bushels. These elevators have 17 loading berths and 78 spouts, with a total loading capacity to ships of 377 thousand bushels an hour. Today a ship can take a full cargo of 9,000 tons of grain here in eight hours.

Vancouver has travelled a long way since that first cargo was shipped out in 1887. It has become the second busiest port in Canada and, with great new developments going forward on the West Coast, this growth should continue. The years ahead should prove the truth of Vancouver's motto: "By Land and Sea We Prosper".

### Sweden's Forest Products

Forecasts are that Swedish exports of wood products will be smaller this year than in 1953, when they totalled no less than 800 thousand standards. Exports from Finland are also expected to drop. Several reasons are given for the decrease. At the recent timber sales, prices were so high that the export of wood products will hardly pay unless there is an increase in the export prices, which is most unlikely on the present market. Even current prices are considered high by European consumers. In addition, various types of substitute products are becoming popular and it is increasingly difficult to sell lower qualities because Austrian competition in this category is very keen.

A restriction in Swedish production and export of wood products is expected and extensive exports in 1953 used up a large amount of the stocks.

Export contracts for Swedish wood products made so far for delivery in 1954 amount to 140 thousand standards, of which 75,000 standards were sold to the United Kingdom. Finnish sales for 1954 amount to 90,000, of which 50,000 standards went to the United Kingdom.

# commodity notes

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## Brazil

**NON-ANTIBIOTIC SPECIALTIES**—An American firm has concluded a long-term licensing agreement with Laboratorios Moura Brasil-Orlando Rangel S.A. of Rio de Janeiro, under which the Brazilian company will manufacture and distribute a complete line of non-antibiotic specialty products—Rio de Janeiro, Feb. 5.

## Chile

**COPPER**—Under a new commercial agreement, Chile will export US\$18 million worth of copper to Western Germany. The price will be based on the quotation in the New York or London markets—Santiago, Feb. 6.

**BAKERY PLANTS**—Ten new mechanized plants for Chilean bakeries have been acquired from Sweden with the assistance of FAO. Their total value is given at US\$30,000—Santiago, Feb. 6.

## Cuba

**TEXTILE**—According to the Cuban Textile Association, annual domestic textile production includes 55 million yards of cotton fabrics (plain), 12 million yards of rayon fabrics (plain), 22 million pounds of synthetic yarns and fibres, four million yards of "tricot" fabrics, three million towels, and 1.5 million dozen pairs of socks and stockings. The domestic cotton industry produces 12 million container bags for packing refined sugar and other industrial and agricultural products—Havana, Feb. 4.

## Denmark

**FURS**—At the first Copenhagen fur auction of the season, held in December, some 100 thousand standard mink and 15,000 mutation mink pelts were offered for sale. About 80 per cent were sold, bringing in a total of eight million kroner. Contrary to previous experience, most of these sales were made to European buyers. United States representatives were more reserved than usual because of large stocks and a not very lively demand on the American market. The maximum price fetched for standard mink was 174 kroner, for silverblue 205 kroner,

and for pastels 280 kroner. The sensation at this auction was the new white mink, of which some 200 were offered. Of these, the seven best pelts went to the United Kingdom at a price of 400 kroner each. No interest was displayed in the 2,000 silver fox skins offered and 120 kroner was the highest price obtained for the 1,600 blue fox put up for sale—Oslo, Jan. 30.

## Norway

**FURS**—The most notable feature of the first fur auction of the season held in Oslo from December 8 to 11, 1953, was the renewed interest in blue fox skins. This may well be the result of the advertising campaign for Norwegian fur products recently organized abroad by the Norwegian Fur Farmers' Association. Of the 5,035 blue fox skins offered, 99 per cent were sold at an average price of 83 kroner; the maximum price was 180 kroner. Silver foxes also sold better than expected, 66 per cent of the 2,734 skins offered went at an average price of 89 kroner. Practically all the mink pelts put up for sale were disposed of, the 28,750 standard mink skins fetching an average price of 97 kroner, the 4,200 silverblue an average of 144 kroner, and the 2,800 pastels an average of 153 kroner. The total export value of the pelts sold at this auction was a little over 4.5 million kroner—Oslo, Jan. 30.

## Pakistan

**CLOTH**—To offset high domestic prices and shortages of cloth, the Government of Pakistan recently finalized the purchase of Rs.30 million (approximately Canadian \$9 million) worth of cloth from Japan, consisting chiefly of the cheaper grades of shirtings and other cottons usually imported from that country—Karachi, Jan. 29.

**JUTE**—According to reports, Poland has purchased 40,000 bales of jute and is negotiating for an additional 20,000 bales. The USSR has bought over 30,000 bales and is said to be interested in an additional 60,000 to 100,000 bales, for delivery in the next two months. These purchases are being negotiated through normal trade channels—Karachi, Jan. 29.

## Panama

**BANANAS**—In spite of heavy storms, banana exports by the Chiriqui Lant Company (United Fruit) during 1953 increased to 5,852,890 stems compared with 3,582,208 in 1952—Guatemala City, Feb. 2.

## South Africa

**MINERALS**—Latest statistics for 1953 indicate that it is likely to be a record year for mineral sales. New peaks in both value and quantity are expected in metal ores, coal and tin. The total value of minerals sold during the first nine months of the year was £36.6 million, compared with £35.9 million in the same period of 1952. Increases in the sales of chrome and manganese ores, plus greater coal production, have offset lower copper and asbestos prices—Cape Town, Feb. 5.

**WATTLE BARK AND EXTRACT**—Production of wattle bark and extract in the Union of South Africa was curtailed during the second quarter of 1953 because stripping had to be suspended earlier than usual as a result of dry weather. However, the export trade in wattle products is being maintained and large shipments of extract are going to the United Kingdom, Europe and Japan.

Exports of wattle bark increased from 32.7 million pounds worth £458,329 in January-July 1952, to 38.2 million pounds valued at £547,056 for the same period in 1953. The figures for extract showed a decline from 141.9 million pounds worth £4,538,513 to 121.5 million pounds worth £4,194,524—Johannesburg, Feb. 4.

**FRESH FRUIT**—Expanding fresh fruit exports have led to the need for more precooling chambers at South African ports and more refrigerated shipping. The volume of exports is expected to rise by a third by 1960, as compared with the present. The Perishable Products Export Control Board is making arrangements for increased refrigeration facilities. Some idea of the expansion is provided by comparing the 1926 figures of only 1.5 million packages of deciduous fruit and 625 thousand packages of citrus with today's 5.8 million and 4.5 million packages, respectively. It is estimated that by 1960 South Africa will be exporting seven million packages of deciduous and eight million cases of citrus fruits—Cape Town, Feb. 5.

**GOLD**—Production of gold was greater during the war years, but the higher prices have made the 1953 output the most valuable in the history of South Africa. Thanks to the increased tempo on the Far West Rand, where there are now five major

producers, and to the slowly rising output from the Orange Free State, production increased by 120,795 ounces to 11,936,307 ounces, and the value rose from £146.9 million in 1952 to £147.5 million in 1953—Johannesburg, Feb. 2.

## United Kingdom

**STEEL**—Britain produced 17.6 million ingot tons of steel in 1953, as compared with 16.4 million tons in 1952. This was made possible by the ending of the shortage of steel-making materials which resulted from the Korean War dislocation of shipping.

For the first time since the war supply and demand came into balance, except for plates and sheets. Consumers' stocks of steel have been replenished, imports reduced and exports increased. It is estimated that the increased capacity and the supply of raw materials available will support production in 1954 at a level of 18.5 million tons. However, except for a few special products, the sellers' market has gone, and higher output will depend on demand. A further drop in imports of finished steel is expected—London, Feb. 8.

**COAL**—Provisional figures for U.K. coal output in 1953 come to 223.52 million tons, compared with 224.78 million tons in 1952—a drop of 1.26 million tons, attributed to the introduction of an extra week's holiday for miners and to the Coronation holiday. The overall loss from holidays was 14 million tons, as against nine million tons in 1952. Allowing for the holiday loss, actual production was 3.75 million tons higher than in '52. This is the first time since nationalization that output has failed to rise. Previous annual increases in millions of tons were: 1952, 3.5; 1951, 6.6; 1950, 1.2; 1949, 5.7; and 1948, 12—London, Feb. 8.

**COMMERCIAL VEHICLES**—Preliminary figures indicate that U.K. exports of commercial vehicles dropped to £62 million in 1953 from £78 million in 1952. Most of the decline was in lighter vehicles, such as light vans and trucks, station wagons and pick-ups, although public service vehicles also declined. Exports of heavy duty vehicles (over three tons unloaded), were higher. Principal overseas markets, mostly Commonwealth, took about the same value of U.K. production as last year. Chassis make up a large percentage of exports, indicating the development of component and body production in importing countries. Production for the first ten months of 1953, as compared with the same period in 1952, rose by 10,000 for vehicles under 15 cwt. carrying capacity and by 2,000 for vehicles over six tons, but dropped by 13,500 for vehicles between 15 cwt. and six tons—London, Feb. 8.

# Agricultural Policy and the U.S. Government

*The promised re-examination of the Government's entire agricultural program has been concluded in the United States and certain recommendations have been made to Congress for dealing with some of the more pressing problems.*

W. C. HOPPER, *Agricultural Counsellor for Canada, Washington.*

FOR THE MAJORITY of United States farmers, the most important of the Federal Government's agricultural policies is that relating to the support of farm prices.

At the present time, the prices of six "basic" commodities—wheat, corn, cotton, rice, tobacco and peanuts—are supported at 90 per cent of parity\* and this level of support will be continued until the 1954 crops are marketed. Wheat and cotton growers have voluntarily agreed to reduce their 1954 acreages in these crops by a substantial amount in return for 90 per cent price supports; the 1954 corn acreages will also be cut.

## Present Support System

This fixed high level of support was established in 1949 by an amendment to the Agricultural Adjustment Act of 1948. If new legislation is not passed during the present session of Congress to continue this 90 per cent support level for basic commodities, price supports for these crops produced in 1955 and thereafter will be somewhere between 75 and 90 per cent of parity, depending on supply. This policy is popularly called flexible price support.

Legislation now in operation provides that honey, wool and dairy products must be supported at between 75 and 90 per cent of parity. A large number of other products, such as oats, barley, rye, soybeans, flaxseed and certain field seeds, (but no fruits and vegetables or meat animals) may, at the discretion of the Secretary of Agriculture, be established at any level not to exceed 90 per cent of parity.

Price support programs, according to the U.S. Department of Agriculture, are used for these purposes:

- To encourage the required high level production and the orderly marketing of farm crops over the course of several years;
- To stabilize farm purchasing power;
- To protect the national economy from repercussions which follow from low farm incomes;
- To develop reserve stocks of agricultural commodities necessary for emergency needs at home and abroad.

## Loans and Purchases Made

To support prices of commodities at a specific percentage of parity, farmers receive loans at the parity levels and the Commodity Credit Corporation, which is the government agency responsible for financing price support operations of this kind, makes outright purchases.

To help stabilize prices of other commodities, many of which are perishable, the Government makes purchases under authority of section 32 of Public Law 320, which provides that 30 per cent of all tariff revenues be used for encouraging exports and domestic consumption and for export subsidies on agricultural commodities which are in surplus supply. Most of the operations under section 32 involve buying limited quantities of commodities to raise the price to producers and to increase consumption by needy persons. The objective is not to raise the price for the whole crop up to a given level, but merely to relieve a surplus and support prices to some extent. Section 32 funds were used in 1953 to help support the prices of a large number of agricultural products.

The operations of the Commodity Credit Corporation and expenditures under section 32 are the most impor-

\* Parity may be defined in different ways. Parity prices for farm commodities are those which are fair to the farmer considering the prices of things he must buy and pay for, or parity prices are the prices of agricultural commodities which will give them a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period—a period when prices paid and prices received by farmers were in good balance. A more simplified definition of parity prices is that, if it took so many bushels of wheat, dozens of eggs, or pounds of pork or beef to buy a suit of clothes in the base period (usually 1910-14 is used), the price of these agricultural products today—or the parity price—should be such that a similar quantity of the products will buy a suit of clothes comparable in quality to that purchased in the base period.

tant methods employed by the United States Government to support and stabilize prices of agricultural commodities. There are, however, a number of other methods used—such as crop insurance, payments under the Agricultural Conservation Program and payments of the difference between the price of wheat under the International Wheat Agreement and the domestic market price.

The price support activities of the Commodity Credit Corporation cost about \$61 million in 1953. The removal of surplus commodities—such as contributions to school lunches, gifts to relief agencies at home and abroad which were undertaken with section 32 funds, and payments under the International Wheat Agreement Act—amounted in 1953 to about \$213 million. The total cost in 1953 of all federal programs which were used primarily to stabilize farm prices and farm incomes was about \$331 million. Over the past 22 years, programs of this kind have cost the United States Government a total of \$7,510 million.

#### **Brief History of Price Support**

The various price support programs now being operated by the United States Government have been developed during the last twenty years, following the creation of the Commodity Credit Corporation in 1933. At that time, farm prices were extremely low, farm foreclosures were at a record high, and the agricultural economy was in a serious condition. Price support operations, however, were relatively small compared with those of today; only the prices of corn, cotton and naval stores were supported. In 1938, price support operations were expanded substantially in the hope that farm purchasing power might be restored. The prices of many additional commodities were supported. At the start of World War II, the United States benefited from price support programs in the form of reserves of corn, wheat and cotton, accumulated by the Government. These reserves helped to meet expanded wartime needs for food and fibre. As the war emergency became graver, price supports were used to increase agricultural production in a short space of time. Legislation was passed to support prices beyond the immediate war period to help farmers in the transition from a wartime to a peacetime economy.

With the outbreak of hostilities in Korea in June 1950, price supports again were used for purposes similar to those in World War II. At the start of the Korean hostilities, the United States again reaped dividends in the form of commodity reserves developed under price support. This time the reserve included a much larger group of commodities than at the start of World War II, reflecting the fact that the number of commodities supported had increased sharply since 1941. These reserves again proved invaluable in meeting immediate and expanded needs and in helping to prevent runaway

inflation in commodity prices. Stocks of feed grains made possible record meat production and stocks of cotton were returned to commercial channels to help stabilize prices.

#### **Present Government Stocks**

Stocks of surplus commodities in the hands of the Commodity Credit Corporation have grown rapidly during the last year and a half. The adoption by farmers of modern methods of production, combined with relatively good growing conditions, have been responsible for record crops. Total production of farm products was 45 per cent greater than it was just before World War II. This great increase in production, stimulated by high price supports while exports were declining drastically, has contributed to building up government stocks of surplus commodities to an all-time high. On February 1, 1954, the Commodity Credit Corporation's investment in loans to producers and in its own inventory was almost \$6½ billion, the top limit of its borrowing authority. A bill has been introduced in Congress and will shortly become law to increase the borrowing authority of the CCC to \$8½ billion. Because loans to farmers are likely to continue at a high level, it is not expected that the additional authority for \$1½ billion will take care of more than the 1954 crops.

The carryover stocks in the hands of the Government from the 1953 crops will probably amount to about 800 million bushels of wheat and 9·6 million bales of cotton, which represent a full year's domestic needs for these products. The prospective carryover of corn is 900 million bushels and of food fats and oils, 1½ billion pounds. Government stocks of dairy products at the beginning of 1954 were the largest on record, representing about 8½ billion pounds of milk equivalent.

#### **New Agricultural Legislation**

When the Republican Administration came into power in January 1953, the Secretary of Agriculture promised that the entire agricultural program of the Federal Government would be modernized to make it of greater value to farmers and more beneficial to the entire national economy. Secretary Benson promised that, in developing new policies, the farmers of the nation would be given an opportunity to make recommendations. During 1953, nation-wide meetings of farmers were held by the large farm organizations where farmers answered questions on the kind of federal legislation they wished to see adopted. Economists at agricultural colleges were asked for their advice and several working parties were set up in the United States Department of Agriculture to develop plans. The agricultural committees of the Senate and House of Representatives held hearings in various states. The results of all these studies were analyzed by the National Agricultural

Advisory Commission, which reported to Secretary Benson. Final recommendations were presented by the President to Congress in his message on January 11.

These recommendations will require little in the way of new legislation. The agricultural acts passed in 1948 and in 1949 are to be continued in operation. The message recommends that the amendment to the 1949 act, which provides that the prices of the six basic commodities be supported at 90 per cent of parity, be allowed to expire after the 1954 crops are marketed. Flexible price supports at 75 to 90 per cent would then come into effect as provided by the 1949 act. The Secretary of Agriculture hopes that the adoption of flexible supports will make it unnecessary to set up government machinery to reduce the acreages of these crops. The President also recommended that the modernized parity formula, which is based on the last ten years, be used instead of the parity formula which is based on the years 1910-14 and the transition from one to the other must not exceed 5 per cent per year.

#### **Mr. Benson's Views**

Since becoming Secretary of Agriculture, Mr. Benson has been an outspoken opponent of the fixed 90 per cent support of the prices of basic commodities. He has assailed high rigid price supports in recent addresses because he believes they build up mountainous surpluses which depress prices, drain off taxpayers' dollars, throw production patterns completely out of gear, hinder agriculture in its attempt to move forward toward expanded or new markets, and cause bitterness and misunderstanding between city consumers and farm producers. Since the President presented his message to Congress, several Congressmen, principally from wheat and cotton-growing states, have expressed vigorous opposition to the recommendation for dropping the 90 per cent parity support level for basic commodities. It is expected that there will be a vigorous struggle in Congress between those in favour of high rigid price supports for basic commodities and those who oppose rigid, but are in favour of flexible, price supports.

#### **Disposal of Surplus Commodities**

During the 1953 session of Congress two new measures, under which surplus agricultural commodities could be disposed of to foreign countries, became law. One act provides \$100 million to be available up to March 31, 1954, for relief of famine and other emergencies in foreign countries. The other legislation, known as section 550 of the Mutual Security Act, provides that \$100 million to \$250 million be made available up to January 30, 1954, for financing the disposal of surplus commodities which foreign countries may purchase at world prices for local currencies. Commodities sold under section 550 must not replace

the usual marketings of the United States and friendly countries. Up to February 1, expenditures of approximately \$7 million of the Famine Relief Act and about \$64 million of the funds made available under section 550 had been authorized.

In the President's message of January 11, he recommended that \$2½ billion of government stocks of surplus commodities composed of wheat, cotton, vegetable oils and possibly some dairy products, should be frozen or insulated from commercial channels of trade.

#### **Budget Message**

The President's budget message presented to Congress on January 20 recommended that \$1 billion worth of commodities held by the CCC be used over a period of three years to "strengthen the economies of friendly countries and otherwise to contribute to the accomplishment of our foreign policy and objectives. . . Special safeguards will be provided which will require that commodities furnished must be in addition to amounts which otherwise would have been imported and must not displace the usual marketings of the United States and friendly countries".

Neither of these two recommendations has as yet become the subject of legislation. When bills implementing these recommendations are introduced in Congress, it is expected they will reveal what plans are contemplated for using the large sums of money which will be provided.

#### **Three Methods Proposed**

United States Government officials have said that there are three general methods of disposing of the giant stocks of surplus commodities: increased consumption at home; greater sales to other countries in the normal channels of trade; and sales and gifts to foreign countries over and above normal commercial transactions. All of these, they say, will be used but it appears that the Government will have to carry much larger stocks for some years than it has carried in the past.

While the special measures used by the Federal Government with the primary objective of supporting agricultural prices and stabilizing farm income are of the greatest interest to United States farmers and involve the greatest expenditures, federal agricultural policies include many other programs. These programs aim to increase production, make farming and marketing more efficient, conserve agricultural resources, provide long and short-term credit for farmers and farmers' co-operatives, expand exports and generally improve the lot of the nation's agricultural producers. The Federal Budget for next year estimates net budget expenditures for agriculture and agricultural resources at \$2.4 billion, of which \$1.3 billion will be for programs other than CCC price supports for agricultural commodities. ●

# The Rural South

*The diversifying of crops and industrial and rural progress in the last 15 years have strengthened the Southern economy and made the impending restrictions on cotton production less serious in these states.*

G. A. NEWMAN, *Consul of Canada and Trade Commissioner, New Orleans.*

IN THE CLOSING MONTHS OF 1953, the Southern States received a sharp reminder that 49 per cent of the nation's farms and 51 per cent of its farm people are in the South. The jolt came in the United States Department of Agriculture's estimate that the country has about \$1½ billion worth of cotton in excess of market demand for the current marketing year ending August 1, 1954. The Department estimates the total supply for the marketing year at 21·9 million bales and domestic and export consumption at 12·3 million bales, leaving a carry-over of 9·6 million bales next August. It is the largest carry-over since the war and sufficient to supply the United States' whole needs for four years. This surplus, under the present government regulations, spells crop restrictions to the Southern States, where cotton has been king for 150 years. The small producer, however, is not wringing his hands as tensely as he has in the past.

## **Diversifying Crops**

Before the Civil War, there were other crops besides cotton grown in the South. Tobacco remained important, especially after 1850 when flue-curing supplanted the old-fashioned method and a new yellow-leaf variety won public favour. North Carolina and Virginia profited most from this crop.

Down in Louisiana, sugar was introduced by the Jesuits from Santo Domingo in 1751. Between 1820 and 1861 production increased from 20,000 short tons to 270 thousand and sugar-growing was giving employment to 180 thousand slaves.

Rice, corn, peas, beans and sweet potatoes and some livestock were also to be found in the South. But then, as today, cotton was the leader.

After the Civil War, the importance of crop diversification was recognized but there was little means at hand for its accomplishment. Nevertheless, there were some notable variations from cotton and tobacco production. Perhaps the most important was the development of truck farming—the supply of fruits and winter vegetables to the large cities of the East and North. By 1900, \$24 million worth of fruit and \$28 million worth

of vegetables were moving annually into northern markets. Southeast Virginia turned to the growing of peanuts and Texas to cattle-raising.

The war also taught Southerners the importance of industrialization and in the 1880's production of fertilizers, iron and steel, lumber and furniture, tobacco and cotton textiles began. Of these, cotton textiles was the most important. By 1910, the Southern mills were leading the nation in the consumption of domestic cotton. The introduction of the cigarette gave a boost to tobacco manufacture, centered in North Carolina.

Important as these industrial developments were, they did not begin to meet the employment needs of the South nor did they raise in any marked degree the per capita income of these agricultural states.

## **Between the Wars**

At first glance, the rural South appears to have made little substantial progress during the period between the two World Wars. Tenancy reached its highest point in the 1920's. In Texas, the percentage of tenant-operated farms rose from 53 to 61; in Arkansas, from 51 to 63; and in 1930 in the State of Mississippi it attained the peak figure of 72 per cent. During this same period, the percentage of white tenants increased by about 35 per cent and that of negro tenants decreased by 11 per cent. Living standards of Southern farms lagged behind those in the North.

The depression served to awaken national interest in the South and laid the groundwork for national support which has contributed in numerous ways to the satisfying progress there in the last 15 years.

One of the immediate effects was the Agricultural Adjustment Act of May 12, 1933, which reduced the acreage in cotton and other crops. In 1934 and 1935, about 14 million acres normally in cotton were shifted to other crops and in 1936 the diverted acreage was the largest on record. The much-needed crop diversion, the establishment of parity prices, farm loans and soil conservation measures served to reverse a trend in Southern agriculture which had been getting progressively worse. In a sense these were outside

measures which, though salutary, did not stem from Southern agriculture itself and the permanent effect of such measures was therefore open to question.

Fortunately for the South, the between-war period also saw the beginning of inter-related activities which contributed to greater productivity and later brought to the South a prosperity which it had never known before.

### Groundwork for Progress

From the beginning, these states have had too many people on the land producing too little per person—and with nowhere to look for better employment. But the last 15 to 20 years have witnessed a great and gratifying change. Between 1940 and 1950, the number of farms in the South decreased by one-eighth and the acreage per farm tended to increase. The number of farm tractors, symbolic of mechanization, increased by more than 200 per cent. There was a marked decrease in farm population and farm employment and yet the total farm output rose.

Across the Southland the story has been much the same. In the southwestern states of Arizona, New Mexico, Oklahoma and Texas, the number of farm operators between 1930 and 1950 dropped from 906,377 to 632,005, a decline of 30 per cent. In 1930, 60 per cent of all farmers were tenants; by 1950, only 23 per cent. In the southeastern states of Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee, there were approximately 275 thousand fewer farms in 1950 than in 1935; the average size of the farms had increased from 75 to 130 acres. In 1930, over 400 thousand share-croppers represented 31 per cent of the total farm operators. By 1950, the number had dropped to 186 thousand and the percentage to 17. In 1935, farm operators held title to 50 per cent of the land; in 1950, the percentage had increased to 74.

### Factors in Change

The two basic reasons for this change were the high prices for farm products between 1940 and 1952 and the intense industrialization which took place in the South over this same period. Basic industries in wood products, steel, fertilizers and textiles were expanded and new ones such as the petrochemical industry, with its plastics and synthetic fibres, were added. Rising incomes and new consumer demands attracted branch plants of firms producing consumer goods.

These two factors have galvanized the rural South into adopting practices which were recommended earlier but which were difficult to put into operation in the absence of funds and with a burdensome farm population.

In farms which are of a size to warrant the capital expense, mechanization has replaced hand labour. In

six Southeastern states, for example, the total number of tractors increased from 10,000 in 1920 to 277 thousand in 1952. This in turn has led to greater acreage per farm and an active attempt to diversify crops.

### Trends in Farm Production

It is curious that, while cotton production has been rolling to the westward, grazing and cattle farming has been moving from west to east; today there are grasslands being improved and livestock being built up as far east as Florida. In six Southeastern states between 1935 and 1950, 13 million acres were added to the land in farms but the crop land harvested declined by five million acres. Of the 18 million acres in new land or land diverted from harvest crops, 16 million went into pastureage.

The increasing urban population in the South has meant an expanding market for meat and dairy products, poultry, eggs, fruits and vegetables. More important, however, is the fact that the new industries, many of which are being dispersed throughout the rural areas, are offering attractive wages and employment to those whose farms are too small or poor to permit the relatively high cost of mechanization and mixed farming. Such farmers have either left their farms entirely or have found it possible to treat their holding on a subsistence basis while motoring to work in factories each day.



*This mechanical harvester is gathering in part of the cotton crop in the Southern States. For the marketing year ending August 1, 1954, estimates are that production will outstrip market demand by about 9.6 million bales.*

Mechanized farming for more efficient production; increased use of fertilizer and better seeds; greater know-how; the conversion from crops to livestock and other forms of mixed farming—these developments have marked the past few years.

With these changes in mind, it is interesting to note the following comparison of the top ten sources of income from farms in 14 Southern States for 1937 and 1952:

### Top Ten Sources of Agricultural Income in 14 Southern States

Rank 1937	Income	Rank 1952	Income
1. Cotton .....	\$805 million	1. Cotton .....	\$2,318 million
2. Tobacco .....	291 "	2. Cattle .....	1,382 "
3. Cattle .....	251 "	3. Tobacco .....	1,035 "
4. Milk .....	211 "	4. Milk .....	722 "
5. Hogs .....	126 "	5. Hogs .....	499 "
6. Wheat .....	103 "	6. Chickens .....	441 "
7. Eggs .....	95 "	7. Eggs .....	368 "
8. Truck Crops .....	95 "	8. Wheat .....	325 "
9. Chickens .....	50 "	9. Truck crops .....	290 "
10. Peanuts .....	38 "	10. Peanuts .....	140 "

In 1953, U.S. farmers were subject to rising operating costs, a 10 per cent decline in crop prices, and a drought. As they enter 1954, the farmers of the Southern States are faced with cotton restrictions, a continued levelling of farm prices, and a moderation, if not a decrease, in industrial production as a source of employment.

How will the South stand up under these conditions which are less buoyant than in the past few years? A return to the depressing conditions of 20 years ago is most unlikely. Industrialization has penetrated deeply into the South. Agriculture, though still heavily dependent on cotton and tobacco, is no longer focused on a single crop. The intelligence and skill devoted to farming is being steadily increased. One feels, therefore, that apart from a national emergency the South, by making more effective use of its basic resources and manpower, is better able to withstand adverse economic conditions. In fact, it should gradually emerge as an area whose prosperity may not exceed, but will not be much below, the other areas of the United States.

## FRANCE *Improves Its Trading Position*

*The year 1953 has seen a gradual rise in exports, a drop in imports, and a continuing deficit with the European Payments Union and with the sterling area.*

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

THE FOREIGN TRADE OF FRANCE definitely improved during 1953. Official statistics for the first nine months of the year indicated that the slump in exports, which persisted through most of 1952, has given way to a gradual rise in both the value and quantity of goods shipped to foreign countries. Imports continue to exceed exports but to a smaller degree than during 1952. No detailed official figures have yet been published for October and November, but preliminary reports indicate that the favourable trend is continuing and 1953 is expected to turn out as a considerably better year for foreign trade.

### Imports Have Fallen

In early 1952, France cancelled the partial liberalization program instituted within the OEEC framework and required import licences for all products regardless of their origin. It took some time for the effects

of this policy to become apparent and the commercial balance for 1952 reflected the heavy imports of the first few months of that year. During the first nine months of 1953, however, total imports from abroad were valued at 828.4 billion francs compared with 963.9 billion during the same months of the previous year, a drop of almost 14 per cent. Almost all the principal commodities were affected (see table below). Imports of industrial raw materials and food products, fruits and vegetables excepted, were cut substantially but imports of industrial equipment were increased.

This decrease in imports of foreign products was partly compensated for by increased imports, particularly of consumer goods, from the French Overseas Territories.

The improvement in the export picture was not uniform for all products. Exports of textiles and iron and steel products went up substantially, as did those of wood

## Foreign Trade of France

	Imports		Exports	
	12 months 1952	9 months 1953	12 months 1952	9 months 1953
	(billions of francs)		(billions of francs)	
Switzerland .....	37.8	27.1	103.7	87.6
United Kingdom .....	60.4	51.5	85.2	57.2
Belgium and Luxembourg .....	61.6	44.1	79.5	62.5
Western Germany .....	115.0	82.4	78.9	71.0
United States .....	160.6	103.5	54.9	49.1
Italy .....	33.5	15.8	37.9	31.1
Netherlands .....	32.8	26.4	28.4	23.1
Brazil .....	29.9	20.1	25.4	25.4
(Canada) .....	26.8	10.7	6.7	7.0
Other Countries .....	673.2	446.8	317.5	235.4
Total all foreign countries .....	1,231.6	828.4	818.1	649.4

### Principal Imports of France from Foreign Countries

	12 months 1952	9 months 1953
	(billions of francs)	
Textiles, raw materials and finished .....	169.6	162.1
Petroleum products .....	153.5	132.6
Iron and steel products .....	141.9	113.7
Solid fuels .....	92.9	65.8
Chemicals .....	37.0	31.1
Transportation equipment .....	29.0	30.1
Fruits and vegetables .....	18.9	24.3
Pulp and paper .....	43.6	23.9
Leather and products .....	17.7	21.2
Rubber and products .....	26.1	16.4
Total imports .....	963.9	828.4

### Principal Exports of France to Foreign Countries

	12 months 1952	9 months 1953
	(billions of francs)	
Iron and steel products .....	150.3	184.0
Textiles .....	73.9	95.0
Chemicals .....	49.7	49.8
Petroleum products .....	47.3	42.4
Transportation equipment .....	36.9	35.1
Solid fuels .....	19.9	27.2
Beverages .....	27.0	23.9
Wood and products .....	12.8	15.8
Leather and products .....	11.6	13.2
Electrical products .....	12.6	11.9
Total exports .....	598.8	649.4

and leather products. The chemicals picture showed little change and exports of petroleum products decreased.

During the first part of the year, the rise in exports stemmed largely from increased shipments of raw and semi-finished products. Manufactured goods did not share in the improvement until later.

French prices are admitted to be still somewhat above world levels. However, the various measures which the French Government has taken to assist exporters are beginning to show results and the relative stability of prices in France during the past year has been an important factor in enabling manufacturers to improve their export position. French industries have been giving the export market increasing attention and, in co-operation with Government and trade associations, have made stronger efforts to compete in world markets.

#### \*French Trade Balance by Currencies

	1951	1952	10 months 1953
	Deficit (-) or Surplus (+)		
	(Monthly averages in billions of francs)		
Dollar Area .....	-12.3	-15.4	- 9.3
Sterling Area .....	-16.4	-18.3	-20.3
French Franc Area .....	+16.5	+18.4	+10.0
Other Currencies .....	+ 1.7	+ 0.7	+10.2

\* Figures shown reflect the balance of trading operations classified by the money of payment. The balance of trade with the European Payments Union referred to in the paragraph following is included partly in the figures for the sterling area, and partly under "other currencies".

The pattern of trade by areas is less encouraging. The deficit with the sterling area has increased this year, with average monthly deficits running at over 20 billion francs. The deficit with the dollar area has been sharply cut from a monthly average of over 15 billion francs last year to 9.3 billion a month during the first ten months of 1953.

Imports from France's partners in the European Payments Union continue to exceed exports and though this unbalance has been reduced in recent months, it continues to be a problem, demanding monthly balancing payments in gold or dollars. With the partial return to trade liberalization which France has undertaken since September (involving only OEEC countries) an increased deficit with the EPU is a definite possibility.

It is impossible to foresee whether the trends of the last few months will continue into 1954.

The disparity between French and world prices, although smaller than it was a year ago, still persists. France is under pressure from her partners in the OEEC to eliminate more import restrictions. It is logical to predict that, as liberalization is increased, this price disparity will make itself felt more and more in a corresponding deficit with these countries. ●

# French Overseas Territories . . . .

JAMES P. MANION, *Area Trade Officer.*

THE FRENCH OVERSEAS TERRITORIES cover a vast area which was almost unknown before the war and whose raw materials and natural resources were almost completely unexploited. The soil was rich and it was suspected that the territories possessed enormous mineral resources. Only since the war, however, has a concerted attempt been made to evaluate these resources. Development has proceeded rapidly and so much has been achieved, not only in building up transport facilities but also in research, surveys and geological information, that private investment can now be encouraged to enter the field.

This statement was made in the course of the Franco-Canadian trade discussions which took place in Ottawa last October. As a result of a general survey of the situation, the Canadian officials asked the French representatives to prepare a paper on current opportunities in these overseas areas. The present report is a resumé of the material which they submitted.

## The Area Described

The French Overseas Territories, exclusive of Indo-China and North Africa, have an area of about 3½ million square miles (much larger than Canada), and a population of 30 million. The largest of the territories is French West Africa, much of which is desert and which includes the Trust Territories which were mandates after the First World War. The second largest is French Equatorial Africa and the third, Madagascar. Then there is New Caledonia, the largest possession in French Oceania. In this survey, French North Africa and Indo-China are not included, nor are other areas such as Guadeloupe, Martinique, and Saint Pierre and Miquelon which are considered part of Metropolitan France under the present constitution.

Whatever work France had done in these territories before the war was in large measure nullified because of lack of liaison with Metropolitan France during the German occupation. As a result, a new start had to be made and at the end of 1943 a first conference took place in Brazzaville. It was then decided to draw up a special program for the development of the area as a whole, recognizing that it had progressed beyond

the colonial era which ended in the twenties and thirties. In framing this program it was realized that social development should come first, that projects for economic development should be examined, and that the way should be prepared for progress in both spheres.

## French Investment in Basic Development

The plan took shape largely in 1945 and 1946 and involved large basic expenditures by the Government of France. An organization was set up under the name "Investment Fund for Economic and Social Development", commonly called "FIDES" after the French title, "Fond d'Investissements pour le Développement Economique et Social".

This plan of basic investment has actually been in effect since the early part of 1948, and during the last six years has distributed its investments in the following way: basic economic equipment, 52 per cent; production and sources of energy, 27 per cent; social requirements, 16 per cent; research, 5 per cent.

Few people realize that France, over the last six years, has spent 400 billion francs (or approximately \$1,150,000,000) to furnish the economic substructure necessary for the development of these Overseas Territories. This sum does not, naturally, include any of the French expenditures in Indo-China.

The striking thing about these figures is that they represent what is now commonly called the "infrastructure"—that is, the basic expenditure necessary for adequate development of a country. They cover repair of war damage, geological and soil surveys, the education of technicians, the improvement of hygienic and sanitary conditions and, above all, the development of transportation facilities.

In tropical and semi-tropical countries anything which has been allowed to deteriorate—such as roads and road transport, railways and rolling stock, and even port facilities—has practically to be built over again. Such reconstruction and the extension of existing facilities was the chief part of the basic expenditures because

## *a blueprint for the future*

*Since 1948, development has proceeded rapidly in these virtually unexploited territories, under the stimulus given by the French Government. Today, this area offers opportunities for capital investment in many fields.*

without transportation and communications, it is impossible to bring materials produced to market. The French authorities now consider that they have done the major fundamental work on these facilities.

Two other aspects of this first stage require mention. Little was known about the agricultural potential of these countries apart from the indigenous agriculture carried on for centuries. It was therefore necessary to co-ordinate information on both soil and climate to discover what could be grown in the various territories. It was also essential to find means of producing the energy necessary to carry out future plans. Not only have hydro-electric resources been discovered but some of the most important have already been harnessed.

The result is that, through state enterprise, a good part of the foundation has already been laid. The time has come for French and other private capital to interest itself in the possibilities of these territories, once the legislation necessary for attracting such capital has been passed. From the reports which have been presented, there now seems to be no legislative obstruction of any kind to the movement of capital, as explained below.

### **Movement of Capital**

In the case of capital coming from any foreign country, it is possible to transfer into the funds of that country all profits resulting from investments in the Overseas Territories. In the case of sale or liquidation of the capital itself, however, the transfer depends on the origin of the capital investment. Any capital invested in U.S. dollars, Canadian dollars or Swiss francs can be transferred back into these currencies under an irrevocable guarantee of transfer in case of liquidation or sale of these capital assets. These conditions have been laid down by French law but may be implemented by a simple arrangement with the local exchange office. In addition, any fiscal arrangements which benefit capital investment from France apply equally to that from other countries. There are, in many cases, conditions under which an industry is exempt from local tax during the time it is being built up. Import taxes are

reduced; so are taxes on income and registration duties. These arrangements follow the practice common in Canadian municipalities and under provincial legislation. And whatever benefits have been arranged for French capital also apply to capital from other countries.

### **Significance to Canada**

The fiscal facilities and guarantees offered to hard currency capital investment will almost certainly evoke a considerable amount of interest on the part of United States and Swiss investors and industrialists. In many fields, however, it would appear that conditions are ideal for certain types of Canadian enterprise.

As the following sections show, the main lines of development are expected to be agriculture, forestry, non-ferrous metals production, hydro-electric installations and, finally, the establishment of secondary industries. There may be some opportunities in all these fields.

Among agricultural developments, stress is being laid on rice culture; on sources of edible oils, such as peanuts, palm oil and coconuts; on the cultivation of cotton, cocoa, coffee, and, generally speaking, on all tropical and semi-tropical products.

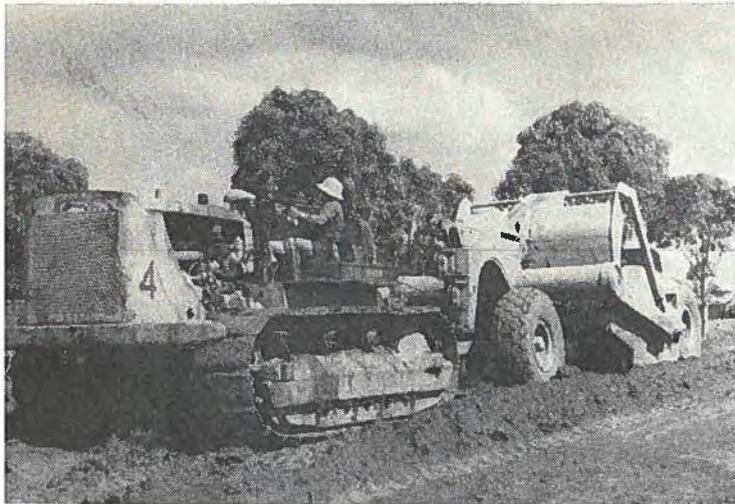
Canadians may be interested in the fact that all these plans call for greater mechanization of agriculture and many require irrigation works, often tied in with hydro-electric developments.

### **Possibilities in Agriculture**

Plans are also afoot for developing cattle-breeding to supply beef in Madagascar and for dairy purposes elsewhere. These plans call for good quality breeding stock which Canada might furnish.

The movement of such stock or dairy products to market calls for the establishment of a chain of refrigeration from the producer to the consumer. Here again, Canada might be in a position to provide some of the equipment.

Forestry development might also appeal to Canadians though it is doubtful whether our techniques are suited



*Improving transport facilities has been the first step in implementing development projects in the French Overseas Territories. The photograph shows road-making material at work on a highway in Gabon, French Equatorial Africa.*

to the more tropical areas under survey at the present time. The major part of French Territories production consists of hardwoods, with which Canada has had little experience.

Nevertheless, with the extension in the use of pulpwood from various sources, plus the hydro-electric potentialities of the area, Canadian producers might wish to keep in touch with proposed developments.

### **Mineral Production**

Until recently, the exact nature of the mineral resources of the area under survey was not known. Apart from iron ore, which is being found in increasing quantities, copper is known to exist throughout Mauretania and Equatorial Africa, next to the copper-bearing areas of the Belgian Congo and of Rhodesia. Then there is manganese oxide, an ore needed in the production of high-speed steel. Canada uses a great deal of it and buys it largely from India and the Gold Coast. Now New Caledonia is producing 20,000 tons a year, Equatorial Africa has the resources to turn out 500 thousand tons a year, and West Africa has a mine said to be capable of producing up to 20,000 tons a year. Bauxite, a mineral refined into aluminum in Canadian plants, also is found in significant quantities in this area; in fact, the bauxite deposits found in French Guinea may be as valuable as any in the world. Already a Canadian company is interested in these deposits and is bringing in some 300 thousand tons of bauxite a year. They and other groups have options on other deposits which could greatly expand production. With hydro-electric power available, alumina might, in some cases, be produced on the spot to be shipped to Kitimat for refining.

New Caledonia in Oceania has traditionally been Canada's only successful competitor in the production of nickel. Although its output is possibly less than 10 per cent of Canada's, its ores might be the source of some 1,000 tons a year of cobalt. Chrome is another product of this area in which Canadian capital is already interested.

Madagascar is one of the recognized sources of pure graphite. At the present time it is producing about 18,000 tons a year and that production could be increased if necessary.

France is already the most important phosphates producer in the world because of its position in North Africa. However, Oceania already mines a quarter of a million tons a year and there are possibilities that in Senegal, West Africa, another 150 thousand to 500 thousand tons a year could be produced. It is unlikely that Canadian interests would find profit in the small diamond industry which is of some consequence to the area, nor is it likely that oil discoveries in Madagascar or elsewhere would attract Canadian enterprise.

### **Industrial Development**

Until all these developments have been worked on, it is doubtful whether Canadian industry would interest itself in building up secondary industry in these areas.

Nevertheless, it is interesting to note that in practically none of the territories is there any secondary industry. Brewing—one instance of early industrialization—has not yet been attempted; soapmaking has not been industrialized. There are many other possibilities connected with the textile industry, the sugar industry, flour, canneries, shipbuilding, processing of fruit juices and, perhaps, the production of construction materials. In all these sectors there are possibilities for the future.

Because of the continued shortage of dollars, a good part of the required equipment will continue to come from soft currency countries. However, investment is open to all sources of capital and such capital could, of course, be imported in the form of materials and equipment. Canadian industry might well examine the investment possibilities in this area.

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### **Tour of Territory**

*T. R. G. Fletcher, Canadian Government Trade Commissioner in Hong Kong, will visit Taipei, Taiwan, from March 14th to March 27th. Businessmen interested in Taiwan should get in touch with Mr. Fletcher at Hong Kong as soon as possible.*

# CANADA at the UTRECHT FAIR

*This spring, for the third time since the war, Canada will send an official exhibit to the Royal Netherlands Industries Fair, to illustrate the opportunities for trade between the two countries.*

R. G. BROWN, *Canadian Government Exhibition Commission*

ONE OF THE INTERESTING FACTS about the Royal Netherlands Industries Fair at Utrecht is that it was first held to feature domestic trade and to show what the country could produce at a time when imports were largely cut off. As reported in this magazine in the issue of January 3, 1921, "the inauguration. . . was due to the Vereeniging Nederlandsch Fabrikaat (Made in Holland Society) which brought about the first fair at Utrecht in 1916." At that time the Netherlands was a small island of peace amid embattled nations.

Even amid the storms of the First World War, the fair brought profit to the exhibitors. Its scope was expanded when peace returned so that, as the Canadian Trade Commissioner of the day wrote, "It was decided to make the Utrecht Fair an international function and permanent quarters. . . will be available for the first international fair which will be held from the 6th to the 16th of September, 1921." The Royal Netherlands Industries Fair survived too the occupation and battles of the Second World War and today has become one of the most important in Europe.

## **Range of Goods Displayed**

There are many fairs held at Utrecht but it is the spring one which has attracted Canadian participation in recent years. It provides a representative picture of Dutch industrial production and also features a wide range of foreign products, exhibited either in collective national displays or by individual producers or their Dutch representatives. At the 1953 spring fair, thirty countries were represented by 4,027 exhibits, many of them arranged and set up by local agents. Buyers and businessmen from European countries attended, as well as a fair number from overseas.

The fair is held in two places: one, known as the Vredenburg site, features consumer goods and the other, the Croeselaan site, displays industrial and technical equipment. A free bus service connects the two and together they cover a total area of 1,210,000 sq. ft.

This spring the showings at Vredenburg will include electrical goods for the home, food and beverages,

leather goods, musical instruments, pottery and china-ware, chemicals, perfumery and cosmetics, sports goods and toys, and textiles. At Croeselaan the visitor will find building materials and prefabricated units side by side with telecommunication equipment. There will be machinery for the building trade, for metal and woodworking, for printing, for the shoe and leather industry, for the textile and clothing industries.

## **Canadian Participation Resumed**

Before the outbreak of hostilities in 1939, Canada had for some years been officially represented at the Utrecht Fair. In the early postwar years, trading conditions did not warrant participation. In 1951, however, a survey of Canada-Netherlands trade and of the long-term potentialities for expansion indicated the value of again sending an official exhibit. Our first postwar showing came in 1952.

In view of the current restrictions in the Netherlands on the import of dollar commodities, it was decided to portray Canada's position as a world trading nation, together with a display of raw materials and semi-finished products. The exhibit occupied a space of 1,160 square feet in a special building at the Vredenburg site named the Hall of Nations and one of its main features was large export packing cases labelled "CANADA WORLD TRADER". The Dutch welcomed Canada's return to the Utrecht Fair and the interest shown was more than sufficient to warrant further participation.

## **Last Year's Show**

The 1953 Utrecht Fair was held from March 17 to 22; once again, Canada occupied a prominent position in the Hall of Nations. The theme of the exhibit was import and export trade, Canadian industrial development and the Canadian way of life, together with our capacity to produce raw materials and consumer goods for the markets of the world. Central feature of the exhibit was a large-scale model of a ship's derrick and slings loaded with commodities symbolizing two-way trade. The story of Canada's people, its expanding economy and its productive capacity was told in graphic and pictorial form.

A wide range of products—mainly supplied by Canadian manufacturers and producers—was on display to emphasize the story of Canadian production. These included wheat and coarse grains, macaroni and spaghetti, jams and marmalades, canned salmon and sardines, canned meats and pork and beans, maple sugar and syrup, tobacco, lumber and wood products, pulpwood and newsprint, aluminum and aluminum foil, special steels, copper sheet, wire and cable, abrasives, nepheline, asbestos, lead and zinc ingots, magnesium ingots and bars, nickel squares and shot, synthetic rubber, raw material for plastics, sporting goods, rubber boots, belting, shoes, hose and gloves, leather, fountain pens and pencils.

The staff on duty was under the direction of the Commercial Counsellor for Canada in The Hague. A small lounge and office in the Canadian exhibit provided a quiet spot where businessmen could obtain detailed information on trade with Canada. Every effort was made to secure favourable publicity and one of the highlights was the presentation of a burnished aluminum "Key to Canadian Trade" to Dr. Andrae Fockema, President of the Fair.

### **The 1954 Fair**

The Department of Trade and Commerce will again participate in the Utrecht Spring Fair, March 30 to April 8, 1954. The general theme of the exhibit will be the increasing opportunities for trade between the Netherlands and Canada and the main feature, a display of commodities including certain raw materials. One section will illustrate the Canadian standard of living and will highlight household appliances that are in daily use in the average Canadian home.

Canadian trade with the Netherlands is steadily increasing. Although imports from the dollar area are still under control, the Utrecht Trade Fair provides, nevertheless, an excellent medium for advertising those commodities which can be imported and for preparing the way for an aggressive selling campaign in the Netherlands market.

### **Co-operation with Business**

Canadian Government participation in the Utrecht Trade Fair is helping to keep the European business community informed of Canada's goods and resources, manufacturers and producers. The Department of Trade and Commerce is actively participating in this effort but its job is not to sell individual products but to represent Canadian producers as a whole. Canadian companies, either individually or in co-operation with the Department, can take steps themselves to place what they have to offer before the thousands attending the Utrecht Fair. ●

### **Canada's Trade** (continued from page 4)

related both to productive investment and to consumers' investment. Automobile parts, rolling mill products, engines and boilers, and aircraft and parts (very largely parts) are important industrial materials; all are also related to investment activity. Imports of fuels are basic to all economic activity. Only one of the commodities listed, fruits, was primarily a simple consumers' good, requiring no further processing.

Only three of these leading imports declined in value in 1953. Imports of coal have trended downwards for several years, thanks to the competition of other fuels in the Canadian market. Imports of rolling mill products have tended to decline with the growth of the Canadian basic steel industry and a widening of the range of products produced in Canada. The decline in imports of aircraft engines likewise stemmed chiefly from the substitution of Canadian-made for imported engines in some aircraft made in Canada. All the other leading imports gained in value, although the comparatively small gain in imports of petroleum and petroleum products reflects the increased share of the Canadian market supplied by Canadian-produced and refined oil.

### **Third Ranking World Trader**

Canada's trade results in 1953 were generally impressive when viewed in relation to those of other countries. We again ranked third among the trading nations of the world, well behind the United States and the United Kingdom but clearly ahead of both Germany and France. Canada also seems to have at least maintained second rank in value of trade *per capita* (on the basis of preliminary information), well ahead of the other leading world traders. The expansion of Canadian trade in recent years has more than equalled that of world trade. In fact, the buoyant condition of Canada's foreign trade since the end of World War II has been a major contribution to the prosperity of the domestic economy in this period.

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### **Gift Parcels for Hungary**

*Gift parcel service to Hungary has been resumed, says a recent announcement from the Post Office. Residents of Hungary or official charitable institutions there may receive one gift parcel a month from abroad, weighing up to 20 pounds; the annual limit is 88 pounds. The list of articles that may be included can be obtained from the Post Office. Individuals receiving parcels must pay the usual customs charges but for charitable institutions the duty is waived. Under most circumstances, medicines (except those which contain narcotics) are delivered duty-free.*

# SURINAM and trade opportunities

*Bauxite mining is the colony's economic mainstay but development of other industries is encouraged; the few import restrictions make this an attractive but an extremely competitive market.*

PAUL V. McLANE, *Canadian Government Trade Commissioner, Trinidad.*

SURINAM, OR NETHERLANDS GUIANA, covers some 55,000 square miles in the northeast part of South America, between British Guiana on the west and French Guiana on the east, with Brazil lying to the south. Though it is a colony of the Netherlands, it enjoys a large measure of self-government and exercises a large degree of control over its political and economic affairs. Its population of some 215 thousand is made up mainly of East Indians and Indonesians, plus about 3,000 Europeans and Chinese and a few thousand aborigines in the jungle.

This seems a small population for such a large area, but the country is heavily covered with dense tropical forests and only about one per cent is under cultivation. There is thus a heavy concentration of settlement in certain spots, principally along the rivers, where agriculture, industry and trade are carried on.

Paramaribo, 17 miles inland on the Surinam River, is the chief city and has some 90,000 inhabitants. It is the centre of Government and of trade and industry, and the main port. One Dutch steamship company has its own docks and other ships tie up at government docks.

## **Further Development Imperative**

The lack of diversified resources is a drawback to the development of the country. Some 2½ million tons of bauxite are produced each year and this industry is the country's economic backbone. It provides the bulk of the export trade and one-third of the revenue of the colony through an export tax. The timber trade has potentialities but most of the trees are inaccessible; logging is primitive for the most part and confined to the river banks. Since the war, however, a first class plywood plant has gone into operation and the output is finding a growing market abroad.

The alluvial coastal district is suited to growing rice, sugar, coffee, cocoa and citrus fruits. Cattle breeding is being encouraged but is still relatively unimportant.

Industrial development, with the exception of lumber and plywood, has not progressed far; it is centered principally in Paramaribo and caters to local demand. But new industries are encouraged and, in particular,

the ready-made clothing industry, based on imported materials, is expanding. Early in 1945 a shoe factory was set up and a cigarette factory takes care of local requirements. Cosmetics and pharmaceuticals are also produced; so are soft drinks, bread and furniture. To improve living conditions there must be further development. To this end, a Mission from the International Bank for Reconstruction and Development recently studied the country's problems at first hand. As a result, a Prosperity Fund totalling Fl:100,000,000 was set up, to be financed chiefly by the Government of the Netherlands and Surinam. The objective is the expansion of agriculture, forestry, mining and industry and the building of roads, houses and schools.

## **Main Exports in '53**

In 1952, when the total trade reached Surinam Fl:45.9 million, bauxite exports represented Fl:36.4 million. The trade in wood products is gaining ground and shipments in 1952 were valued at Surinam Fl:4.3 million, of which over half was plywood. Most of the rice production is consumed at home but exports reached a total of Surinam Fl:2½ million. Citrus fruits are increasing in importance but competition is keen and exports amounted to only Surinam Fl:400 thousand. Coffee production has been falling but the cultivated area is being increased and exports in '52 were worth Surinam Fl:400 thousand. About four-fifths of the coconuts are used locally but some S.Fl:518 thousand worth were exported. Balata has had its ups and downs; in 1952 it brought in S.Fl:700 thousand. The United States was the chief customer in 1952, taking 78.8 per cent of the exports. Other foreign buyers were: Caribbean countries, 6.0 per cent; Netherlands, 8.6 per cent; Canada, 0.7 per cent, and Germany, 2.3 per cent.

## **The Import Picture**

Government exchange restrictions are in force and officially registered importers must obtain an import licence before they can buy foreign exchange to settle a specific transaction. They must also obtain import licences before placing orders abroad. Though licences are issued for a fixed period of three months, extensions and renewals are usually granted. There is no

discrimination between imports from dollar or other sources and this makes the market here worth exploring. For the same reason, it is very competitive.

Imports of a few articles are prohibited and those of a number of commodities are restricted by a quota. These measures are taken to protect and encourage local industries. Licences are granted freely for all other goods.

A complete set of a normal import licence consists of four copies, one of which the importer can forward to the supplier. An import licence guarantees the allocation of foreign exchange for the life of the licence.

There are also some restrictions on importers and these guarantee the buyer's solvency. Importers who fail to honour sight drafts within one month after arrival of merchandise in Surinam or who fail to honour drafts within one month after due date are placed on an official black list. They are then denied import licences for three months in some cases and up to six months in others. Importers who have frequently ordered goods from abroad before obtaining licences can also be black-listed. The black list is not made public.

The import trade in 1952 was valued at S.Fl:56.5 million, up from S.Fl:45.8 million for the previous year, and about half the imports originated in the United States. This shows the preference for American products but the trade is aided by an excellent shipping service available on returning bauxite ships. Next in importance is the Netherlands, with 23.2 per cent, followed by Trinidad, 6.8 per cent; United Kingdom, 6 per cent; Canada, 2.4 per cent; Belgium, 2.3 per cent, and Germany, 2.2 per cent.

Some of the more important purchases from abroad were:

<i>Commodity</i>	<i>Value</i>
Manufactured goods of iron and steel .....	S.Fl: 3.5 million
Agricultural machinery .....	2.6 "
Cotton manufactures .....	2.2 "
Wheat flour .....	1.6 "
Explosives .....	1.0 "
Pickled and salted meats .....	839 thousand
Medicinal preparations .....	705 "
Chemicals .....	471 "
Paper manufactures .....	448 "
Paints and varnishes .....	434 "
Canned fish .....	408 "
Fish, pickled and salted .....	404 "
Milk products .....	204 "

### Trade with Canada

Canada's share in the trade of Surinam is small. With few exceptions, price is a decisive factor in sales, competition is keen, and there are a large number of importers and commercial agents. In many cases, wholesalers and retailers have their own connections abroad and as a result an agent may have access to

only a small segment of the market. The exchange authorities do their best to weed out the insolvent and unreliable importers but the Canadian exporter must also exercise a certain amount of caution. The lack of direct shipping facilities between Canada and Surinam definitely handicaps the development of our trade. However, generally speaking, the market is wide open, there is an interest in Canadian products, and for many Canadian exporters a visit to Surinam could prove profitable.

Canada's sales to Surinam in 1952 totalled S.Fl:1,342,658, a slight increase from the previous year when the total was S.Fl:1,271,888. We supplied nearly half the pickled and salted fish, with sales amounting to S.Fl:186,523. Flour was our biggest seller at S.Fl:563,677, but the United States surpassed us with S.Fl:985,519. Canned fish (sardines and salmon principally) reached a total of S.Fl:176,011. Other commodities on our export list included: milk products, S.Fl:25,911; medicinal preparations, S.Fl:47,639; cotton manufactures, S.Fl:26,661; paper manufactures, S.Fl:10,979; explosives, S.Fl:73,751; weapons and ammunition, S.Fl:50,023; agricultural machinery, S.Fl:45,232, and vegetable oils, S.Fl:29,839.

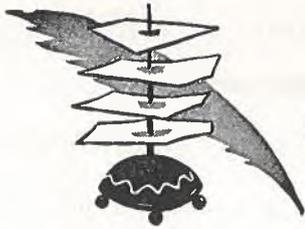
### Loan for Ecuador

The Export-Import Bank has approved a credit of \$2.5 million for Ecuador. The money will be used to modernize the airports in the two principal cities, Quito and Guayaquil, and bring them up to CAA standards. The cost of the two projects is expected to total more than \$4.8 million and the Government of Ecuador will make up the other \$2.3 million.

With this new loan, Ecuador's debt to the Exim Bank becomes \$11.9 million. The country's foreign debts are as follows:

	millions of U.S. dollars
Railway bonds .....	31.6
Salt certificates .....	0.9
Cóndor .....	0.7
Export-Import Bank .....	11.9
Other .....	0.2
	45.3

In November, the Government of Ecuador passed a decree providing for the establishment of a sinking fund and resumption of interest payments on the railway bonds and salt certificates, the bulk of which are held in the United Kingdom. These bonds have not been serviced since 1929 and now that the Government has adopted a plan to liquidate them, the nation's international credit standing should improve.



## general notes

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### Angola

**OIL RESEARCH**—Oil exploration in Angola (Portuguese West Africa) is receiving increased attention from the Portuguese Government. Three new wells have been drilled in the Santiago and Eloilo regions during the past year. Government geologists definitely expect that important deposits of oil will be found on the south bank of the Quanza River in the Luanda area—Lisbon, Feb. 4.

### Argentina

**TRADE AGREEMENT WITH POLAND**—A compensatory trade agreement recently signed between Argentina and Poland provides for imports of considerable quantities of Polish spruce timber and flat window glass. Similar agreements with Brazil and Paraguay also provide for the purchase of considerable amounts of Polish hard and soft woods—Buenos Aires, Jan. 30.

### Australia

**NEW PETROCHEMICALS PLANT**—A new company, Petroleum & Chemical Corp. (Australia) Ltd., is planning to build a new plant at Silverwater near Sydney, with an authorized capital of £3 million, to make petrochemicals and light gases. Bitumen & Oil Refineries (Australia) Ltd. will take up 200 thousand shares and 300 thousand shares will be reserved for prior subscription by Boral shareholders. The company will buy heavy oils from Boral, and Boral will take some products of the new company for further processing and sale on a joint basis—Sydney, Jan. 25.

### Brazil

**POWDERED MILK FACTORIES**—President Vargas has approved a request from the Ministry of Agriculture asking that Congress include Cr.\$13,350,000 in the 1954 budget for the construction of two powdered milk factories. The United Nations Children's Welfare Fund will contribute \$498 thousand—Rio de Janeiro, Feb. 4.

**STEEL TOOL FACTORY**—A United States firm will install a factory in São Paulo to make tungsten steel tools. This company will import the tool steels from the U.S., but a representative stated that imports from the U.S. will be much less than the amount of raw materials, such as tungsten, which the company buys annually in Brazil—São Paulo, Jan. 28.

### Chile

**IMPORTS OF MILKING COWS**—Chile is studying the import of 5,000 milking cows from Argentina, Australia or Holland. Argentina has been asked to reduce the price offered. If a deal is eventually closed with Australia or Holland, settlement will be made under a barter scheme from proceeds of the sale of Chilean nitrate—Santiago, Jan. 29.

**NEW OIL EQUIPMENT**—Chile plans to increase petroleum activities in 1954. Provided the Concon refinery initiates operations in April, it is expected that present production will be stepped up to satisfy national requirements. The Financial Minister and the Minister of Mines have authorized the sum of US\$500 thousand in favour of the National Petroleum Company to buy new equipment—Santiago, Jan. 29.

### Grenada

**BROADCASTING SERVICE**—Radio equipment from the United Kingdom has arrived in Grenada for the building of a 5 kw. transmitter, under supervision of BBC technicians. Short-wave programs from London, and transmissions originating locally and in adjacent islands, will be broadcast. After this main station is operating, smaller 250-watt stations will be built in St. Vincent, St. Lucia and Dominica. Funds for the project are coming from the Colonial Development and Welfare organization—Port-of-Spain, Jan. 29.

# Mexico

## *Experiences a Mild Recession*

*The past year ended in an atmosphere of recession, with export values down and production declining. But new development plans should stimulate the economy in 1954.*

M. T. STEWART, *Commercial Counsellor, Mexico City.*

THE CLOSING MONTHS OF 1953 witnessed the growth of a business recession which is likely to continue this year. Shrinking foreign trade, severe losses in export values, falling production and the restriction of credit indicate that the postwar period of steadily growing inflation has ended. However, the nation's gold and dollar reserves did not decrease and the flow of long-term investment capital into Mexico has apparently not been interrupted.

An excess of imports of 240·2 million pesos in November brought the adverse balance of trade up to 1,722·3 million (approximately \$200 million) at the end of eleven months. Exports of raw cotton fell off during the year because the crop was affected by drought, but the chief reason for the large decline in export totals was falling prices for metals and minerals in the United States. Mexico's efforts to diversify trade and to find new markets, particularly in Europe, were largely defeated last year, although Europe's sales to Mexico increased.

### **Financial Situation**

Current account transactions showed unofficially an adverse balance of \$78,779,000 by the end of October. Gold and exchange reserves of the Bank of Mexico nevertheless recovered to \$229 million on December 5—the same figure exactly as on December 5, 1952—and rose to \$234 million on December 14. The amount of money in circulation, averaging 7,069·2 million pesos during the first nine months of the year compared with an average of 6,615·3 million in 1952, called for reserves of the equivalent of a little more than \$200 million.

Bank clearings fell from an average of 5,089·6 million pesos through 1952 to 5,059·6 million in the first nine months of last year. A general securities index averaged 500·9 in January-October, compared with the 1952 average of 516·6. Industrial, banking and insurance securities fell off, although the announcement in August of subsidies for small mine operators caused mining securities to advance somewhat.

Canadian exports to Mexico declined last year by about \$10 million and total trade between the two countries from \$63 million in 1952 (the previous highest total was \$50·6 million in 1950) to approximately \$46 million. Until 1951, Mexico consistently enjoyed a favourable balance of trade with Canada. Since then the position has been reversed, chiefly because Mexico has failed to establish a firm market in Canada for its raw cotton; sales have varied in recent years from as much as \$20 million to less than one million.

Smaller Canadian sales of wood pulp and automotive parts for assembly here accounted for most of the \$10 million decline in our export trade with Mexico. Markets for newsprint, asbestos, ferro-alloys, farm machinery, aluminum and copper products were largely maintained, and an expanding market found for skim milk powder. Mexican peanut growers continue to rely on Canada as their only export market and sales of coffee, canned pineapple, tomatoes and vegetable fibres were average.

### **Pattern of Imports Changes**

Imports were maintained at 1952 levels of nearly 530 million pesos a month but they included corn (180 million pesos) and beans (100 million pesos)—basic foodstuffs which had, unexpectedly, to be bought abroad because of the smaller harvest. Imports of industrial equipment and machinery were up from 376 million pesos in the first ten months of 1952 to 499·4 million last January-October, but the value of imports of automotive parts for assembly fell some 110 million to 392·6 million pesos. Newsprint imports ran to 66·7 million compared with 87·8 million in the first ten months of last year, and there were persistent reports that newsprint (largely supplied for many years from Canada) might be made here soon. Rolling stock (108·4 million), iron or steel tubing, (62·4), tractors, (58·2) and natural or artificial rubber, (55·1 million) were other leading imports. As a result of increased domestic production, imports of pulp for papermaking fell from 77·5 to 31·4 million pesos.

The loss of export values was a serious one. Exports totalled 5,125·8 million pesos in 1952—an average



*Canadian newsprint continued to find a good market in Mexico during 1953, as these rolls, being unloaded on the dock at Vera Cruz, testify.*

of 427 million a month—and fell last year to an average of 376 million. Cotton sales in January-October were off 120 million pesos; lead, 273 million; zinc, 230 million. Copper sales held their 1952 average of over 27 million pesos a month and sales of refined silver were up from 10 to 18 million a month. Mexico is finding expanding markets for fresh, refrigerated and canned fish and shellfish and exported an average of over 30 million pesos a month last January-October. A recurrence of foot and mouth disease obliterated a potential market in the U.S. for about \$70 million a year of beef on the hoof and it is unlikely that the U.S. will rescind quarantine legislation during 1954.

### **Trade Outlook Brighter**

Foreign trade balances should improve this year. Bean and corn crops are expected to meet domestic needs and a million bales of cotton should be available for export. Coffee growers anticipate that exports in the current crop year, beginning last October 1, will equal or exceed the million bags which were sold abroad for \$85.9 million in 1952-53. Wheat crops also have increased notably. In 1948-52, Mexico grew enough for only 60 per cent of domestic requirements and imports varied between 320 thousand and 350 thousand metric tons a year. The crop jumped to 670 thousand tons last year and may reach 800 thousand tons this year, cutting imports to 100 thousand tons.

The sugar cane harvest, which started early in November, will yield an estimated 800 thousand metric tons of sugar—60,000 tons more than in 1952-53.

### **Industrial Production**

The iron and steel industry worked at only 60 per cent of capacity last year and produced 450 thousand metric tons. It is preparing to put into operation a coking plant with a capacity of 450 thousand tons a year and, in 1955, a new smelting plant in the state of Durango. Production indices declined also in industrial metals, textiles, beer and cigarettes, clothing, automotive assembly, rubber goods, industrial chemicals, cotton and woollen textiles, paper mill products, electrical items, pharmaceuticals and leather goods. Department store sales in the Federal District fell off by 4 to 6 per cent and a nation-wide index of retail sales by more than 10 per cent. Credit was tight and for the first time since 1945 collections were reported to be lagging.

Sulphur is a bright spot in the industrial and export picture. Production increased from 2,100 tons in 1948 to 94,000 tons last year, and with more surface mines scheduled to go into operation this year, annual capacity may reach 400 thousand metric tons by 1955.

### **Future Developments**

The means by which Mexico will develop its economy in the immediate future were indicated by the allocation of more than 25 per cent of the 4,827.7 million peso national budget for 1954 to the Secretariat of Communications and the Department of Marine. A "March to the Sea" program announced by the new administration calls for vast works of river control, electrification, irrigation and the opening-up of new farm lands in the Papaloapan and Grijalva regions of the awakening southeast and in the Tepalcatepec area of the rich agricultural state of Michoacan. People already are being moved from unproductive upland regions to richer coastal lands and ports on the Gulf and Pacific coasts are being enlarged and equipped.

The construction or improvement of highways and railways, particularly in the southeast, is planned to make large new areas and populations more economically active and to bring them into a closer relationship with the rest of the country. Even greater emphasis is given to this aspect of national life by the allotment of 516 million pesos—the third largest allocation in the Budget—to the Secretariat of Hydraulic Resources, which is concerned exclusively with irrigation works.

This national effort to improve ports and communications, open new crop lands and at the same time speed up the industrialization program which has progressed so far in the past 15 years will cushion the effects of any widespread recession in the rest of the world and ensure Mexico's future strength. ●

# Japan Buys Wheat and Barley

*Short crops and high prices for rice have forced Japan to buy more wheat products and pressed barley as substitutes. Canada is profiting from this increased demand.*

J. C. BRITTON, *Commercial Counsellor for Canada, Tokyo.*

JAPANESE EATING HABITS have been changing and, as a result, Japan's imports of wheat and barley have been rising. The shift from the traditional and popular rice staple to wheat products and pressed or processed barley has come about gradually during the past 15 years—but the short rice crop in 1953 should speed it up. The change, an undesirable one to some segments of the population, is the combined result of the scarcity of rice and its higher price compared with wheat and barley.

Consumption of wheat products in Japan increased by almost 50 per cent between 1952 and 1953. The demand for pressed or processed barley has also been rising steadily and in 1953 increased by 500 thousand metric tons over the previous year. At present, the average prices for imported grains in Japan are: rice, around \$200 c.i.f. per metric ton; wheat, \$76, and barley, \$65. The probability that the price of imported rice will continue to be well above that of imported wheat or barley is an important factor in the swing from rice to other grains.

## **Grain Imports Necessary**

Japan's population, now around 87 million, is increasing by more than one million a year. It is estimated that 40 million Japanese earn a full or part-time livelihood from agriculture. This huge pool of skilled farm labour makes use of almost every available acre of arable land. Intensive cultivation methods are practised and improved methods have been adopted, but the land available is not sufficient to decrease Japan's dependence on imported foods. About five million metric tons of rice, 1.7 million of wheat and 900 thousand of barley are used every year. Normal annual grain imports average from 900 thousand to one million metric tons of rice, 1.5 to 1.6 million tons of wheat, and 700 to 800 thousand tons of barley. The record in recent years indicates that normal years are the exception rather than the rule. For example, to meet the deficiency in grains resulting from the reduced 1953 rice crop, Japan plans to import in 1954, 1,963,000 tons of wheat, 1,145,000 tons of rice, and 1,033,000 tons of barley.

The growing popularity of bread among the younger Japanese, particularly noticeable since the end of the war, is another factor in the demand for wheat products. Noodles too are traditionally popular with all Japanese and the consumption of pastry has been steadily rising. It is probable that the popularity of bread will continue to grow, particularly if butter, margarine and other spreads are made available at reasonable prices. Bread now forms part of the Japanese school lunch program and sandwiches can be purchased freely in the cities and towns. However, the middle-aged or older people are unlikely to switch from rice to wheat or barley products, unless circumstances compel them.

## **Canadian Wheat Preferred**

Japan's more than 3,500 flour mills include many small mills with a very limited daily output and a number of large mills superior to any others in south-east Asia and the Far East. The total daily output of these mills is estimated at 210 thousand barrels, exceeding domestic demand by a considerable margin and leaving a fairly substantial surplus for export. The leading Japanese mills are exporting flour to Korea, Okinawa, Formosa and Hong Kong, and are seeking other markets in the area.

Fifty per cent of Japanese flour is used for noodles, 40 per cent for bread, and 10 per cent for cake and pastry. Millers in this country definitely prefer to use Canadian wheat for the manufacture of flour for bread, and the demand for hard Canadian wheat should increase as bread consumption rises.

## **Baking Industry Expands**

The number of bakeries in Japan has increased sharply in recent years to meet the demand for bread. The majority of Japanese homes are not equipped with ovens suitable for baking bread and the consumers secure practically all their requirements from the more than 20,000 bakeries located in all parts of Japan. There are a number of modern bakeries in the larger cities but the majority of them are small establishments. The bread produced is, according to some experts, of

good quality and, since the leading Japanese flour mills produce enriched flour, the benefits are passed along to the consumer. The bakers in Japan as elsewhere have indicated a preference for flour milled from Canadian hard wheat.

### Pressed Barley Gains Popularity

Pressed or processed barley is a product evolved in Japan and used as a food extender. Mixed with rice, it has been used on a small scale for many years, particularly in the country districts. The industry expanded rapidly during and after the war and there are now more than 3,000 pressed barley mills in Japan, most of them with a limited productive capacity. The combined output of all the mills in 1953 was reported to be 1.5 million metric tons, compared with one million metric tons in 1952. The manufacturing process is relatively simple, the end product resembles oatmeal and is attractive and comparatively cheap. Pressed barley is gaining in popularity with the rank and file Japanese who regard it as a highly palatable boiled grain food. Processors prefer domestic barley, followed by Australian, Canadian, and United States varieties. The important considerations are a colour

similar to rice, a high rate of extraction, and a size and appearance when finished that is as close as possible to rice. The growing demand for pressed barley can only be met by increasing imports since local production falls far short of requirements.

### Market Prospects

Japan must rely on grain imports to meet the needs of its growing population. In the fiscal year 1951, imported grain cost Japan \$246 million; in 1952, \$399 million; and in 1953, an estimated \$560 million. Wheat and barley require much less foreign exchange than rice and, consistent with the needs and dietary habits of the people, purchases of these two grains may be increased as long as the price of rice remains at or near the present level. The overriding consideration governing the purchase of Canadian wheat and barley is the availability of foreign exchange. Japan's dollar earnings have been substantial during the past three years, but there is evidence that they may decline in 1954. However, Canadian wheat and barley are popular with Japanese processors and Canada may expect to share in any increased purchases of these two grains.

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## Dollar allocations for Japanese imports

JAPAN'S REGULAR FOREIGN EXCHANGE BUDGETS for the import of commodities are set semi-annually—on April first and October first. The current plan for the last half of the fiscal year 1953-54 provided for the import of \$1,335,000,000 worth of commodities and has proved to be inadequate. Heavy speculative purchases have been made of such goods as scrap copper, scrap steel, cotton waste, and wool rags which, until January 9, 1954, had been included in the list of imports for which exchange is automatically authorized.

The result was that the original allocation of \$90 million was exhausted early in the year and the Automatic Approval System temporarily suspended on January 9th. An additional \$34.5 million was then allocated to reinstate this system, \$30 million of which was earmarked for the dollar area. However, at the same time, iron and copper scrap, copper alloy scrap, beef tallow, wool shoddy and rags, and cotton waste were deleted from the Automatic Approval List and now become subject to individual import licences.

On January 20th it was announced that a further \$11,611,000 of foreign exchange had been set aside to cover imports of twelve classes of items during the

current budget period. Of the \$11.6 million, \$6,354,000 is for dollar area imports, including:

Cow hides	Non-ferrous scrap
Cotton linter pulp	Platinum
Raw cotton	Refractories
Asbestos	Tobacco
Non-ferrous ores	Goat and sheep skins
Non-ferrous metal goods	Miscellaneous

As a result of these further allocations of foreign exchange, Japan's international balance of payments for the current year may result in a deficit of over \$250 million. In view of the Japanese Government's economy and deflationary fiscal policies, some importers expect a serious reduction in the amount of foreign exchange they will be allotted for the period April 1 to September 30, 1954. However, domestic prices of Japanese commodities advanced an average of 6.6 per cent in 1953 and consumer goods 16.6 per cent. Although capital goods increased only 2.2 per cent in price, these advances are in striking contrast to the general decline in world prices. Drastic curtailment of imports might encourage hoarding to the detriment of the price structure and hinder Japan's drive for exports and access to cheaper raw materials.

# trade and tariff regulations

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## Austria

**CERTAIN TARIFF REDUCTIONS RENEWED**—Austria has published a list of goods on which customs duties will be suspended or reduced from the beginning of this year until June 30. A similar list has been in force during 1953 and very few changes have resulted from the publication of the new list.

Among the items of interest to Canada, duties continue to be suspended on wheat, rye, barley, oats, wheat flour, raw artificial silk and antibiotics excluding penicillin. Reduced duties remain applicable to fresh apples, certain synthetic resins, and various parts of automobiles—Berne, January 27.

*Information concerning individual goods on which Austrian duties are suspended or reduced may be obtained from the International Trade Relations Branch of the Department.*

## Ecuador

**REVISED IMPORT AND EXCHANGE CONTROLS**—In conjunction with the adoption of a new tariff schedule (see *Foreign Trade* of December 19), certain revisions to the Ecuadorean import and exchange controls were introduced. These revised controls went into effect on January 1, 1954.

Formerly, permitted imports were divided into three categories according to their essentiality. Goods in category A and B were importable at the official rate of exchange—15.15 sucres to the United States dollar—with an exchange surcharge of 33 per cent of the c.i.f. value being levied on category B imports. Category C imports were subject to a surcharge of 44 per cent and had to be paid for with exchange bought at the free rate—about 17.5 sucres to the United States dollar.

Under the revised system, the exchange surcharges have been incorporated into the new tariff schedule, and are no longer levied as charges on exchange. Also, the items formerly in category A and B have been consolidated into one list. The system of exchange rates remains unchanged. However, for items formerly in list B, the importer must deposit 50 per cent of the value of the appropriate customs duty before an import licence will be issued. For

imports of goods in category C, now called list No. 2, the deposit required is 70 per cent of the duty.

All goods remain subject to prior import licensing. A copy of the respective licence must be presented to the Ecuadorean Consul in Canada in order to legalize the shipping documents. Products not included in the two lists will not normally be authorized for import.

Details of the regulations applicable to any specific commodity will be supplied, on request, by the International Trade Relations Branch.

## Greece

**MACHINERY IMPORT REGULATIONS RELAXED**—The import of machinery not manufactured in Greece, in quantities adequate for present domestic requirements, no longer requires the prior approval of the Ministry of Industry, according to a decision dated December 22, 1953, of the Greek Ministries of Industry and Commerce. With this decision, import controls are still further relaxed in Greece.

This relaxation is of interest to Canadian machinery exporters and manufacturers, especially of agricultural machinery such as tractors and combines which now no longer require these special permits. Prior approval is still required for the import of machinery and spare parts adequately manufactured in Greece, including ploughs and harrows and parts thereof.

Information concerning machinery items remaining under control may be obtained from the International Trade Relations Branch, Department of Trade and Commerce—Athens, Jan. 11.

## Italy

**IMPORT QUOTA FOR ANIMAL TALLOW**—Italy has established an import quota for \$5 million for inedible animal tallow from dollar countries, including Canada. This quota is valid until the end of 1954.

The origin of shipments under this quota should be proved by certificates of origin. It is not sufficient that the Italian customs ascertain the origin of the tallow from bills of lading showing Italy as the direct destination—Rome, Jan. 15.

## United Kingdom

**LICENSING ARRANGEMENTS FOR DRIED WHITE BEANS**—The Board of Trade, in Notice to Importers No. 621, announces that imports of dried white beans, other than soya beans and beans for sowing, may be imported into the United Kingdom under Open Individual licence.

The Board of Trade is prepared to consider applications for licences to import dried white beans from any source.

## United States

**QUOTA ON GROUND FISH FILLETS**—The United States Bureau of Customs has announced that for 1954 the import quantity of fresh or frozen filets of cod, haddock, hake, pollock, cusk, and rosefish to be

granted the reduced rate of  $1\frac{7}{8}$  cents a lb., under Tariff Paragraph 717(b), has been set at 33,950,386 pounds. This is a slight increase over the 1953 low-rate quota.

Tariff Paragraph 717(b) provides that the aggregate quantity entitled to the  $1\frac{7}{8}$  cents a lb. reduced rate shall be not more than 15 per cent of the average annual consumption of such fish during the three preceding calendar years. All imports above the quota are subject to the higher rate of  $2\frac{1}{2}$  cents a lb.

Of the total quantity of fish (33,950,386 pounds) entitled to entry at the rate of  $1\frac{7}{8}$  cents a pound during the calendar year 1954, not more than one-fourth shall be so entitled during the first three months, not more than one-half during the first six months, and not more than three-fourths during the first nine months of the year—Washington, Feb. 5.

# Anglo-Japanese Trade Agreement

THE ANGLO-JAPANESE TRADE PACT for 1954 must be viewed in the light of Japan's problem of balancing accounts with the sterling area. Her requirements of many of the materials which come predominantly from this area have increased. At the same time, she has found it more and more difficult to sell to sterling area countries because of the controls which they have placed on imports. The only solution for Japan was to cut back sterling area imports to the amount of sterling available to pay for them.

The United Kingdom, for her part, was anxious to avoid any reduction in sales to Japan which, with her neighbours, represents a trading area second in importance only to North America. Meetings were therefore held in London between a Japanese delegation and the British Government Departments concerned. The result was an Anglo-Japanese trade pact for 1954 which visualizes a total of about £210 million worth of sterling area exports to Japan, compared with a total of £240 million in 1953. Japanese exports to the sterling area are expected to increase from £130 million in 1953 to about £210 million this year, thus bringing the account into balance.

It is expected that the major portion of the £80 million additional Japanese exports to the sterling area will be marketed in the Colonial territories, Australia, and South Africa. The United Kingdom will increase

her own purchases from Japan by issuing import quotas for a number of traditional Japanese products. A quota of £3 million has been established for Japanese grey cloth—a somewhat smaller sum than the value of these imports a few years ago. The cloth will have to be re-exported after processing. Other quotas include £300 thousand for apparel and a similar amount for cotton and rayon piece goods; £150 thousand for toys; £80,000 for buttons and studs; £50,000 each for pottery, paper manufactures and brooms and brushes; £40,000 for lacquerware and certain fancy goods and £25,000 each for electric lamps, lamp bulbs and lighting appliances.

Colonial Governments have been informed that they may import from Japan in 1954 up to their estimated requirements for their own consumption and for the entrepôt trade. This is expected to enlarge the market for Japanese cotton textiles in particular. The United Kingdom cotton industry has expressed concern over the adverse effect this may have upon British shipments.

The Agreement aims at safeguarding the turnover of more than £400 million of sterling area trade—an important segment in a total turnover of approximately £6 billion.

R. P. BOWER, *Commercial Counsellor, London.*

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

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

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

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

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

For conversion to United States dollar equivalents multiply by 1.03392.

# foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. Feb. 8	Notes (See below)
Argentina .....	Peso .....	Preferential buying .....	.1289	(1)
		Basic buying .....	.1934	
		Preferential selling .....	.1934	
		Basic selling .....	.1289	
		Free .....	.06962	
Austria .....	Schilling ...	.....	.03720	
Australia .....	Pound .....	.....	2.1760	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	.01939	
Bolivia .....	Boliviano ..	Official .....	.00509	
British West Indies	Dollar .....	.....	.5667	(3)
	Pound .....	.....	2.7200	(4)
Brazil .....	Cruzeiro ...	Brit. Honduras .....	.6800	tax 8%
		Official selling .....	.05139	
		Effective buying .....	.03410	
Burma .....	Kyat .....	Coffee buying .....	.04140	(2)
		.....	.2031	(5)
		.....	.2040	
Ceylon .....	Rupee .....	.....	.00879	(1)
Chile .....	Peso .....	Official .....	.3869	
Colombia .....	Peso .....	Basic .....	.1723	(6)
Costa Rica .....	Colon .....	Official .....	.1456	
Cuba .....	Peso .....	Controlled free .....	.9672	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1343	
Denmark .....	Krone .....	.....	.1400	
Dominican Republic .....	Peso .....	.....	.9672	
Ecuador .....	Sucre .....	Official .....	.06448	
		Free .....	.05568	
Egypt .....	Pound .....	.....	2.7773	
Fiji .....	Pound .....	.....	2.4504	
Finland .....	Markka .....	.....	.00420	
France .....	Franc .....	.....	.00276	
French Africa .....	Franc .....	.....	.00553	
French Pacific .....	Franc .....	.....	.01520	
Germany .....	D Mark .....	.....	.2303	
Greece .....	Drachma .....	.....	.000032	
Guatemala .....	Quetzal .....	.....	.9672	
Haiti .....	Gourde .....	.....	.1934	
Honduras .....	Lempira .....	.....	.4836	
Hong Kong .....	Dollar .....	Free .....	.1666	*Jan. 29
Iceland .....	Krona .....	Official .....	.05939	
		Special buying .....	.04572	
		Special selling .....	.03684	
India .....	Rupee .....	.....	.2040	
Indonesia .....	Rupiah .....	Basic .....	.08484	(7)
Iran .....	Rial .....	Official .....	.02999	
Iraq .....	Dinar .....	Certificate .....	.01072	
		.....	2.7081	

\* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Feb. 8	Notes (See below)
Ireland	Pound		2.7200	
Israel	Pound	Effective basic	.9672	
		Premium	.5373	
Italy	Lira		.00155	
Japan	Yen		.00269	
Lebanon	Pound	Free	.3046	
Mexico	Peso		.1118	
Netherlands	Guilder		.2555	
Netherlands Antilles	Guilder		.5129	
New Zealand	Pound		2.7200	
Nicaragua	Cordoba	Effective buying	.1465	(8)
		Official selling	.1371	
		With Surcharge I	.1201	
		With Surcharge II	.09623	
Norway	Krone		.1354	
Pakistan	Rupee		.2923	
Panama	Balboa		.9672	
Paraguay	Guarani	Basic	.06448	(1)
		With Surcharge I	.04605	
		With Surcharge II	.03223	(9)
Peru	Sol	Certificate	.04472	
Philippines	Peso		.4836	tax 17% (2)
Portugal	Escudo		.03375	
El Salvador	Colon		.3869	
Singapore & Malaya	Straits dollar		.3173	
South Africa (Union of)	Pound		2.7200	
Spain & Dependencies	Peseta	Basic buying	.04416	
		Basic selling	.08620	
		Basic commercial selling	.05888	(1)
		Free	.02483	
Sweden	Krona		.1870	
Switzerland	Franc		.2255	
Syria	Pound	Free	.2720	*Jan. 15
Thailand	Baht	Official	.07737	(1)
		Free	.04623	*Dec. 30
Turkey	Lira		.3454	
United Kingdom	Pound		2.7200	
United States	Dollar		.9672	
Uruguay	Peso	Official	.6367	
		Basic buying	.5433	
		Special buying	.4115	(1)
		Basic selling	.5090	
		Special selling	.3947	
Venezuela	Bolivar		.2887	(10)
Yugoslavia	Dinar		.00322	

\* Latest available quotation date.

## notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. 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.
8. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
9. Paraguay: Basic rate applies to most Paraguayan exports.
10. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

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

**ARGENTINA**

Ottawa—Economic Attaché, Embassy of Argentina, 193 Sparks Street.  
Montreal—Consul General of Argentina, 1111 Beaver Hall Hill.

**AUSTRALIA**

Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.  
Vancouver—Australian Government Trade Commissioner, 643 Hornby Street.

**AUSTRIA**

Ottawa—Chargé d'Affaires a.i., Legation of Austria, 136 Queen Street.  
Montreal—Austrian Trade Delegate, 1507 Crescent Street.

**BELGIUM**

Montreal—Consul General of Belgium, 709 Sun Life Bldg.

**BOLIVIA**

Montreal—Consul General of Bolivia, 5612 Canterbury Avenue.

**BRAZIL**

Montreal—Commercial Attaché, Brazilian Government Trade Bureau, Room 302, 400 St. James Street West.

**BRITISH GUIANA**

Montreal—Trade Commissioner for British Guiana, 37 Board of Trade Bldg.

**BRITISH HONDURAS**

Montreal—Trade Commissioner for British Honduras, 37 Board of Trade Bldg.

**BRITISH WEST INDIES and THE BAHAMAS**

Montreal—Trade Commissioner for British West Indies and The Bahamas, 37 Board of Trade Bldg.

## foreign commercial representatives in Canada

**CHILE**

Montreal—Consul General of Chile, 1410 Stanley Street.  
Vancouver—Consul of Chile, 550 Beatty Street.

**CHINA**

Ottawa—First Secretary and Consul, Suite 16, Roxborough Apartments.  
Vancouver—Consul of Colombia, 550 Beatty Street.

**COLOMBIA**

Ottawa—Commercial Attaché, Embassy of the Republic of China, 201 Wurtemberg Street.  
Montreal—Consul General of Colombia, 443 Prince Albert Street, Westmount.  
Toronto—Consul General of Colombia, 499 Oriole Parkway.  
Vancouver—Consul General of China, 510 Hastings Street West.

**COSTA RICA**

Montreal—Consul General of Costa Rica, 434 Elm Avenue, Westmount.

**CUBA**

Montreal—Consul General of Cuba, 1117 St. Catherine Street West.

**CZECHOSLOVAKIA**

Montreal—Commercial Attaché of Czechoslovakia, 1255 Phillips Square.

**DENMARK**

Ottawa—Royal Danish Legation, 451 Daly Avenue.  
Montreal—Consul, Royal Danish Consulate, Room 815, Keefer Building, 1140 St. Catherine Street West.

**DOMINICAN REPUBLIC**

Ottawa—Consul General of the Dominican Republic, 20 Bower Street.  
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

**ECUADOR**

Montreal—Consul General of Ecuador, 271 Glengarry Avenue, Mount Royal.

**EGYPT**

Ottawa—Vice-Consul, Egyptian Consulate General, Room 616, Chateau Laurier.

**EL SALVADOR**

Montreal—Consul General of El Salvador, Apt. 14, 1452 Bishop Street.

**FINLAND**

Ottawa—Second Secretary, Legation of Finland, 140 Wellington Street.

**FRANCE**

Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.  
Montreal—Commercial Attaché of France, 610 St. James Street West.  
Toronto—Commercial Attaché of France, 185 Bay Street.

**GERMANY**

Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 580 Chapel Street.  
Montreal—Consulate General of the Federal Republic of Germany, 1529 McGregor Street.  
Toronto—Consulate of the Federal Republic of Germany, 77 York Street.  
Vancouver—Consulate of the Federal Republic of Germany, 213-214 Crown Bldg., 615 West Pender Street.

**GREECE**

Ottawa—First Secretary, Royal Greek Embassy, Suite 110, Chateau Laurier.

**GUATEMALA**

Montreal—Consul General of Guatemala, 401 Metcalfe Avenue, Westmount.

**HAITI**

Ottawa—Consul General of Haiti, 18 Rideau Street.  
Montreal—Consul of Haiti, 1405 Bishop Street.

**HONDURAS**

Montreal—Consul General of Honduras, 1117 St. Catherine Street West.

**INDIA**

Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.

**INDONESIA**

Ottawa—Chargé d'Affaires a.i., Indonesian Embassy, 140 Wellington Street.

**IRAQ**

The Consul General of Lebanon is in charge of Iraqi interests. See address below.

**IRELAND**

Montreal—Irish Trade Representative (Irish Export Promotion Board), 1015 Beaver Hall Hill.

**ISRAEL**

Ottawa—First Secretary, Legation of Israel, 45 Powell Avenue.  
Montreal—Consul General of Israel, Bank of Montreal Bldg., 1260 University Street.

**ITALY**

Ottawa—Commercial Attaché, Embassy of Italy, 133 Sparks Street.

**JAPAN**

Ottawa—Second Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.  
Vancouver—Japanese Consulate, 510 Hastings Street West.

**LEBANON**

Ottawa—Consul General of Lebanon, 470 Wilbrod Street.

**LUXEMBOURG**

Montreal—Consul General of Luxembourg, 4832 Western Avenue.

**MEXICO**

Montreal—Consul General of Mexico, Room 506, Castle Bldg.

**MONACO**

Montreal—Consul of Monaco, Room 35, 35 Notre Dame Street West.

**NETHERLANDS**

Ottawa—Commercial Counsellor, Embassy of the Netherlands, 168 Laurier Avenue East.  
Montreal—Netherlands Consulate, 1103 Castle Bldg., 1410 Stanley Street.  
Toronto—Netherlands Consulate, 159 Bay Street.  
Vancouver—Netherlands Consulate, 475 Howe Street.

**NEW ZEALAND**

Montreal—New Zealand Trade Commissioner, Room 609, Sun Life Bldg.

**NORWAY**

Ottawa—Secretary, Norwegian Legation, 140 Wellington Street.  
Montreal—Vice-Consul of Norway, 1410 Stanley Street.

**PAKISTAN**

Ottawa—Commercial Attaché to the Pakistan High Commissioner, 499 Wilbrod Street.

**PERU**

Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

**POLAND**

Ottawa—Acting Commercial Attaché of the Polish Legation, 183 Carling Avenue.

**PORTUGAL**

Ottawa—Legation of Portugal, 285 Harmer Avenue.  
Montreal—Consul of Portugal, 1499 Bishop Street.

**SPAIN**

Ottawa—Commercial Office, Spanish Embassy, 149 Daly Avenue.

**SWEDEN**

Ottawa—Secretary, Royal Legation of Sweden, 720 Manor Road, Rockcliffe Park.  
Montreal—Commercial Secretary, Royal Consulate General of Sweden, 1511 Bishop Street.

**SWITZERLAND**

Ottawa—Secretary, Swiss Legation, 5 Marlborough Avenue.  
Montreal—Consul General of Switzerland, 1572 McGregor Street.  
Toronto—Consul of Switzerland, 600 University Avenue.  
Vancouver—Acting Consul of Switzerland, 402 West Pender Street.  
Winnipeg—Acting Consul of Switzerland, 210 Mitchell-Copp Bldg., 334 Portage Avenue.

**THAILAND**

Toronto—Consul of Thailand, 200 Bay Street.  
Vancouver—Consul of Thailand, 5416 Marguerite Street.

**TURKEY**

Ottawa—Turkish Embassy, 197 Wurtemberg Street.

**UNION OF SOUTH AFRICA**

Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Street.

**UNION OF SOVIET SOCIALIST REPUBLICS**

Ottawa—Representative of the Commercial Counsellor, Embassy of the USSR, 285 Charlotte Street.

**UNITED KINGDOM**

Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.  
Edmonton—United Kingdom Trade Commissioner for Alberta, 10053 Jasper Avenue.  
Montreal—United Kingdom Trade Commissioner for Quebec, United Kingdom Trade Commissioner for the Maritimes and Newfoundland, 1111 Beaver Hall Hill.  
Toronto—United Kingdom Trade Commissioner for Ontario, 67 Yonge Street.  
Vancouver—United Kingdom Trade Commissioner for British Columbia, 850 West Hastings Street.  
Winnipeg—United Kingdom Trade Commissioner for Manitoba and Saskatchewan, 403 Royal Bank Building.

**UNITED STATES**

Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.  
Calgary—Consul of the United States, Toronto General Trusts Bldg.  
Edmonton—Consul of the United States, 214 Empire Block.  
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.  
Montreal—Consul General of the United States, 1410 Stanley Street.  
Niagara Falls—Consul of the United States, Newman Hill, Falls Street.  
Quebec—Consul of the United States, 65 St. Ann Street.  
Saint John—Consul of the United States, 204 Union Street.  
St. John's—Consul General of the United States, King's Bridge Road.  
Toronto—Consul General of the United States, 360 University Avenue.  
Vancouver—Consul General of the United States, 355 Burrard Street.  
Windsor—Consul of the United States, Guaranty Trust Bldg.  
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

**URUGUAY**

Ottawa—Chargé d'Affaires a.i., Legation of Uruguay, Room 726, Chateau Laurier.

**VENEZUELA**

Ottawa—Commercial Counsellor, Embassy of Venezuela, Room 609, Chateau Laurier.  
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.  
Vancouver—Vice Consul of Venezuela, 200-603 West Hastings Street.

**YUGOSLAVIA**

Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.  
Toronto—Consul General of the FPR of Yugoslavia, 454 Spadina Avenue, Suite 202.