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cover Placed against the background of the "Old Lady of Threadneedle Street", the Bank of England, our graph shows the rise in the sterling area's dollar reserves from U.S. $1,978 million in January 1953 to U.S. $2,543 million in January 1954.

The Sterling Area and Its Problems

Policies worked out some months ago to speed progress in the sterling area are bearing fruit. Gold and dollar reserves have risen; the "area of convertibility" has been widened—but certain problems still await solution.

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

"FOREIGN TRADE'S" annual review of business conditions within the Commonwealth published in March 1953 quoted in its leading article from a speech given by Mr. R. A. Butler, Chancellor of the Exchequer, before the Commonwealth Correspondents Association. Mr. Butler said in part: "The success of the past twelve months has now given us the opportunity, which I believe should last for some months to come, perhaps for the greater part of this year, of working out and applying policies for long-term progress without being distracted by immediate crises."

A year later, we may ask what policies were worked out and applied and what were the results? The recent Sydney Conference of Commonwealth Finance Ministers provided an opportunity to review the position in some detail. In the official statement issued at its close, the objectives previously set were reaffirmed: "To strengthen the position of each country and of sterling as a currency, and to establish with other countries a wider and freer system of trade and finance in which the convertibility of sterling is an essential part."

Increase in Gold and Dollar Reserves

The most obvious barometer of the sterling area's health is the condition of the gold and dollar reserves. People who continually save money generally avoid the bankruptcy court. The sterling area's reserves stood at $2,518 million at the end of 1953, compared with $1,846 million at the end of 1952. Any institution that can earn money at the rate of $75,500 an hour, 24 hours a day, for 365 days can safely assume that its fundamental policies are right. It also has some right to be gratified when this rate of accumulation is contrasted with an hourly loss of some $290 thousand for the six months ended March 31, 1952. The policies which contributed most to this turn in fortune were anti-inflationary in intent. They included increases in the bank rate to check consumption, decreases in taxes to provide production incentives, and so on. To be successful these policies had to be generally acceptable to all the members of the area. It would have been useless for one country to follow them if others were to dissipate the benefits by profligacy.

A second index of the success of the area's policies is the value of sterling in terms of the dollar. Here too the record has been good. By the end of 1953, the free market rate for the pound was closer to the official rate than at any time since the war. Had this been accompanied by an extension of controls and more rigid import restrictions, there would have been small ground for satisfaction. As it was, however, these signs of strength were paralleled by a number of sizable trade liberalizations by the United Kingdom, the dominant member of the area. The United Kingdom in 1953 accounted for 60 per cent of all the sterling area's gross overseas earnings. What the United Kingdom does therefore has the greatest effect on the area as a whole. Nevertheless, each member has its part to play and only a team effort will succeed.

Convertibility Nearer?

If things are so much better, when will the pound be made convertible? The pound sterling is partially convertible now. As long as import of an article into the sterling area is permitted, the requisite foreign exchange will be provided to pay for it. What is desired is that a wider range of goods be admitted (particularly from dollar countries) and that the limits on the volume be removed. This is what is commonly meant by making the pound convertible. It also means the right of third countries to convert into dollars any pounds they may possess or acquire. When will such a happy state arise? This is a question of particular interest to Canadian exporters.

A number of steps were taken by the United Kingdom in 1953 which did "widen the area of convertibility". Cereals, softwood, pitwood and most metals may now be imported freely (although under safeguards) from all countries, including Canada, as a result of relaxations made that year. The speed at which this trend will proceed depends on many factors which cannot be accurately foretold.

The chances of a move in the right direction are infinitely better when the reserves are growing at the rate of $75,000 an hour than when they were falling by $290 thousand an hour. Inflation will have to be held. The attitude of the United States towards imports is important. There are many other factors, but by persistence and efficiency it should be possible to make sterling as desirable a currency as the dollar. If an adequate supply of goods can be made available by the members of the area at prices the outside world is prepared to pay, convertibility will become a reality.

The outlook for 1954 is certainly no worse than it was twelve months ago. The tendency for internal consumption to increase in the United Kingdom at a time when exports remain constant is a danger signal. Competition from other countries, particularly Germany and Japan, may be expected to increase, and there is some concern about the possibility of reduced imports by the United States. Nevertheless, the foundation is firmer than it was a year ago and the problems ahead no more intricate.

The Chancellor of the Exchequer, referring to the Sydney Conference in the House of Commons on February 4th, said: "We shall have to increase our earnings and keep our production up. Only along the path of expansion and development can this island of 50 million people, which can feed only 30 million normally, keep our standard of living and our employment.

"This Conference had a considerable success in the field of moving toward a system of freer trade—a system of expansion, a system of closer unity and co-operation between us all."

United Kingdom

British business and industry in 1953 welcomed the removal of nearly all the remaining wartime restraints on trade, achieved an all-time high in production, and increased sales to dollar areas by 14 per cent over the year 1952—to pass, for the first time, the billion dollar mark.

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

THE UNITED KINGDOM had a good year in 1953. The Coronation of Queen Elizabeth II, full of meaning to the whole Commonwealth, was a particular inspiration to the people of the United Kingdom. A conviction that a second Elizabethan era was in prospect contributed to the optimism which characterized the year as a whole, and spirits rose still further at bidding a cheerful farewell during the year to many wartime restraints.

By the end of 1953, virtually every restriction on the consumption of food had been removed. Tea, confectionery, sugar, and eggs were taken off the ration. The decision to free margarine, butter and cheddar cheese was announced late in 1953 to take effect in May 1954. Meat and bacon rationing will end in the first half of July 1954. Supplies of meat during 1953 improved so much that on a number of occasions butchers received permission to sell in excess of the ration. Visitors to the country could detect a marked improvement in hotel and restaurant meals and in the selection and quantity of merchandise in store windows.

Removal of Controls

Equally welcome was the removal of numerous government controls. Private trade has now been reinstated in most items of food and in all raw materials. At the same time, many restrictions on consumption have been removed. A number of these were of considerable interest to Canada. For example, the import of softwood lumber was freed late in 1952 but it was not until November 1953 that the Government removed consumer licensing. General steel allocations ended in May. Cereals and animal feedingstuffs, rice, starch, linseed oil, coffee and bananas were handed back to private trade during the year. The freeing of the trade in metals allowed a number of additional materials to be dealt in on the London metal market, bringing an end to numerous vexatious restrictions and creating another source of foreign exchange earnings. These steps have all contributed to a more realistic price structure on the home market and this in turn has improved the competitiveness of British industry.

Import Restrictions Modified

Many import restrictions were modified or removed in 1953. Cereals, softwood, pitwood, most metals and petroleum may now be imported freely from any source. More generous treatment has been accorded to OEEC countries. At present 75 per cent of trade with these countries is "free", compared with 58 per cent at the end of 1952. Residents of the United Kingdom wishing to spend holidays on the Continent had their foreign exchange allowances increased from $110 a year to $137. Small as many of these gestures appear in isolation, together they represent considerable progress when viewed against the background of rigid control that has persisted since 1939.

Ever since the end of the war the problem has been to build up the gold and dollar reserves to the point where they will be large enough to cover safely the foreign

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These British coal miners are taking time out for a mid-morning snack. Despite their efforts and those of their buddies, U.K. coal production in 1953 failed to exceed the previous year's output for the first time since the mines were nationalized.

—Photo by U.K. Information Office.

exchange requirements of the area. At the beginning of 1952, they stood at $1,846 million; by December 31, they were $2,518 million. The fact that reserves could be built up at a time when restrictions against dollar imports were being relaxed proved two things:

- The general strength of the area during the period.
- That freedom to import from dollar sources does not necessarily threaten the reserves.

The first point was further underlined in 1953 by the strength of "free" sterling. At the end of the year, the spread between the free and official rates had practically disappeared. Not only did sterling stand high in world markets, but gold and dollars were being offered for it from a number of quarters.

Convertibility of Sterling

Creditable though this achievement was, the reserves are still not considered high enough to allow any bold move toward complete convertibility. No figure has ever been given as the target which should be reached before such an attempt could be made, but there is no doubt that if a figure were established, it would be well above the current levels. The sterling area, with gold and dollar reserves of about $2½ billion, does a trade worth nearly $38 billion a year. Canada in 1952 had monetary reserves of $1·8 billion and did a trade of $8 billion. If the sterling area ratio of trade to monetary reserves were the same as Canada's, the reserve should be about $9 billion. If they were the same as the United States, the figure should be $34 billion.

The increase of the reserves in the face of freer dollar imports suggests that the disparity between the price levels of the sterling and dollar areas is not as great as it used to be. In the earlier postwar days, one reason for hesitating to remove restrictions against dollar goods was the fear that this would precipitate a flood of imports because dollar prices were lower than soft currency prices in so many fields at that time. As price levels between the two areas come together, the danger of a flood of dollar imports recedes. This makes the liberalization of imports less risky and hence more likely to be undertaken. If the rate of progress in 1954 compares with that of 1953, some further extension of the "area of convertibility" should occur.

Production Achieves Record

The index of United Kingdom production for November stood at 131 (1948=100), the highest ever recorded. This compares with 123 in November 1952. The improvement stemmed from the elimination of certain raw material shortages, the relaxation of import restrictions in a number of overseas markets and—what was perhaps more fundamental—taxation reliefs which provided greater production incentives.

Coal production was disappointing. Provisional figures for 1953 showed 223·5 million tons compared with 224·7 for 1952. While a shortfall was expected largely because of the Coronation break and an extra week's holiday with pay for the miners, it was the first year since nationalization that output failed to exceed that of the previous year. No facet of United Kingdom production contributes more to overall output than an adequate fuel supply and this was a disquieting feature in the year's record.

Electricity generation has mounted steadily and, for the first time since the war, power cuts did not hamper production. Output in November amounted to 6,000 million kilowatt hours—or three times the monthly average of 1938 and twice that of 1945.

Steel production, at 17·6 million tons, was the highest ever recorded and the annual rate in the last quarter was 18¾ million tons.

Cotton showed a healthy improvement from the depressed days of 1952; the monthly output of cotton fabric in October was 41·2 million linear yards, compared with 33·8 million a year earlier.

Volume of Exports Rises

The value of exports in 1953, at £2,582 million, was the same as in the preceding year, but because prices were lower, the volume was higher. Sales to dollar areas passed the billion dollar mark for the first time and at £386 million showed a gain of 14 per cent over the year before.

The pattern of United Kingdom exports is changing. New commodities have come to the fore which hardly registered in prewar days when textiles, coal and iron and steel products predominated. The prewar value of aircraft exports was about $16·5 million a year. In 1953, the total was $192·5 million. Exports of petroleum products, which were not a factor before the war, were also close to $192 million in 1953. Other important postwar products included agricultural tractors ($110 million); combine harvesters ($9·6 million); nylon stockings and yarn ($15 million); and antibiotic drugs ($15 million).

The disappointing feature of the year's exports was that the volume did not keep pace with the rising production in the country. A greater volume of exports must be achieved if import restrictions are to be relaxed, and with German and Japanese competition increasing, it is disconcerting that a smaller percentage of United Kingdom output was exported in 1953 than in the year before.

The Import Record

The value of imports into the United Kingdom in 1953, at $9,198 million, was 5 per cent less than in 1952, although the actual volume was about 5 per cent higher as a result of lower prices for most raw material imports. The United Kingdom has had an adverse balance on visible trade for almost a hundred years. In 1953 this amounted to $137·5 million per month, compared with $162 million per month in 1952. The monthly rate in 1951 was $302·5 million.

The principal suppliers to the United Kingdom in 1953 in order of importance and with totals in millions of dollars were:—

Canada	$836
Australia	$780·5
United States	$698
New Zealand	$465
Kuwait	$356
Denmark	$352

The United Kingdom has been straining for six years to increase sales to dollar markets. The two leading outlets in this category have been Canada and the United States, which in recent years have absorbed roughly equal quantities of United Kingdom goods. Canada's performance in 1952 was disappointing; sales fell to $360 million, compared with $421 million the year before. In 1953, however, the position improved and sales to Canada were valued at $430 million—a record high. Canada, the United States and South Africa all took about the same value of United Kingdom exports in 1953. The largest customer in 1953 (as in 1952) was Australia, which took goods to the value of $585 million.

Purchases from Canada

United Kingdom purchases from Canada declined in 1953 to $836 million from the high level of $879 million recorded in 1952. Even so, Canada continued to be the largest single source of imports. Competition was generally keener in 1953 than in 1952, and even where import controls were relaxed, Canadian suppliers frequently found it necessary to share the market with others who matched them in price and delivery. An increasing number of Canadian firms found it impossible to sell even their Token Import entitlements in 1953 because of price. Lower prices for many raw materials (base metals, lumber, etc.) also contributed to a fall in the value of purchases from Canada even when volume was maintained. Details of the performance of specific Canadian products will be given in a subsequent report.

Anglo-Canadian Trade Outlook

The year 1953 saw a relaxation in the controls affecting a number of raw material imports into the United Kingdom, but there was no change in the attitude toward more highly manufactured goods. A few were eligible for Token Import treatment, but manufactured commodities outside this scheme were largely excluded. The outlook for 1954 is that there will be further relaxations in controls over raw and intermediate materials and that Canada will gain. There is, unfortunately, virtually no chance of any significant concessions as far as manufactured goods from dollar countries are concerned. However fast "convertibility" proceeds, it is unlikely to affect such items in 1954.

The outlook for United Kingdom sales on the Canadian market is excellent. Competition from Japan and Germany will probably increase, but British prices are expected to be attractive and deliveries should be the best since war's end. A tendency for ocean freights to fall will also help the United Kingdom to quote competitively in Canada. United Kingdom suppliers are tendering on a number of important Canadian contracts and hopes for a successful year run high.

As in almost every field, the outlook depends more than anything else on the ability to hold inflationary pressures in check. If wages and prices rise, competitive advantages will be lost; if home demand rises, availabilities for export will be reduced. ●

NORTHERN IRELAND

The textile industry recovered during 1953 and increased its sales to overseas markets; the industrial expansion program gathered momentum, with many new plants established; aircraft manufacturing continued to expand, but the shipbuilding yards received fewer orders.

T. G. MAJOR, *Trade Commissioner, Belfast.*

ALTHOUGH UNEMPLOYMENT continued to be a major problem during 1953, the figures for the end of the year were about 20 per cent lower than at the end of 1952. Three developments made this improvement possible—recovery in the textile industries, the establishment of new industries, and expansion in aircraft manufacturing. On the other hand, shipbuilding continued to be hampered by a shortage of steel plate and gross tonnage launched declined by about 18 per cent. Coronation year and the royal visit in July brought increased tourist traffic and stimulated business generally.

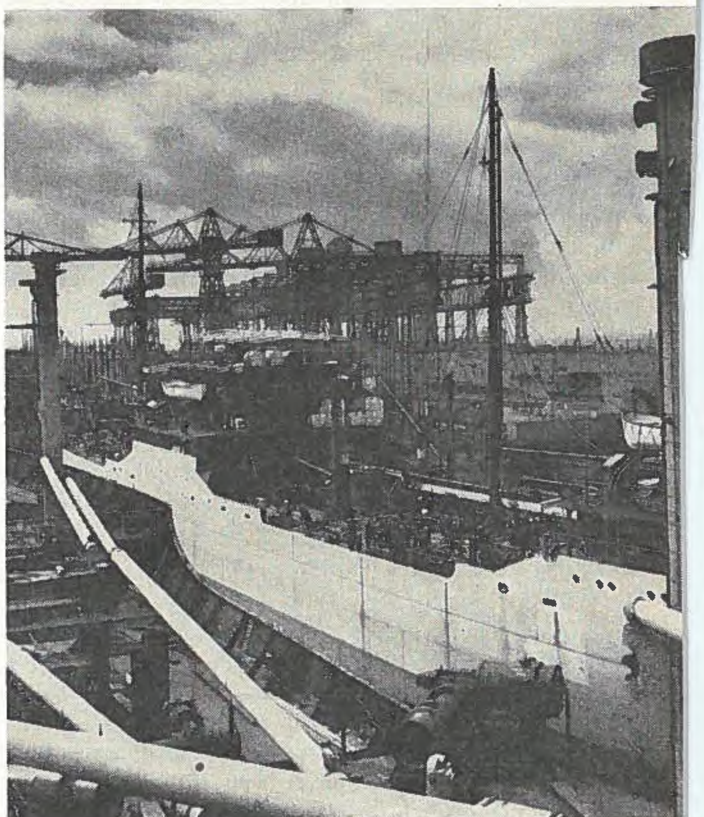
Agricultural Exports

Gross agricultural output for 1953 is estimated at about £79½ million. Despite a too-dry growing season and a wet harvest, production of wheat, barley, dredge corn and potatoes increased. Value of agricultural produce and livestock shipped–during the year included fat cattle, £14,700,000; sheep, £2,209,000; live pigs, £2,432,000; bacon and ham, £12,300,000; eggs, £10,800,000. Exports of table potatoes totalled 160 thousand tons valued at £1,900,000; seed potatoes, 80,000 tons valued at £1,166,000, and rye-grass valued at £1¼ million. No liquid milk was shipped to Great Britain during the year but milk products to the equivalent of 40 million gallons, valued at £4 million, were exported. There are now more than twenty firms engaged in the canning industry and they exported in 1953, 23 thousand tons of their products valued at £4½ million.

Linen and Other Textiles

The brightest feature of the year in the linen industry was the revival of active buying in the United States, where sales of linen cloth increased from less than 17 million square yards in 1952 to over 23 million in 1953. Canadian purchases also increased by about 100 per cent, as a result of restrictions on imports from other sources. A relaxation of import controls in Australia in October brought an immediate increase in shipments from Northern Ireland. Sales to Latin American countries during the year totalled 2,755,000 square yards. The home market, which is estimated to absorb over 25 per cent of the production, showed a marked revival of interest during the second half of the year, particularly in printed linens. A special mission representing the Irish Linen Guild visited North America and Australia in the autumn and further export publicity is planned during the coming year as a result of an increase in the government grant from £60,000 to £100 thousand. The slump in the linen industry during 1952 was reflected in a decline of some 18 per cent in imports of flax and tow and a further drop in the acreage devoted to flax production.

Other branches of the textile industry producing ropes, cordage and twines, cotton yarn and thread, woollen goods, poplins, carpets and tapestries, laces, nylon and



(Right) Vessel taking shape at the great Harland & Wolff shipbuilding yards at Queen's Island, Belfast. This world-famous firm celebrated its centenary this year.
—Tourist Information Centre, Belfast.

other hosiery, and rayon yarns and piece goods experienced improved conditions during the year. Expansion undertaken by various firms included the installation by a Belfast firm of automatic looms, equally efficient for the weaving of wool, cotton, linen and synthetic fibres. A factory in Newry was enlarged by the addition of a garment-making section and another firm installed spinning equipment to produce jute twines and other types of cordage.

Ships and Aircraft

The year marked the centenary of the Queen's Island shipbuilding yards but unfortunately activity declined from the level of the previous year. As a result of a continued shortage of steel plate and greater competition from European yards, output fell from 14 ships of a total of 131,781 tons in 1952 to ten, totalling 106,863 tons, in 1953—six tankers and four cargo ships. The outlook for new business at the turn of the year was not bright.

In contrast, the aircraft industry recorded a year of progress both in production and research. An agreement has been concluded for the production of the Bristol *Britannia* and *Canberra* bombers and *Comet* airliners are already being built. A further expansion of the industry, now employing 9,000 persons, is anticipated. In the research field three new prototypes, the *S.B.5, Seamew* and *Sherpa* have been produced. The first is an adjustable wing research aircraft, the second a light anti-submarine plane for carrier service, and the third an aircraft for the testing of the aeroisoclynic wing.

General Industrial Development

The only legislation of economic importance during the year authorized the expenditure of not more than £700 thousand in any one year to cover government grants towards the cost of coal purchased by industrial undertakings. During 1953 eleven new firms began production and five launched expansion schemes. The Government revived the Northern Ireland Production Council, a wartime body which had not met since 1950. Acting in a purely advisory capacity, it has two sections, one concerned with the textile industry and the other with engineering and general industry. A firm of industrial consultants has been making a survey for the Ministry of Commerce to determine those industries best suited to conditions in Northern Ireland.

Under the industrial expansion program, new factories which started production during the year are making such things as electrical cables, furnishing fabrics, wiring and electrical assemblies for *Canberra* bombers, biscuits, confectionery, beverages, bullion embroidery, and women's garments. Of major importance was the recent announcement of the British Thompson Houston Company's plan to set up a factory at Larne, Co. Antrim, which will eventually provide work for 2,500 people. The plant will make large steam turbo-alternators for power stations.

External Trade Declines

Northern Ireland forms with Great Britain a single customs area and customs entries are not required for goods passing between the two. This arrangement makes it impossible to obtain a complete picture of the external trade of the province. The Ministry of Commerce attempts, however, to estimate the annual value of imports and exports based on returns by the harbour authorities and the Board of Customs and Excise, and on data furnished by the Ministry of Agriculture and the various industries. Necessarily the issuance of these estimates is delayed and the latest available are those for 1952, which were made public in September 1953. These showed a total external trade calculated at £456,939,000, compared with £478,538,000 in 1951.

This decline, the first since 1945, was due mainly to the recession in the textile industries. Whether the recovery which took place during 1953 was great enough to reverse the downward trend is uncertain, although the increased activity in exports of agricultural produce and machinery may have contributed significantly to a higher level of trade. There probably was a greater volume of imports as a result of the greater industrial activity and higher prices for agricultural produce. There are no complete figures covering trade with Canada during 1953 but Northern Ireland imported increased supplies of Canadian lumber and feedstuffs and sold more linen in Canada.

Milk Marketing in the U.K.

Control over the marketing of fluid milk in the United Kingdom will end on April 1, 1954, but the Government will retain responsibility for prices and margins. On that date, marketing powers will be restored to the Milk Marketing Boards "but so long as an element of consumer subsidy continues, the Government will retain responsibility for approving both prices and distributive margins of milk sold for liquid consumption," stated the Minister of Food.

The National Farmers' Union have agreed to the revised methods of implementing price guarantees to milk producers; the details of the scheme will be made public at a later date. The Ministry of Food took over responsibility for the distribution of milk from the Milk Marketing Boards in 1939, and since then has been the sole trader in milk, buying it from the farms and, after liquid requirements have been met, allocating the remaining milk for processing.

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UNION OF SOUTH AFRICA

Increases in exports of wool, fruit, sugar, hides and skins, and certain base metals such as chrome and manganese helped the Union achieve a small favourable trade balance last year. Removal of discrimination against dollar goods at the beginning of 1954 should help Canadian exports.

HOWARD E. CAMPBELL, *Assistant Trade Commissioner, Johannesburg.*

AT THE END OF 1953, the Council of the Johannesburg Chamber of Commerce summed up economic conditions in South Africa in this way: "Demand for and turnover in merchandise was in total well maintained during 1953, and gross profits in the commercial distribution trades were at approximately the same levels as in 1952. However, the continued shortage of . . . labour brought about a marked increase in business expenses, with the result that net profits for the year were lower. The indications are that these economic features of 1953 will continue into 1954."

Although the Council was referring particularly to the distributive trades (wholesale and retail), it has summed up fairly well general business conditions throughout South Africa during the past year.

The November returns of the Union's external trade reflect this levelling-off in business activity. For the first eleven months of 1953, imports and exports changed very little in comparison with the previous year. Unfortunately, no details of the composition of imports are given in these preliminary returns. They show, however, that private industry and commerce imported goods worth £357·3 million and that the Government imported £31·9 million worth of railway equipment, road machinery, armaments and other supplies.

The Trade Pattern

The value of exports was maintained by improvements in wool, fruit, sugar, hides and skins, and base minerals such as chrome ore, manganese ore and coal. These improvements counterbalanced declines in processed and semi-processed gold, asbestos, copper, diamonds and canned vegetables.

It is interesting to note that wool exports rose from £49·5 million for the first eleven months of 1952 to £56·1 million for the first eleven months of 1953. They thus exceeded the total of £52·5 million for processed and semi-processed gold which, in recent years, has been the most valuable single commodity specified among the Union's merchandise exports.

Preliminary trade figures show that the Union exported goods and gold during 1953 to a value of £435 million and imported goods valued at £424 million, leaving a favourable trade balance of £11 million.

Canadian exports to South Africa remained about the same as in 1952 but individual commodities showed many changes. During the first nine months of the year, wheat and automobiles accounted for half of the $39,912,674 worth of goods shipped to this market. Lumber climbed from $2,613,812 for the first nine months of 1952 to $5,994,957 during the same period of 1953. Leather jumped to over $440 thousand in response to demand from South African shoe manufacturers; mining machinery sales increased by $100 thousand and polystyrene shipments rose to $127,528.

On the other hand, exports of cotton duck suffered from increased local competition (both South African and Rhodesian) as did kraft paper, rolling mill products and farm implements. Linseed oil shipments fell in the face of European and British competition and sardine sales dropped by one-third—to $218,428 during the first nine months of the year. Exports of semi-fabricated and primary forms of aluminum remained about the same, as did machinery and parts.

Mining Industry Prospers

Despite rising costs, South Africa's mining industry enjoyed a good year. Production of gold expanded from 11,815,512 fine ounces for 1952 to 11,936,307 fine ounces for 1953, the highest annual figure since 1945. The increase of 120,795 fine ounces, however, was the result of the progress made during 1953 by the new Orange Free State mines.

Output of diamonds expanded steadily but exports of rough and uncut stones fell off slightly during the year. By October only £18,700,284 worth of diamonds had been exported, compared with £23,233,477 for the first ten months of 1952.

Chrome mines boosted production by 18 per cent to 782,162 tons but lack of railway cars held exports to 611,095 tons for the year. The average local price for chrome oxide was 57 shillings ($7.98) per ton, compared with an average export price of 89 shillings ($12.46).

Production of copper, manganese ore, iron ore and silver increased slightly during the year. Tin mines increased production by one-third and osmiridium miners raised their exports to just over 6,000 ounces.

The important part the mining companies play in the commercial life of the country—apart from their primary function as producers—is evidenced in recent official figures published by the Union Department of Mines. Spending a total of £110·9 million on mine stores in 1952, their purchases increased by over £30 million on the previous year's disbursements. This represents the largest rise so far in an expenditure program which has moved steadily upward since 1944, when the total outlay was only a little over £33·5 million.

About 80·3 per cent of this total represents commodities of South African origin—an increase of approximately 3 per cent on the comparative figure for 1951. Foodstuffs, explosives, reduction plant and accessories, electric power, and materials for the construction of buildings, railways and roads, have been among the more important of these purchases. Gold-producing mines were the chief buyers and accounted for £90·4 million of the total outlay, an increase of almost £24·5 million on the value of stores which they purchased in 1951. Coal mines were next in importance.

The Agricultural Picture

The year 1953 began rather bleakly for agriculture. Crops planted late in 1952 were stricken by drought and many farmers had to replant. Fortunately good rains fell in the early months of 1953. By harvest time the maize farmers had gathered a record 33,249,000 bags, weighing 200 lb. each. Kaffir corn growers also benefited from the rains and reaped a bumper crop of 2,486,000 bags, compared with 1,543,000 bags the year before.

If rain had not fallen at the right time, only 19 million bags of maize would have been harvested, leaving an estimated shortfall of 10 million bags which would have had to be imported. The world price for maize is about £3 per bag, and the rains thus saved South Africa £30 million in foreign exchange.

Wheat farmers did not fare as well as those growing other cereals. Where crops were not totally burned up by drought, late frosts did considerable damage. By December, estimates from the principal growing areas in the Orange Free State indicated that the total crop for 1953 will be less than a million bags. Last year 1·8 million bags were harvested in the Orange Free State and the crop was considered to be small for a normal year.

Although vegetables fared badly in the Union's fickle weather, citrus and deciduous fruit crops flourished and by the end of the first nine months of the year £14 million worth of fruit of all kinds had been exported. Britain has already agreed to take 70 per cent of the Union's exportable surplus of canned apricots, peaches and pears up to September 1954.

Sugar producers in Natal also enjoyed bumper crops and present indications are that 720 thousand tons of sugar will be manufactured in the Union in the 1953-54 season. Under the new International Sugar Agreement, South Africa has the right to export up to 200 thousand long tons of sugar to the United Kingdom and Canadian markets.

Livestock Raising

Sheep farmers were as fortunate as the mealie farmers. They received a record return of £60,500,000 for their wool—£11,428,000 more than the previous year. By the end of the season 256,761,721 pounds of wool had been sold at an average price of 56.55d. per pound, compared with an average price of 48.14d. per pound the previous year.

In the six months to December 30, the Union's wool clip of 144 million pounds earned £37·1 million. The clip in a similar period of the previous year totalled 140 million pounds valued at £32·7 million. The wool is of unusually high quality with better than 80 per cent in premium merino grades; the overall average price per pound, 67 pence, is higher by 5 pence. A season's clip of 265 to 270 million pounds is now forecast with a return of £66 million—a figure which has been exceeded only once in the history of wool farming in this country.

Cattle ranchers were also more successful in 1953. After years of intermittent shortages, meat supplies gradually improved during 1953 to the point where 10,000 carcasses of beef were made available for export. This was the first time in twelve years that enough meat was produced locally to allow exports from the Union.

Import Controls

From the point of view of Canadian businessmen, by far the most important development in South Africa occurred on October 16, when the Finance Minister announced that discrimination against dollar goods would be removed at the start of 1954. For years importers of consumer goods have only been allowed to use a small portion (less than 25 per cent) of their export quotas on dollar goods and industrialists have been forced to buy not less than half of their raw materials from soft currency areas. The elimination of discrimination on dollar imports places Canadian manufacturers on an equal footing with their competitors in this market.

Import controls are, of course, still in effect and the lower preliminary quotas announced for 1954 have made South African importers very price conscious. If Canadian manufacturers are to regain their share of the market, they must use every sales device at their command. ●

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FEDERATION OF RHODESIA AND NYASALAND

The new federation can look forward to progress in business and development schemes in 1954; Canadian businessmen are advised to look into the market possibilities in anticipation of freer dollar imports. In 1953, uncertainty about union had a varied effect on business in the three countries.

HOWARD E. CAMPBELL, *Assistant Trade Commissioner, Johannesburg.*

BUSINESS CONDITIONS in the Federation of Rhodesia and Nyasaland as a whole are difficult to review because for the first ten months of 1953 this area consisted of separate territories. While the issue of federation was debated, commerce in Nyasaland remained unaffected, continued to boom in Northern Rhodesia and dropped off appreciably in Southern Rhodesia.

Business in Southern Rhodesia

The hiatus in Southern Rhodesian trade that resulted from uncertainty about federation is reflected in external trade statistics for the territory. Imports declined 15 per cent during the first ten months of the year to £64,791,468. More than half of the total decline resulted from reductions in purchases of metals, metal products, machinery and vehicles. There were also substantial decreases in imports of foodstuffs, timber, minerals, paper and other groups of commodities. Canadian exports to the territory fell by one-third.

While imports were declining, Southern Rhodesian exports and re-exports were increasing, with the result that the adverse balance of trade was only £8,737,632 for the first ten months of 1953 compared with £23,419,396 for the same period of 1952. Larger sales of chrome ore, clothing and coal helped to bring about the rise in exports which was achieved in spite of declines for tobacco, asbestos and gold—three of the Colony's traditional leading exports. The quantity of asbestos exported for the first three quarters of 1953 decreased by 10,605 tons and the value by £358,245, compared with the same period in 1952.

Business in Northern Rhodesia

Boom conditions in Northern Rhodesia brought increases in both imports and exports. In the first ten months of 1953, exports rose slightly faster than imports and the favourable balance on Northern Rhodesia's external trade consequently rose from £34·9 million for January-October 1952, to £35·4 million for the same months of 1953.

Credit for this increase in Northern Rhodesia's favourable trade balance goes to increased exports of all forms of copper—£72·1 million compared with £63·5 million for the first ten months of 1952. Exports of cobalt alloy and metal, tobacco, hides and meat also improved but lead and zinc sales declined.

Business in Nyasaland

Nyasaland's external trade figures for the first eleven months of 1953 show a decline of 14 per cent in imports—to £6,898,827—and an increase in exports from £5,882,914 to £6,729,008. Increases in the value of tobacco, cotton and cotton seed, maize, peanuts and tung oil accounted for the rise in total exports.

Farmers throughout Central Africa had a fairly good year. Tobacco growers in the three territories harvested good-sized crops but most of it was of low grade. Farmers in Southern Rhodesia reaped 6,103 bags of wheat during 1953, the largest crop since 1948. Native farmers reaped 110 thousand bags of shelled peanuts in 1953; European farmers in Northern and Southern Rhodesia boosted their production to 86,100 bags of unshelled nuts, compared with 53,000 bags in 1952.

By the end of the year deliveries of maize to the Grain Marketing Board of Southern Rhodesia were very heavy and there are good grounds for believing that the 1952-1953 crop will exceed the record harvest of 2,454,047 bags produced in 1951-1952. In Northern Rhodesia, 126,720 bags of maize were produced compared with 103 thousand bags in 1952, and Nyasaland had a surplus of 37,000 short tons at the end of the year.

Trade with Canada

Canadian exports to the Federation of Rhodesia and Nyasaland fell off somewhat during the first nine months of the year. Despite relaxations in Southern Rhodesian and Northern Rhodesian import controls, shipments of Canadian lumber to Central Africa dropped by 50 per cent in the nine months to $524,079; deliveries of mining machinery and parts fell from $193,381 to $47,172, and automobile parts sales dropped to less than half of what they were during the same period in 1952. A portion of these losses was made up by increased exports of newsprint, milk powder, cranes, derricks, hoists and parts, semi-fabricated aluminum, and milk preparations, but unless there was an unprecedented jump in deliveries during the last quarter, Canadian sales to Central Africa will total a million dollars less than in 1952.

The year ahead holds great promise for Central Africa. The uncertainties that hampered commerce in 1953 have disappeared and development schemes for the federated territories can be pushed ahead. Businesses can be expanded and new ones started in the knowledge that there should now be a rapid increase in the European population, and a no less important rise in native African purchasing power.

As a member of the sterling area, the Federation of Rhodesia and Nyasaland will go on watching its expenditures of foreign exchange closely. If sterling reserves continue to improve, additional relaxations in import controls can be expected. Canadian manufacturers should explore the possibilities for selling their products in this expanding market in anticipation of the removal of the remaining restrictions on dollar imports.

BRITISH EAST AFRICA

Satisfactory agricultural and mineral production meant a good year in 1953 for the British East African economy which depends largely on these two industries. The three territories—Kenya, Uganda and Tanganyika—import from the dollar area only essential goods not available from sterling markets; if sterling reserves continue to increase, dollar import restrictions may be eased.

HOWARD E. CAMPBELL, *Assistant Trade Commissioner, Johannesburg.*

ACTIVITY by the Mau Mau society in Kenya has gained world-wide publicity, but its significance to the economy of British East Africa should not be over-estimated. It is true that Mau Mau attacks on loyal natives and white settlers have disrupted commerce in and around Nairobi, but the economy of British East Africa relies basically on the agricultural and mineral industries and both have had a good year.

Native African farmers in Uganda had exceptionally good crops. Their cotton fields produced a record 420 thousand bales, compared with 380 thousand bales in 1952. Their coffee bushes are expected to yield 3,000 tons of Arabica and 26,000 tons of Robusta during the 1953-1954 season. In addition, they reaped a bumper maize crop of 1,250,000 bags of 200 lb. each.

Crop Report

At today's world prices, Uganda's cotton crop will earn close to £35 million worth of foreign exchange. It is too early to estimate what her coffee crop will yield but Bukoba Plantation coffee is currently selling for close to £435 a ton and Robusta grades at about £360 per ton, compared with £400 and £320 a year ago. It is predicted that in the next few years the territory will increase coffee production by about 50 per cent to about 60,000 tons a year.

Drought in certain sections of Kenya and Tanganyika took a heavy toll of crops planted there. Maize was particularly hard hit; the combined crop of the two territories amounted to only 300 thousand bags, about 25 per cent less than in 1952. Tea plantations in Kenya and Tanganyika were also affected by drought and it is doubtful whether exports will reach the average of previous years.

Wheat farmers in Kenya and Tanganyika were luckier than maize and tea growers. Their fields yielded 404,745 bags of 200 lb., compared with 391,274 bags in 1952.

Pyrethrum Harvest Good

Pyrethrum is proving to be a very profitable crop for British East Africa. In Kenya, shortage of labour because of the Mau Mau emergency has affected harvesting but deliveries to the Pyrethrum Board are expected to be only slightly less than in 1952.

An effort is being made to supply the United States with pyrethrum liquid extract instead of the actual flowers compressed into bales. This should give a better return to growers but American buyers who have their own processing plants are resisting this move. Contract prices for 1953-1954 deliveries are:

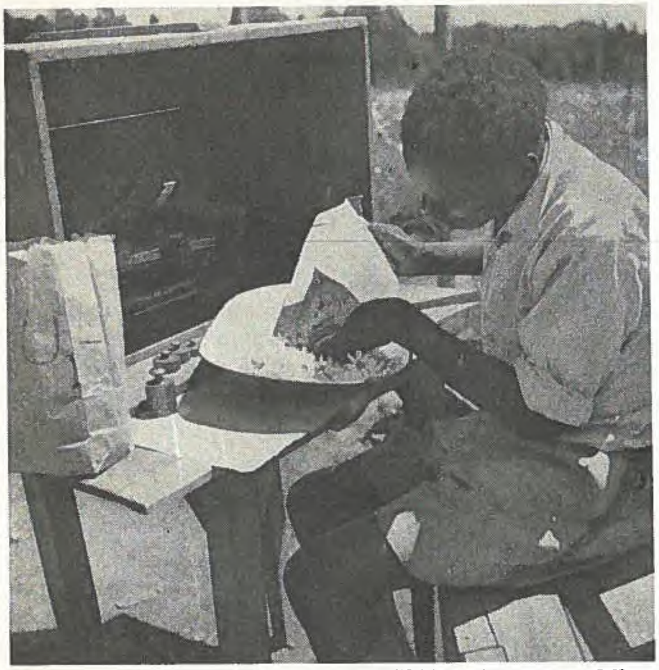
United States (flowers) f.o.b. $772.80 per ton= £276 sterling.

United States (extract) f.o.b. $9.20 per pound.

Non-dollar areas (flowers) f.o.b. £300 per ton.

Although the demand for pyrethrum still exceeds supply, buyers think present prices are too high.

Sisal exports from Tanganyika increased slightly during the year to 165 thousand tons. The price in London at the end of December for No. 1 grade fibre was £95 per ton c.i.f. United Kingdom.



—U.K. Information Office.
Pyrethrum flowers are poured out of the picker's paper bag and carefully weighed. Note the scales placed in a box to cut off any possible interference from the wind.

Towards the end of the year the Colonial Development Corporation agreed to provide Frobisher Limited of Canada with the further £4·5 million needed to bring the Kilembe copper mine into production in Uganda. The concentrator at the mine will be capable of handling 40,000 tons of ore a month, from which copper concentrate and cobalt pyrite will be produced. It is estimated that the annual production will total 18 million pounds of copper and 900 thousand pounds of cobalt. A smelter for processing the mine's concentrates into blister copper is being erected at Owen Falls. It will use electricity from the new £17 million hydro-electric installation being completed on the Nile near Lake Victoria.

Production of gold, lead concentrates, tin concentrates and tungsten in Tanganyika increased slightly during 1953, but diamond and sheet mica exports declined by almost one-third.

Import-Export Picture

Like other members of the sterling area, Kenya, Uganda and Tanganyika are trying to hold their non-sterling imports to a minimum. As a result, more than half of British East African imports come from the United Kingdom. Dollar imports are restricted to essentials that cannot be obtained from soft currency areas. In 1953, the value of Canadian exports declined to $347,618, compared with $1,030,964 in 1952. Occasionally foodstuffs are allowed in from Canada, but parts for agricultural implements, machinery, automobiles and primary aluminum forms make up the bulk of Canadian exports to the three territories.

Sales to Canada

Canadian imports from British East Africa in the first ten months of 1953 remained at approximately the same level as in 1952, with a total value of $7,283,751. Raw sugar, green coffee, black tea and sisal fibres comprise the bulk of Canadian purchases from this area.

Improvements in sterling reserves have made it possible for the authorities in British East Africa to relax controls on imports from Western Europe. If the sterling area reserves continue to increase, discrimination against dollar imports may be eased in the months ahead.

BRITISH WEST AFRICA

THE FIRST CONSTITUTIONAL STEPS toward self-government were taken by Nigeria and the Gold Coast in 1952 and 1953 was a year of political consolidation. With the exception of cocoa, the main industry of the Gold Coast, 1953 was a satisfactory year for British West Africa as a whole. Cocoa production for the 1953-54 season is from 15 to 20 per cent below the original official estimate, which has now been reduced to 205 thousand tons. The recent rise in demand for cocoa has brought a sharp increase in the price and the net return for this season's crop may reach the level of last year. Nevertheless, the future stability of the industry is a source of some anxiety, both in the Gold Coast and Nigeria, where the crop estimate of 100 thousand tons is also considered to be approximately 15-20 per cent too high.

Canadian exports to the entire area increased substantially over 1952, mainly as the result of flour sales, and the total rose from $1,286,986 in 1952 to $2,955,585 in 1953. The Gold Coast imported Canadian goods valued at $1,749,123; however, $1,610,127 of this represented wheat flour. To a large degree these flour sales resulted from the diverting of orders by U.S. firms to Canadian sources of supply. Ninety per cent of Canada's exports to British West Africa went to the Gold Coast and Nigeria; the latter took Canadian exports to a value of $942,141.

The Volta River aluminum development scheme continues to be discussed by the Gold Coast Government but no significant steps have yet been taken. Meanwhile, an economic and industrial survey of Nigeria is being made by the International Bank for Reconstruction and Development.

—R. CAMPBELL SMITH
Commercial Secretary, London.

PAKISTAN

Rigid import control and an excellent harvest of food grains is helping Pakistan to emerge from the economic crisis of 1953, but trade restrictions are expected to continue for the present. Industrial growth is making strides with the help of the Colombo Plan and other international agencies.

R. K. THOMSON, *Commercial Secretary, Karachi.*

PAKISTAN IS SLOWLY EMERGING from the severe economic crisis of the past 18 months. To review briefly, this recession was caused by an abrupt decline in demand and a sharp fall in the price of jute and cotton which make up more than 85 per cent of Pakistan's exports. A serious food shortage in West Pakistan, following two successive crop failures, added to these difficulties. To avoid famine, the Government was forced to use its dwindling reserves of foreign exchange to import food grains during 1952 and 1953.

Gift shipments of wheat by Canada and Australia totalling approximately 160 thousand tons and by the United States of 700 thousand tons prevented a serious crisis in 1953. This generous action stemmed the tide of bad luck which beset Pakistan.

By the end of 1952, when the situation looked bleak, imports from all sources were drastically curbed. Considerable care is now being exercised in budgeting for foreign exchange commitments and in framing trade and development policies to guard against a similar recession and to ensure a more balanced and less vulnerable economy.

Food Grain Supply Improves

The food grain crisis appears to be over. The rice and coarse grains crop harvested in October was excellent; the wheat crop which is harvested in April appears to be very good. Weather conditions at the time of sowing were favourable and an increased acreage is reported under cultivation. A number of land reclamation and irrigation projects, designed to open new agricultural areas, are under way. The rice crop in both East and West Pakistan is reported to be good and an exportable surplus of this grain is expected.

Jute Acreage Cut

Jute takes first place in the economy. For the 1952-53 jute crop year, foreign exchange earnings from jute were less than half those of the previous crop year. The Government has taken steps to control acreage under jute production to minimize surpluses and a decrease of 60 per cent in acreage is forecast for the present season. The yield for the current crop year is estimated at 2·5 million bales because of the decrease in acreage and unfavourable weather conditions.

Pakistan's jute industry is forging ahead. There are now 1,350 looms in operation producing 45,900 tons of jute goods per year in three mills. It is possible that by the end of 1954 some 6,250 looms will be operating. Local production of jute goods is now barely sufficient to meet Pakistan's requirements but export has begun in a small way.

Demand for Cotton Slackens

Because world supply of cotton exceeds demand, sales of Pakistan cotton have slackened somewhat. The crop for the season 1953-54 is estimated at 1·8 million bales, with 1·33 million bales available for export, but the quality is understood to be poor because of heavy rains early in the season and faulty processing. Local cotton prices are somewhat higher than those in the United States. Some support is given to the local market through purchases by Japan and the United Kingdom.

An encouraging feature is the increased consumption of cotton by local textile mills. During the crop year 1951-52 the local mills consumed 212 thousand bales of Pakistan cotton and in 1953-54, it is expected that they will consume 475 thousand bales. It is hoped that Pakistan's expanding cotton textile industry will meet total domestic requirements within the next two or three years.

Wool, Tea, Hides and Skins

Of Pakistan's other exports, only wool has shown an increase. In the year ended June 30, 1953, some 29·2 million pounds of wool were exported, compared with 18·5 million pounds in the previous year; earnings rose by Rs.26·6 million. This favourable development resulted from increased imports by the United States for the carpet and rug industry. The United Kingdom, Holland, and Germany also increased their imports of this commodity.

Tea prices are slightly higher but hides and skins are moving very slowly. Pakistan is faced with smaller export surpluses. Prices of her major export commodities are low and there is not much prospect of enhanced export revenues and hence increased foreign exchange earnings.

Industry has made progress during the year. The growth of the cotton textile and jute industry has been mentioned. During the latter part of 1953, two woollen mills were opened in West Pakistan. The much heralded Karnafuli paper mill in East Pakistan began operation on a limited scale in October 1953 and is expected to supply Pakistan's total requirements of writing, drawing and kraft paper.

Industrial Growth Continues

The possibility of establishing a newsprint mill in East Pakistan is being studied and a paperboard mill and a strawboard mill are under construction. The development of an iron and steel industry, utilizing Pakistan's iron ore, is the subject of special surveys.

In the chemical field, plans are proceeding for a caustic soda-chlorine plant, a DDT plant and a sulphuric acid plant. The ammonium sulphate plant being provided by the United States is now under construction. Work will begin shortly on two cement plants provided under the Colombo Plan by Canada and New Zealand. Plans are also taking shape for the building of a pipeline from Sui in Baluchistan to Karachi with the object of using the large reserves of natural gas discovered last year.

Hydro-electric schemes are also progressing in the Punjab and the North West Frontier Province. Reconstruction of the Karnafuli hydro development in East Pakistan has begun and other projects are on the planning board.

Nearly all these enterprises are sponsored by the Government through the Pakistan Industrial Development Corporation and Pakistan Industrial Finance Corporation. In certain industrial spheres the Government has been associated with private enterprise (jute and cotton) and in others with foreign aid programs but it is not its intention to operate these entirely as nationalized industries. A share issue of the Karnafuli paper mill was recently placed on the market and was quickly over-subscribed.

Balance of Payments

An examination of Pakistan's balance of payments shows that for the five years ended June 30, 1953, Pakistan's receipts of foreign exchange totalled Rs.8,355·6 million. In the same period payments abroad totalled Rs.9,464·3 million, creating an adverse balance of Rs.1,108·7 million (approximately $330 million). The last six months of 1952 showed a deficit of Rs.405·6 million (about $122 million). The picture altered in 1953 when the year ended with a surplus of Rs.293·9 million (about $78 million).

This favourable out-turn resulted from strict budgeting within the country and stringent measures which cut imports drastically. During 1953 Pakistan's imports were limited almost exclusively to essential capital goods, equipment and materials. Priority was given to imports for industrial and development projects. Practically no consumer goods were imported from any source and as a result, stocks of all manufactured goods are very low and prices have risen considerably despite some government price control.

Import Control Policy

Though the import control policy for the first six months of 1954 is slightly more liberal, imports from the dollar area are restricted to such essentials as medicines, special machinery and equipment, engines, mechanized farm equipment, tires and tubes, trucks, and similar commodities. Seventy per cent of the foreign exchange available is devoted to machinery and equipment for development projects and new industry, and to raw materials for existing industry.

There is little scope for the introduction of new Canadian products although some opportunity may arise for the resumption of trade suspended during the past year.

Business and trade have been in the doldrums for the past 18 months. Some import-export houses have gone out of business and many have curtailed their operations. This has meant the dropping of agencies for products which cannot be imported at present and for which the future holds no great promise. Under these circumstances it is more difficult than ever to interest local importers and agents in Canadian products, particularly when it may not be possible to secure import licences.

Foreign Trade

Pakistan's principal suppliers are the United Kingdom, Japan, the United States, Italy, and Germany. Trade with India has declined substantially; Japan, Germany, Italy and Czechoslovakia are increasing their sales to Pakistan. It is significant that the value of Pakistan's exports and imports to these four countries roughly balances. Canada's trade with Pakistan, on the other hand, has always been in serious imbalance. Pakistan's sales to Canada represented only slightly more than 10 per cent of the value of her purchases from Canada over a five-year period.

Though Canada's exports to Pakistan in 1953 reached a new high, examination of the statistics shows that these exports consisted almost entirely of wheat, railroad ties, aircraft, and other equipment supplied under the Colombo Plan.

Colombo Plan

The effect of the Colombo Plan is being felt in Pakistan. Canadian wheat helped avert famine and economic disaster and the counterpart funds derived from its sale in Pakistan will help finance irrigation and hydro-electric projects. Three Canadian-built

Beaver aircraft are ready to help combat the annual locust invasion in the spring. Construction on the Canadian cement plant in the Thal area of the Punjab is progressing steadily. Canadian pilots, aerial photographers, geologists, soil engineers and others are working on the ground and in the air over West Pakistan in an exhaustive aerial survey of the geological and other resources of this vast area. The Warsak hydro-electric and irrigation project adjacent to the Khyber Pass, for which Canadian equipment is being provided, will mean new prosperity for the Pathan tribesmen of the North West Frontier Province. Canadian Douglas fir creosoted railway ties are being used to reconstruct Pakistan's railways. Canadian tractors, graders, and other equipment are being put to work in a livestock development project in the Punjab.

Similar economic aid from Australia, New Zealand and the United Kingdom under the Colombo Plan, and from the United States and other agencies is providing telecommunications equipment, irrigation pumps, thermal electric plants, heavy earthmoving equipment, fertilizers, technical training schools, engineering services, water supply equipment, a fertilizer factory, etc.

The people of Pakistan feel confident that the development of the country's resources will provide a better balanced economy. They realize that many difficulties lie ahead but they take pride in their achievement in the six years since the establishment of the country and are building with determination for the future.

INDIA

Increased production of grains and good rainfall helped to improve India's food supply and cut down food imports in 1953. Industrial growth continued throughout the year, though textile-makers found the going difficult; unemployment appeared in some sectors.

RICHARD GREW, *Commercial Counsellor, New Delhi.*

WITH ONE NOTABLE AND FAVOURABLE EXCEPTION, the economic situation in India in 1953 roughly followed the pattern of 1952.

This important exception is the food position which for the first time is definitely easy. There appear to be several reasons for this improvement. First, large stocks of imported wheat accumulated with the Central Government leading to the withdrawal of controls on the sale and movement of grain and flour; this had the effect of levelling supplies throughout the country. Second, there was a substantial, even though perhaps temporary, increase in the production of food grains, mainly because of the satisfactory rainfall all over India for the first time in several years, and, to a smaller extent, because of improved methods of cultivation, more irrigation and the greater use of artificial fertilizers.

Trade in Wheat and Rice

One sign of the improvement in the food grains situation is that, since September, mills have been permitted to import and export wheat on a private basis. This represents India's attempt to recapture those Middle and Far Eastern markets lost to Australia during and after the war. Unfortunately, the private import of wheat does not affect trade with Canada, because there is still the question of the availability of dollars, which is under the control of the exchange authorities.

The only food grain still not freely available is rice. Even here, the position has greatly improved and if there is a favourable harvest next season (and the indications are promising) there will probably be no rice imported during 1954, unless the Government sees an opportunity to build up a central reserve at an attractive price.

Industrial Growth Continues

Industrial production continued its upward trend throughout 1953. However, the rate of expansion was lower than in 1952, with the result that the per capita expansion went down. The fall in the per capita rate of expansion stemmed from declines of 10 per cent in the major steel, jute and sugar industries. Of the other large industries, cotton textiles and cement showed a moderate increase of about 5 per cent. Coal production was maintained at the previous year's level, but as the Five Year Plan called for increased coal production during 1953, the result was disappointing. Other industries which increased their output were woollen manufactures, paper, matches, salt, chemicals, and some sections of the engineering industries. However, others showed declines which offset these gains.

The depression in the jute industry continues although, at the year end, there was some indication of improvement. The country is gradually becoming self-sufficient in raw jute and is making attempts to improve the quality of it. During the year, export duties on burlap and sacking were progressively reduced in an effort to recapture export markets.

The textile industry also had a difficult year. Because of the plentiful supply of raw cotton, production was unusually high and large surpluses accumulated at the mills. Export duties were reduced in an attempt to encourage exports. There was a partial closure of mills in the Ahmedabad area towards the end of the year.

Unemployment increased somewhat during the year, especially in business and trade rather than in industry, and the problem received more than usual attention from the press and government spokesmen. In the middle of the year, the Planning Commission announced measures for the alleviation of unemployment.

Five Year Plan Expanded

The national Five Year Plan is gradually becoming better known and now has general support. Although it is not possible to say whether the objectives will actually be attained by March 1956, it is obvious that the Government is doing everything possible to achieve this aim. Industrial targets set for the private sector have already been reached in some cases, and the hydro-electric projects are progressing more or less according to schedule. In the autumn of the year, the Planning Commission announced an expansion of the Five Year Plan by about $300 million, which would make additional funds available for the rehabilitation of refugees, for road-building, and for smaller power and irrigation schemes. These additional projects will help to counteract unemployment.

Nationalization Furthered

During 1953, the tendency towards nationalization was given a further fillip by the formation of the Indian Airlines Corporation, which took over the internal commercial airlines. The reason given for this step was that the duplication of services and the high operating costs made it impossible for the airlines to operate on an economic basis.

Towards the middle of the year, the Government announced its policy on the establishment of an indigenous automobile industry. The foreign firms engaged in the assembly of vehicles and parts in India must wind up their operations early in 1956. Five firms have been selected to submit manufacturing programs to the authorities, although there is considerable doubt whether any one of them would be able to show a profit. If satisfactory progress is not made, the Government will have the choice of nationalization or of reversing its policy and permitting the industry to develop along more familiar lines.

The latest figures available indicate that Canadian exports to India will show a considerable drop compared with the previous year. For the first ten months of 1953, exports were valued at $36·0 million, compared with $50·2 million for the same period of the previous year, a decline of $13·8 million. The reduction of $12·2 million in wheat sales accounted for most of this decline and, as explained above, was due mainly to the exceptionally large domestic production.

Trade with Canada

Canadian imports from India showed practically no change in value during the two periods. In the first ten months of 1952, the value was $21·6 million compared with $21·8 million in 1953. The principal exports to Canada are tea, jute goods, peanuts, raw cotton and cotton textiles, pepper, wool and woollen products. The most significant feature of this trade has been the reduction in the price of jute goods, India's most important dollar-earner. In 1952, the import price averaged just under 16 cents per yard; in 1953, the price dropped to approximately eight cents per yard. An important part of this reduction resulted from the lowering or disappearance of export duties.

Canada continues to have a favourable trade balance with India, but it has been reduced from $28·6 million in the first ten months of 1952 to $14·2 million during the same period of 1953. It is probable that at the end of the year the favourable balance will be even smaller, as India has imported much less Canadian wheat during the second half of the year. If wheat is excepted, then Indian-Canadian trade is practically in balance.

Trade Policy

As a member of the sterling area, India has, for the past several years, followed a policy of restricting imports from dollar sources of supply. Generally speaking, imports have been confined to food grains, raw materials for industry not available from soft currency sources, and machinery.

The import policy is reviewed every half-year, but it has remained fairly constant vis-à-vis dollar countries, although the policy has, on occasion, differed from the sterling area in the liberalization of imports. This was done to help check inflation and to prevent domestic producers from taking undue advantage of a protected market.

On the export side, it has been found necessary to reduce or wipe out entirely many export duties instituted when various raw materials were in short supply. Now, however, a buyer's market is general and in order to maintain exports, the Government has been forced to reduce these duties to enable Indian products to compete in world markets.

It was fortunate for India that, at the time when her export earning power diminished considerably, she had good crops and a good monsoon which has greatly lessened the need to use a large proportion of its foreign exchange for the purchase of food grains from abroad.

Outlook for 1954

From the consumer's point of view, the outlook for 1954 appears fairly satisfactory. On the agricultural side, weather conditions have been good, especially in the south, where ample rains occurred for the first time in many years and this should ensure favourable yields from the crops that are harvested in March and April. On the whole, the northern plain has also had excellent growing conditions.

Thus, there is considerable evidence to indicate that prices may decline, particularly as this appears to be the trend in world commodity markets. However, there is always the danger that demand may not be able to absorb the additional anticipated supplies. Demand can be maintained if there is a high level of employment but unemployment is becoming a serious factor in the economy. It is hoped that the expansion of the Five Year Plan may assist in creating more jobs but it is too early to know whether these efforts will be successful.

CEYLON

Trade policy in 1953 was marked by stringent controls on imports, particularly from the dollar area, and these restrictions resulted in a smaller adverse trade balance than in 1952. Imports from Canada dropped because of these controls.

J. J. HURLEY, *High Commissioner for Canada, Colombo.*

A SLIGHT IMPROVEMENT in foreign trade marked the year 1953 in Ceylon, but it resulted more from the restriction of imports than the expansion of exports. The Government's introduction of stringent controls on the import of non-essential goods and its sponsorship of a drive to improve agriculture were the highlights in the island's economic progress. In addition, Ceylon had the satisfaction of seeing the adverse trade balance of Rs.205 million in 1952 reduced to Rs.42 million in 1953. This represented a real achievement in the face of difficulty.

Imports during the year were valued at Rs.1,607·8 million, compared with Rs.1,702·4 million in 1952 and exports rose from Rs.1,502 million in 1952 to Rs.1,568 million in 1953. Thus, though imports decreased over the previous year, mainly because of the severe restrictions imposed, exports showed a slight but welcome increase. The economic position at the end of 1953 could hardly be described as entirely satisfactory, even though the unfavourable trade balance was much smaller.

Three Leading Exports

Ceylon obtains her income mainly from the export of her three principal commodities—tea, rubber and coconut. There are, however, a few other items such as cocoa, citronella oil, plumbago, cardamoms and spices which supplement these. The country must depend on outside sources for substantial quantities of foodstuffs, agricultural machinery and equipment, textiles and various other goods required for the development of hydro-electric, irrigation and transportation projects.

During the early part of the year, world prices for Ceylon's main exports, especially rubber, declined. Tea and coconut products, however, brought better prices towards the latter part of the year and demand improved. Although the values of these two commodities increased over the previous year, for coconut the quantity also was smaller. In fact, demand could not be met because of the decline in production. Had the production been up to demand, Ceylon might have eliminated the adverse trade balance entirely.

Food Subsidies

The policy which the Government adopted to handle the principal foodstuffs—rice, flour and sugar—still continues; the subsidy on sugar has been removed but it remains on rice and flour. In 1952 rice was controlled and subsidized at 25 cents a measure (weighing about 2 lb.) but in July 1953 the Government decided to remove the subsidy and increase the price to 70 cents a measure. A considerable sum was involved in the subsidy and the impossibility of maintaining the assistance at such a high figure under prevailing conditions was realized rather late. There were various demonstrations and representations against this increase and the price was again brought down to 55 cents a measure in October last, after a short period of unrest and civil disturbances throughout the country. These subsidies, plus the free education policy of the Government, have been mentioned as the main causes for the present unsatisfactory economic conditions.

As a member of the sterling area, the country is determined to cut down its dollar imports to a minimum and a strict control is maintained over all imports from hard currency sources. Applications for imports involving dollars (even for essential items) are carefully scrutinized, first to find out whether the goods are available from the sterling area and second to determine whether they are *absolutely* essential.

Trend of Trade

Ceylon's foreign trade for the year showed a decrease in purchases from Commonwealth countries of some Rs.31 million and from others of Rs.64 million. Increases in purchases over the corresponding figures for 1952 were recorded for the following countries: Australia, Rs.51 million; China, Rs.187 million (mainly rice); France, Rs.3 million; Germany, Rs.4 million; Netherlands, Rs.8 million; Italy, Rs.23 million and the Union of South Africa, Rs.3 million. Declines were recorded in goods from the United Kingdom, Rs.22 million; Canada, Rs.22 million; India, Rs.11 million; Malaya, Rs.15 million; Pakistan, Rs.5 million; Belgium, Rs.10 million; Burma, Rs.55 million; Japan, Rs.34 million; Thailand, Rs.13 million and the United States, Rs.97 million.

In comparison with the previous year, exports to the United Kingdom declined by Rs.31 million, to Pakistan by Rs.35 million and to Italy by Rs.31 million. Exports to Australia increased by Rs.41 million; to Canada, Rs.9 million; India, Rs.5 million; New Zealand, Rs.14 million; Union of South Africa, Rs.8 million; Germany, Rs.11 million; Netherlands, Rs.14 million; United States, Rs.38 million; other countries, (including China) Rs.139 million. The main export to China was rubber in exchange for rice. Exports to Canada were well maintained at Rs.80 million.

As usual, food, drink and tobacco headed the list of imports. Grain and flour imports cost the country Rs.521 million, compared with Rs.486 million the previous year. Of the other principal imports, the following decreases were recorded in comparison with 1952 figures: other foodstuffs, Rs.26 million; textiles, Rs.43 million; motor vehicles, Rs.14 million; paper and cardboard, Rs.12 million and machinery, Rs.3 million.

On the export side, despite large sales to China, once again rubber dropped some Rs.62 million. Tea, desiccated coconut, and coconut oil brought better prices than the year before and therefore showed increases of Rs.93 million, Rs.13 million and Rs.6 million.

Trade with Canada

Imports from Canada in 1953 fell off considerably compared with 1952. In 1952, they totalled Rs.38,516,511; in 1953 the figure dwindled to Rs.16,677,219. The main feature was the substantial drop in imports of flour, which fell from Rs.20,364,827 to Rs.5,714,920; tinned fish declined from Rs.134,833 to Rs.65,531, motor vehicles from Rs.1,951,193 to Rs.430,358, and agricultural machinery from Rs.441,654 to Rs.8,995. Three other items that completely disappeared in 1953 were linseed oil, dry cell batteries and beer. In 1952 Canada exported to

Tea leaves in these baskets are being picked over and the coarser leaves thrown out. Tea is one of Ceylon's three main exports; in the first eleven months of 1953, Canada bought almost 17 million pounds of Ceylonese black tea, valued at nearly $8 million.

Ceylon Rs.50,990 worth of linseed oil, Rs.864,918 of dry cell batteries and Rs.26,312 worth of beer. The fall-off in motor vehicle sales was caused by a further increase in import duty on heavy cars and the control authorities refused to issue licences for the import of beer from dollar countries.

Ceylon's exports to Canada during the period under review improved over 1952. In 1952 the value of exports totalled Rs.70,762,517; in 1953 the figure increased to Rs.80,018,504, or nearly Rs.10 million. It will be seen therefore that Ceylon maintained its exports to Canada better than to most other countries. Tea exports, however, fell from Rs.50,827,957 to Rc.46,958,161 and rubber from Rs.12,591,333 to Rs.5,421,493. Desiccated coconut exports increased from Rs.3,718,735 to Rs.5,245,855 and coconut oil from Rs.3,195,974 to Rs.22,139,946. Canada's imports of coconut oil have risen considerably during the year and she now ranks third in the list of importers of this commodity.

The continuing need to conserve dollars will naturally affect the trade outlook; licences for imports from Canada will only be granted for essential commodities which cannot be obtained in adequate quantities or in a specified time from soft currency sources. An extensive list of competitive items from Canada will thus be denied entry to this market. The improvement in the rice supply means that, where Ceylon was once going round the world seeking supplies, she is now in a position to sell her imported rice to neighbouring countries. Towards the end of 1953 she sold some 60,000 tons of rice outside Ceylon. This, of course, will naturally affect adversely exports of flour to Ceylon from all sources. With the Government making every effort to reverse the present adverse trade balance, a period of austerity is forecast and imports may well be further restricted. Canada's exports of flour, newsprint, railway ties and a few other essential items will, however, be in demand but prospects for any increase in Canada's exports to Ceylon are none too good at the moment.

MALAYA

Declining world market prices for rubber and tin and smaller sales abroad brought an adverse trade balance for the first time since 1949. Trade with other countries of Southeast Asia, with the United Kingdom, and with the United States fell off sharply, and imports from Canada also declined.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

IN THE CHINESE LUNAR CALENDAR, 1953 was the year of the serpent—a bad year for business. The slow and rather aimless serpent is an apt symbol of business conditions in Malaya last year. There were no clearly defined trends; the economy meandered like a serpentine river without seeming to go anywhere. Business generally seemed to be still trying to adjust itself to the slump after the Korean boom.

Production in Malaya's basic industries, rubber and tin, dropped slightly. There was a decline of 6 per cent in money in circulation. Bank assets fell more than 12 per cent, liabilities about 7 per cent, and the volume of operations (i.e. cheques cleared plus debits to accounts) nearly 14 per cent. The official cost of living, a good measure of inflation, remained the same. But there was an unfavourable balance of trade of *M$326·9 million, the first such balance since 1949. Imports fell from M$3,873 million in 1952 to M$3,238 million in 1953, and similarly exports fell by M$1,000 million to M$2,911 million.

The natural rubber industry is the sheet anchor for the prosperity of most of Southeast Asia. In addition to employing a vast amount of labour and capital, it is the prime source of government revenue, money which is sorely needed to fight Communism. The world market price for crude rubber has been declining for three years and if the trend continues, it will probably mean unemployment or wage cuts or both for the industry. As it is, the Federation Government had a budget deficit of M$208 million in 1953 and anticipates one of M$222 million in 1954.

The Rubber Industry

A measure of the importance of rubber to the economic well-being of Malaya is that it accounts for over 40 per cent of total exports. Not only did production fall in 1953 by 10,000 long tons but exports (including re-exports, mainly from Indonesia) dropped by 68,000 tons to 847,211 long tons. What was equally serious was a drop in price from 85 Malayan cents per lb. f.o.b. Singapore to 58 cents in December.

*One Malayan dollar=·3173 cents Canadian.

This meant a drop in the value of Malayan rubber exports of approximately M$600 million.

Tin Production and Exports

To a lesser degree, the story of rubber is true for tin—Malaya's number two industry. Tin production declined slightly in 1953 but exports fell by M$110 million from the 1952 export value of M$515 million. The fall in the world market price was the main cause of the drop in tin earnings.

In the long run, the natural rubber industry will undoubtedly recover. Many estates are being replanted with high-yielding trees which will produce three times as much as normal varieties, but it takes seven years from planting to tapping. A great deal of research into new uses for natural rubber has been undertaken and the most promising development is powdered rubber mixed with asphalt for roads. "Rubber roads" are said to have a longer life and to resist damage by extreme climatic conditions. In any event, statistics over the past 50 years show that world rubber consumption has doubled every ten years.

The same optimistic view cannot be taken of the future of Malaya's tin industry. Tin is a "wasting asset" and production can only be perpetuated as long as new tin-bearing areas can be discovered. During the past 5½ years of bandit warfare there has been no prospecting of any kind. Various estimates of the life expectancy of present mines have been made and the consensus is about 15 to 20 years.

Dollar Earnings

Malaya, with her exports of tin and rubber to North America, is a large contributor to the sterling area's dollar pool. Last year the decline in earnings from exports was offset by a comparable decline in purchases from hard currency sources so that the net dollar earning (i.e. the value of exports to, minus the value of imports from, Canada and the United States) remained about the same as in 1952. This contribution to the pool is used to finance essential dollar imports into other sterling area countries and to build up the dollar and gold reserves of the area.

Entrepôt Trade

Apart from the production of tin and rubber, the main source of income, particularly for Singapore, is the entrepôt trade with neighbouring islands and countries such as Indonesia, Borneo, Thailand, Burma and Indo-China. This trade depends on, first, the measure of prosperity of nearby customers, i.e., their ability to buy; second, on whether or not they are willing to trade with Singapore merchants rather than directly with the source of supply. The falling-off of Singapore's entrepôt trade during the last two years indicates that customers are either unable or unwilling (or both) to do business. The position of a middleman is a precarious one and Singapore is no exception.

In 1953 Malaya's imports from Indonesia fell by M$100 million, or 11 per cent, from the previous year and exports to that country dropped M$200 million, or 50 per cent. This decline is reflected in the falling-off of the entrepôt trade with Southeast Asia as a whole; imports fell from M$1,551·8 million to M$1,408·4 million in 1953, and exports from M$741·9 million to M$527·1 million last year. Unsettled political and economic conditions in the independent countries of Southeast Asia make it unlikely that there will be any early improvement in this trade.

Foreign Trade

Of Malaya's ten most important trading partners, only one increased her imports into Malaya in 1953 over the previous year and that was an insignificant gain. On the other hand, five of Malaya's ten best customers increased their purchases last year compared with 1952. However, these gains were offset by substantially lower exports to Indonesia, the United Kingdom and the United States. Imports from the United Kingdom fell from M$819·5 million to M$663·2 million in 1953; exports to Britain plummetted from M$815·3 million in 1952 to M$484·8 million. Similarly, imports from the United States dropped by M$42·3 million to M$140·5 million and exports by M$177·2 million to M$479·6 million last year. Malayan exports to Canada fell only slightly, from M$65·6 million to M$61·8 million in 1953.

Trade with Canada

Canada's share in Malaya's trade remains relatively small. For two years, 1951 and 1952, imports from Canada, at M$35·7 million, showed no change. However, last year the value dropped to M$12·7 million. The loss of the car market because of import restrictions and slump in the local motor trade were the main reasons for the drop in values. In 1952, 2,100 cars and trucks were imported from Canada; in 1953, only 165.

The largest single item in Malaya's import trade with Canada is wheat flour; last year, purchases from Canada rose from 5,350 long tons to nearly 9,000 long tons. Satisfactory as this increase is, imports of Canadian flour still constitute only 10 per cent of Malaya's total requirements. There is evidence, however, that the promotional efforts of Canadian millers and others are producing results. Canadian hard spring wheat flour is used by nearly all bakeries in Malaya to blend with soft wheat flour in varying proportions, from 10 to 40 per cent.

Singapore and Malaya, as members of the sterling area, have placed restrictions on the import of goods from hard currency countries. However, local importers have access to the free foreign exchange market in Hong Kong and a fair quantity of purchases from Canada and the United States are made in this way. It is interesting that although total imports into Malaya from the dollar countries declined from M$218·5 million in 1952 to M$153·2 million last year, there was no change in the value of imports via Hong Kong—M$4 million from Canada and M$65 million from the United States. Obviously there was a steady, though small, demand for semi-luxury goods that are imported in this manner, coupled with a minimum of fluctuation in rates of exchange for the U.S. dollar on the Hong Kong market.

In the Chinese legend, 1954 is the year of the horse. Chinese merchants feel that the horse is a more encouraging animal for business but at present prices for Malaya's exports, the future does not look promising.

HONG KONG

Growing distinction between the Colony's China trade and its trade with other countries characterized 1953. China remained Hong Kong's principal trading partner, followed by Japan, the United Kingdom, Malaya and Thailand. Export values for the year fell by 5·7 per cent.

T. R. G. FLETCHER, *Trade Commissioner, Hong Kong.*

HONG KONG'S TRADE in 1953 was valued at $6,606·4 million,* just 1·1 per cent lower than the comparable figure for 1952, $6,678·5 million. Commercial cargo tonnages—at 5,021·9 million long tons—also declined by 1 per cent compared with the previous year. For the twelve months, imports, valued at $3,872·7 million, were up by 2·5 per cent over 1952 but exports, at $2,733·7 million, were down 5·7 per cent.

Some pessimists regarded the 1953 record merely as a continuation of the recession from 1951's unprecedented and much higher (but thoroughly abnormal) trade levels. The assumption that this decline will continue is not necessarily sound. Certainly the 1953 level of trade was still much higher than in the postwar years 1946-49 or even before the war. Moreover, a new characteristic of the Colony's entrepôt trade became apparent: a distinction between Hong Kong's China trade and its trade with other markets.

Character of '53 Trade

In fact, though the figures for gross trade were somewhat similar, there were some important differences between 1952 and 1953. First of all, the trends of trade were opposite. In direct contrast with 1952, business in 1953 began encouragingly but slumped at mid-year and finished disappointingly. For the first six months, monthly trade values averaged $616 million but for the last six only $485 million—a drop of 21 per cent, despite a slight recovery in the fourth quarter. Second, the most important issue in each year was different. In 1952 the major concern was the compelling need to adjust rapidly and thoroughly to the new trading relationship vis-à-vis China, in accordance with new premises, such as the U.S. embargo against China and the control of strategic materials. But by the beginning of 1953 this problem had largely been resolved. Though its influence in the shape of a sharp decline in business with the Colony's most important trading partner was obvious when compared with 1950 and 1951 and highly significant, a new cause for concern took the centre of the stage in 1953. The Colony was reminded with a vengeance that its prosperity also depends on the state of its entrepôt trade with other trading partners, according to their individual economic well-being. It became increasingly evident that Hong Kong's fortunes no longer vary directly with the trend of its commerce with China. Though the Mainland is probably still the bellwether of Hong Kong's prosperity, much of the entrepôt activity with other markets was divorced more and more from association with the China trade. In this, Hong Kong's postwar manufacturing industries played an important role.

Hong Kong's peculiarly sensitive trans-shipment trade economy has to be fluid in accordance with world trends, which are themselves divorced from immediate connection with China. It was this growing distinction between the Colony's trade with China and its trade with other countries which characterized 1953.

* All values in Hong Kong dollars.
One Hong Kong dollar=17 cents Canadian.

Typical scene in Queen's Road, Hong Kong, in the Colony's business district. Note the many signs and the woman porter carrying her loads balanced on each shoulder.

The fundamental trade rupture between East and West remained the dominating feature of the China trade. Expectations for improvement following the armistice in Korea were not borne out by events. Although business with China in 1953 increased slightly to $1,397·4 million, compared with $1,350·3 million in 1952 (primarily because of increased European demand for China produce) the level of trade was fractional by 1950 standards. China continued to deal bilaterally with selected countries through barter agreements and obviously preferred direct deliveries to Canton and/or Tientsin to importing via Hong Kong. Hong Kong's exports were confined to non-strategic materials and any easing of controls over strategic goods was minor and not significant. For 1953, China trade represented 21 per cent of the Colony's total, about the same as in 1952, and preserved China's position as Hong Kong's number one trading partner.

Relations with United States

Always associated today with the state of the Colony's trade with China is the level of Hong Kong's commerce with the United States. During 1953 the United States embargo on trade with China continued without change, but at the end of the year came some slight relaxations in United States export policy on shipments to Hong Kong for the Colony's own use or for approved trans-shipment. However, these did not come in time to prove significant for import values in 1953. The Hong Kong Government continued to negotiate with Washington for clearance of more local products acceptable as non-Communist in origin, and the list of such items was widened considerably. Unfortunately, the added potential for the Colony's exports was almost negligible and Hong Kong's exports to the United States actually dropped. Relevant imports plus exports for the year grossed only $287·3 million, or 4·4 per cent of total trade, compared with $334·6 million, or over 5 per cent, in 1952, and some $950 million in 1950. In consequence, the United States remained in seventh place among Hong Kong's trading partners, where once it was second.

Entrepôt Trade with Asia

In the Colony's entrepôt trade with Asia (exclusive of China), gross values were down and there were a number of changes in the comparative importance of particular markets. Total trade in 1953 amounted to $2,803·0 million, or 42·4 per cent of Hong Kong's total trade, compared with $3,005·3 million (45 per cent) in 1952. In this area, the influence of economic trends in individual countries shows up significantly. Among the important changes were decreased imports from Japan because of sterling area exchange restrictions on the re-export of goods of Japanese origin from Hong Kong to the "scheduled territories". (These restrictions were expected to be lifted when a pending United Kingdom-Japan trade agreement was concluded, so the outlook for the future is better.)

Hong Kong sold much less to both Malaya and Indonesia (the largest single customer in 1952) because of the reduced purchasing power of these two markets after the drop in world prices for rubber and tin. In Indonesia this fall in prices provoked stringent import controls. Pakistan bought less partly because of economic strains during the year and partly because it was bartering directly with Japan for goods it formerly bought from or via the Colony. Thailand introduced strict import controls during the year and in consequence, Hong Kong exported less. The Colony's exports to Taiwan went down because that country was bartering with Japan, but sales to Korea rose sharply with rehabilitation needs there. Exports to Japan jumped partly as a result of the unbalance of the existing sterling area trade agreement with Japan, partly because of Japan's larger purchases of China produce via Hong Kong.

As part of this entrepôt trade, exports of the Colony's own manufactures (mainly to Southeast Asia) rose sharply in 1953, attaining a peak value of $635·3 million, or 23·2 per cent of all Hong Kong's exports, compared with $486·2 million in 1952. The local industries are bringing a new stability to Hong Kong but there are problems to be faced, particularly Japanese competition and Southeast Asia's reduced buying power.

Principal Trading Partners

These fluctuations in trade with Southeast Asian countries affected many rankings in Hong Kong's hierarchy of trading partners. Japan remained second in importance, with total trade of $605·6 million (9 per cent), almost the same as in 1952; Malaya, with $514 million (7·7 per cent) compared with $581·4 million in 1952, dropped to fourth place in 1953 from third the year before; Thailand held on to fifth place by selling more to Hong Kong from a bountiful rice crop and buying less. Total trade was $496·5 million (7·5 per cent) compared with $447·8 million in 1952. Indonesia dropped from fourth place in 1952, when trade amounted to $555·8 million, to sixth place in 1953 with $416·6 million (6·3 per cent). Taiwan came ninth, down one rank, with 1953 trade value at $179·8 million (2·7 per cent) compared with $252·1 million the year before.

Hong Kong's trade with Western Europe also reflected the sensitivity to world trends of the Colony's entrepôt trade. An upsurge of West German imports featured 1953. Germany rose from ninth position as a trading partner in 1952, ($152·8 million), to eighth in 1953, with trade values at $234·6 million (3·5 per cent). Concurrently, trade with the United Kingdom increased, but less spectacularly, as Britain's own economic position strengthened. The chief evidence was increased buying of Hong Kong's manufactures and this contributed to higher total trade values of $593·7 million in 1953 (9 per cent) compared with $553·8 million in 1952. The United Kingdom regained third position as a trading partner, displacing Malaya and jumping Indonesia.

Trade between Canada and Hong Kong decreased slightly. Local statistics indicate that imports from Canada in 1953 were valued at $58·6 million compared with $78·5 million in 1952—a decrease of 25·3 per cent. Chief exports to the Colony in order of value were: wheat flour, drugs and chemicals, fountain pens, medicinal preparations, lumber, medicinal roots and herbs, automobiles, aluminum, whisky, and blackplate sheets. Exports from the Colony to Canada, on the other hand, were up by 14 per cent, from HK$19·5 million in 1952 to $22·3 million in 1953. The leading commodities were shelled walnuts, mung beans, wood oil, undressed fur skins, canvas footwear with rubber soles, embroidered goods, flashlights, firecrackers and Chinese foods.●

trade commissioners on tour

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

W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, began his Canadian tour in Ottawa on March 3rd. His itinerary is:

Windsor: March 22
Sarnia: March 23
Kincardine: March 24
Hamilton-Brantford: March 25
St. Catharines-Welland: March 26
Toronto: March 29-April 2
Brockville: April 5
Ottawa: April 6

M. R. M. DALE, Commercial Secretary in Santiago, Chile, begins his Canadian tour in Windsor on March 30; his itinerary follows. On completion of his tour, Mr. Dale will be posted to Cairo, Egypt.

Windsor: March 30
Sarnia: March 31
London: April 1
Kitchener: April 2-5
Brantford: April 6
Hamilton: April 7-8
St. Catharines: April 9
Montreal: April 19-May 1
Quebec: May 3 and 4
Ottawa: May 5-7

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

Board of Trade—Brantford, Montreal.

Chamber of Commerce—Brockville, Hamilton, Kincardine, Kitchener, London, Quebec, St. Catharines, Sarnia, Welland, Windsor.

Canadian Manufacturers Association—Toronto.

Department of Trade and Commerce—Ottawa.

AUSTRALIA

Business tempo rose during 1953; production of wool, meat and meat products achieved a record; secondary industry continued to expand. Improvement in overseas monetary reserves permitted some relaxations in import controls on goods from the sterling area and Japan.

C. M. FORSYTH-SMITH, *Assistant Trade Commissioner, Sydney.*

THE YEAR 1953 was one of steady progress and stabilization of the Australian economy after the fairly serious recession of 1952. It began with a more optimistic tone in business circles generally and with buoyant conditions on the stock exchange. This optimism was justified by subsequent developments which brought a steady rise in business activity with a resultant increase in employment, production, and national income. The substantial amount of unemployment during the latter part of 1952 was gradually liquidated and the situation is now developing to the point where labour is in short supply and many industries are forced by labour shortages to curtail operations.

Industrial Expansion Continues

Primary industries, largely because of excellent climatic conditions, had one of the best years ever. The 1953 production of wool reached an all-time record; production of wheat, though it did not attain the record figures of 1947-48, was 25 per cent greater than the average for the five years ended 1938-39; production of meat and meat products was the highest on record; production of butter and other dairy products was considerably larger than in 1952. Output of sugar and vine fruits also increased.

Secondary industries have continued to expand as a result of increased consumer demand, the protection afforded by the import licensing regulations, the relaxation of capital issues and credit controls and, during the latter part of 1953, as a result of the stimulus provided by the budget, which gave taxation relief to practically all sections of the community. The value of factory production in Australia, as in Canada, now exceeds that of primary industries and, though the Australian economy is still to a large extent dependent on agricultural production, this dependence is rapidly becoming less.

Import Controls Relaxed

Australia's overseas monetary reserves have improved steadily since mid-1952, when the effects of the severe import controls, imposed in March of that year to conserve overseas funds, were felt. Between June 1952 and June 1953, overseas reserves increased from £A362 million to £A548 million and this improvement continued during the second half of 1953. As a result import controls, as they affect the sterling area and Japan, were gradually relaxed. This relaxation was done cautiously, however, partly in an effort to cause as little disruption as possible to local industry and partly to ensure that the present favourable balance-of-payments position will be maintained. Present indications are that further relaxation of import controls may be expected during 1954. As one example, in February the Government announced that import licences will be issued for restricted quantities of canned salmon from Canada this year.

Certain Exports Vulnerable

The Australian position is particularly vulnerable because 85 per cent of her exports consist of primary products and poor crops or a sudden drop in prices for her principal exports could mean a serious balance-of-payments crisis. This was vividly demonstrated during the latter part of 1951 and early 1952, when overseas reserves became badly depleted and severe import restrictions had to be imposed. Most of Australia's foodstuffs are at present covered by bulk purchase agreements with the United Kingdom, with the resultant price security that these provide. There are signs, however, that the United Kingdom is losing interest in this type of agreement and Australia can no longer look forward with certainty to a continuation of this method of handling food exports.

Wool is still the most vulnerable of Australia's exports and though prices over the past year have averaged about 10 per cent higher than in 1952, there is no assurance that this will continue. The United States, which until 1951 was Australia's second best customer for wool, is now taking less interest in the Australian sales. Japan, at present the second largest wool customer, is encountering balance-of-payments difficulties of her own which may force her to curtail purchases. Any substantial reduction in wool purchases by the principal importing countries could seriously affect the overall wool price.

Australia's trade for the year ended June 30, 1953, showed a favourable balance of £A358·2 million, with exports valued at £A872·3 million and imports valued at £A514·1 million. During the first half of the present financial year, Australia had a favourable balance of £A125·9 million, compared with £A161·3 million during the same period in 1952. This was achieved despite the fact that imports totalled £A318·1 million compared with £252·5 million in 1952. In other words, Australia's trade (both import and export) has recently been running at considerably higher levels. During 1953 the United Kingdom was the principal market, followed by Japan, France, the United States and Italy, with Canada in 14th place. Principal sources of imports were the United Kingdom, the United States, Arabia, Indonesia and Canada.

Trade with Canada

Trade between Canada and Australia continues to be limited by the strict application of import licensing to dollar goods and the limited variety of commodities which Australia has to offer on the Canadian market. For the calendar year 1953 Canadian exports to Australia were valued at $39,628,568 compared with $49,697,003 in 1952. Canadian imports from Australia during the first ten months of 1953 at $19·4 million were slightly higher than during the first ten months of 1952—$16·7 million, because declines in the value of imports of dried and canned fruits and canned meats were offset by increased values of wool shipments. Australia's adverse trade balance with Canada, which stood at $19·3 million in 1952, was therefore substantially reduced during 1953.

Australia's principal exports to Canada consist of wool, dried fruits, sugar, canned fruit, canned meats, wines and sausage casings. Most of these are sold purely on the basis of quality and price and, with Australia's rising production costs, it is probable that exports of dried fruits, canned fruits and canned meats will fall off further during 1954. There seems to be little scope for other Australian goods in the Canadian market, although such things as frozen rabbits and lobster tails are shipped in small quantities. Canada's main exports to Australia are automobile parts, lumber, newsprint, copper, aluminum, asbestos and tobacco. No great change in the pattern of demand for these items appears likely but there is little doubt that exports could be increased considerably if import licensing restrictions were relaxed.

Inflation Kept in Check

The inflationary trend so evident in 1951 and 1952 was checked to some extent in 1953, largely because of increased productivity of workers and a real effort by management to keep costs down. The annual increase in the official retail price index for the twelve months ended September 1953 was 3·7 per cent, compared with 15·2 per cent for the previous twelve months and 23·6 per cent for the twelve months ended September 1951. Despite this improvement, high production costs are probably Australia's most serious economic problem and many export industries are finding themselves unable to compete. High production costs have also jeopardized the future of many industries catering to the domestic market and if it had not been for the protection afforded by import licensing, many Australian-produced goods would have been unable to compete with imported lines. The Arbitration Court recognized this problem of costs and in September decided to abolish the automatic quarterly wage increases based on the cost-of-living index. This system of automatic wage adjustments is a peculiar feature of the Australian economy and has done much to accelerate the inflationary spiral in the past few years. The abolition of the system should help in stabilizing the economy.

Optimism about Future

Australian economic prospects in 1954 are bright and provided no unforeseen difficulties arise, the present buoyancy should continue throughout the year. Diversification of the economy is progressing but prosperity still very largely depends on agricultural production. An unfavourable season or a drop in wool prices could seriously affect the whole economy—and neither of these possibilities is too remote. Australia has enjoyed seven exceptionally good seasons in succession and many agriculturists believe that the run of luck must break soon. Wool prices, though not at the very high levels of 1950-51, are exceptionally good and it seems improbable that they will rise further or even remain at present levels.

Despite these shadows in the background, there is an air of optimism which was increased by the announcement in December that, after sixty years of exploration, oil had been struck in Western Australia. The extent of the oil resources has not been established but if substantial quantities become available, the economy will receive a real boost.

Uranium too is in the news. Two of Australia's mining experts recently announced that the uranium which was discovered at Wild Dog Valley in the Adelaide Hills, South Australia, has proved to be the richest form of uranium ore. One of the authorities stated that lumps of black pitchblende containing 70 per cent or more of uranium oxide had been picked up on the surface of the ground. Early in the year a camp will be established at Wild Dog Valley and shafts will be sunk in search of the lode. Because the pitchblende is so rich in uranium oxide, any refining treatment would probably not be nearly as difficult as that for the ore being obtained from the Radium Hill mine.

Australians feel that abundant natural resources and an increasing inflow of long-term investment capital should assure long-range prosperity, despite any temporary set-backs.●

NEW ZEALAND

Strict import controls helped turn the adverse trade balance of 1952 into a favourable balance in 1953, but curtailed purchases from both the sterling and dollar areas. Cost of living continues to rise and government is conferring with industry and business on measures to keep inflation in check.

LESTER S. GLASS, *Commercial Counsellor, Wellington.*

THE BUOYANT EXPORT MARKET for New Zealand's agricultural products—all-important in her export trade—made 1953 a prosperous year. Contínous bad weather during the first six months meant that meat killings fell off considerably compared with other years, but during the last quarter conditions changed and exports were heavy. Wool prices continued firm and demand was excellent. Sales of dairy products, particularly dried milk, declined, largely because of the disappearance of the American market and growing production in the United Kingdom.

Effect of Trade Policy

The effect of strict exchange restrictions imposed by New Zealand to conserve dollars and to turn her adverse overall balance of trade into a surplus quickly became apparent. By the end of the year, the deficit of £23·4 million for 1952 was turned into a surplus of £26·2 million, the result almost entirely of a drop in private imports from £200 million in 1952 to £170·4 million in 1953, and of a substantial increase in returns from exports.

This change was not only at the expense of trade with the dollar area. Imports from the sterling area decreased by £20 million to a total of £171·8 million, and from the dollar area by £8·8 million to a total of £17·9 million. Canada's share in 1952 was £7·3 million; in 1953 it fell off to £2·8 million. Exports in 1953 increased by £27 million to £243·3 million. However this stemmed entirely from improved trade with the sterling and OEEC countries; exports to Canada and the United States fell from £28·5 million to £24·2 million.

Purchases from Canada

In 1953, Canadian exports to New Zealand dropped by more than 50 per cent compared with 1952. Canadian sales to that country have gone down since early 1952, when the policy of buying in soft currency countries whenever possible was first announced. As more and more goods become available from the United Kingdom and Western Europe, this decline continues—from $21,757 thousand in 1951 to $18,844 thousand in 1952 and to $7,475 thousand in 1953. Canadian imports from New Zealand in the first ten months of 1953 also dropped—to $8,078 thousand, compared with $13,751 thousand for the same period of 1952.

New Industries Encouraged

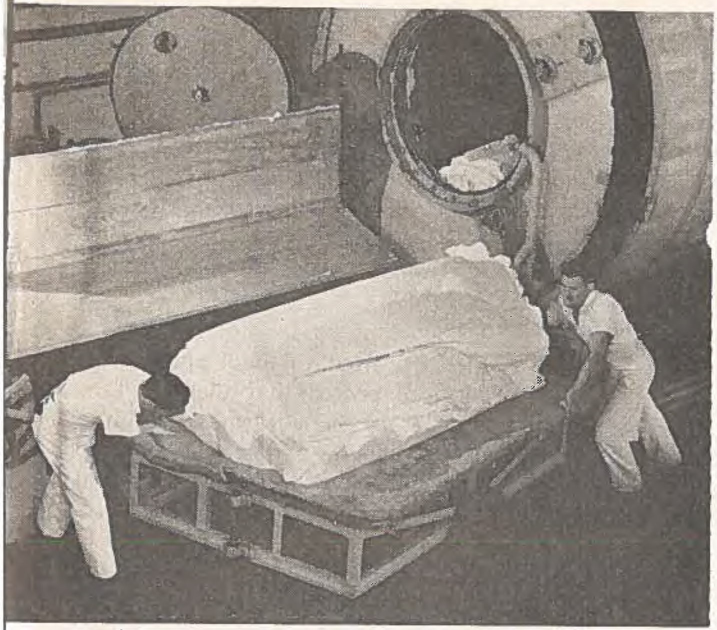
Although agriculture is still New Zealand's major earner of foreign exchange, industrialization has made considerable progress. The value of output from factories has increased from £129·1 million in 1939-40 to £397·7 million in 1951-52; gross farm income rose from £74·4 million to £209·8 million during the same period. Manufacturing in New Zealand is highly diversified and the strict application of import control has encouraged many new industries. Some of them might be classified as uneconomic because New Zealand has few raw materials and must import them from distant sources. However, it is government policy to protect these industries from undue competition.

Domestic Business Brisk

A decrease in imports of nearly one-third in twelve months might well have meant a slowup in domestic business and a shortage of consumer goods. This, however, was not the case. As European countries have returned to normal, a greater diversity of goods has been offered at highly competitive prices and the New Zealand buyer has been able to use his exchange to greater advantage. Similarly, the productive capacity, and ability of New Zealand manufacturing plants has improved with modern machinery and equipment available from Europe and America. With greater capacity, these plants are now in a position to manufacture locally, usually under licence, goods which formerly were bought abroad. It is reported that during 1953 industry absorbed some 18,000 new workers, many of them skilled artisans from the United Kingdom and Europe.

Costs Continue Rising

With the improvements in quality and range of merchandise offered, it is not surprising that the public showed greater interest in buying. Retail sales increased steadily throughout 1953, aided undoubtedly by the Coronation and the Queen's visit. The general wage increase just before Christmas also gave an impetus to buying.



Fresh butter moves from the big churns in the background to the packing department. Exports of dairy products fell off slightly in '53 largely because of smaller U.S. demand and increased production in the United Kingdom.

Beneath the present prosperity, there is an undercurrent of uncertainty over the future. Inflationary pressure continues and costs are rising persistently. The Consumers' Price Index (based on first quarter 1949=1,000) has increased from an average of 1,066 in 1950 to 1,333 in 1953; for the last quarter of 1953 it stood at 1,366. Under pressure of rising costs, most public services have been obliged to increase their charges. These increases have included postal rates, telephone charges, rail fares, freight rates, electricity and gas rates, and tram fares.

Wages Go Up

The outcome was a general increase in the cost of living and, after applications made to the New Zealand Court of Arbitration, this tribunal ruled an effective increase of 10 per cent in wages throughout the country. The corollary soon became apparent—someone had to pay for this increase in manufacturing and merchandising costs and it was, of course, the buying public. The Government subsidizes certain basic foodstuffs such as bread, milk and butter, but it was not able to absorb the increased costs without increasing taxation. It chose to pass the increase on to the consumer in the form of higher prices and, at the same time, lowered the subsidy slightly.

The Prime Minister has indicated his intention of calling a government-sponsored conference of industry, commerce and other interested parties to study and advise on adequate steps to overcome the present inflation and to ensure future stability.

Banking and Finance

Reflecting the 1953 prosperity, bank clearings were higher than at any time since the war; the weekly averages were over £43 million, compared with the previous peak of £42·7 million in 1951. At the same time, loans and discounts, though still high, fell from £169·8 million in 1952 to £136·8 million in 1953. Current deposits—which indicate to some extent the volume of business transactions—have tended to increase throughout the postwar period and reached the high point in 1953 of £220 million, an increase of £13 million over 1952. The net note circulation has increased gradually since the war; the weekly averages for 1953 were £53·4 million compared with £51 million in 1952.

It is significant that in the last three weeks of December the note issue increased to £58·6 million, £62·2 and £62 million, reflecting the additional take-home pay from the general wage increase (retroactive to September 15th) and increased spending.

Other Economic Indicators

New Zealand now has many advocates of the prudent use of interest rates to curb inflation but beyond an increase of ¾ of one per cent on approved advances for urban residential or rural property purchasing, this device has not been used. There is therefore some uncertainty about the future of interest rates and investors are inclined to hold back.

The capital market appeared weak at the beginning of the year and two government capital issues, though subscribed, were not taken up with any enthusiasm. Later in the year the market improved and the City of Auckland issues were taken up almost immediately. An issue floated in London to finance the Murupara pulp and paper development was subscribed within ten minutes.

Employment continues full; in October nearly 11,000 jobs were waiting to be filled and there were hardly more than a score of idle hands to take them.

The Outlook

There is a great latent demand in New Zealand for imports of all kinds, from basic raw materials right through to luxury consumer goods and this demand, if given free rein, would have a serious effect on the country. It is therefore unlikely that there will be any early return to an unrestricted market. On the other hand, some gradual relaxation in control may be feasible in the near future, but what direction that relaxation may take is impossible to foretell. ●

JAMAICA

Increased industrialization and larger exports helped to narrow Jamaica's trade gap in the first nine months of 1953. Rice acreage was enlarged in effort to achieve self-sufficiency. Bauxite development is providing new source of revenue; shipments of alumina to Kitimat will begin in May.

M. B. PALMER, *Trade Commissioner, Kingston.*

AGRICULTURE takes a predominant place in Jamaica both in the production of primary products and the output of secondary industry. In recent years, industrial development has made considerable progress and the tourist trade has been contributing more and more to the national income.

Sugar and its by-products lead in the agricultural field. During 1953 sugar production, at 330,237 long tons, reached a record; in 1954, it may total 358,175 tons. Canada imported 107,367 tons last year.

In the last few years, the production of rum has decreased in favour of molasses which first became available for export from Jamaica about two years ago. In 1953, some 1,308,135 gallons of rum were produced, about 45 per cent of the previous average, and the estimate for this year is one million gallons. Eleven million gallons of molasses were exported in 1953 and it is expected that between 12 and 13 million gallons will be shipped this year.

Agricultural Conditions

The chief objective of the recently formed Agricultural Development Corporation is to make Jamaica self-sufficient in rice by cultivating some 25,000 acres. Fourteen thousand acres of new land were put into crop last year and produced ten thousand tons. In addition, experiments are being conducted in castor oil bean production and in the improvement of the pineapple industry.

Post-hurricane banana cultivation has come along satisfactorily and the hoped-for export of some 10 million stems was achieved in 1953. These shipments of "green gold" were valued at more than the record export of 27 million stems in 1937.

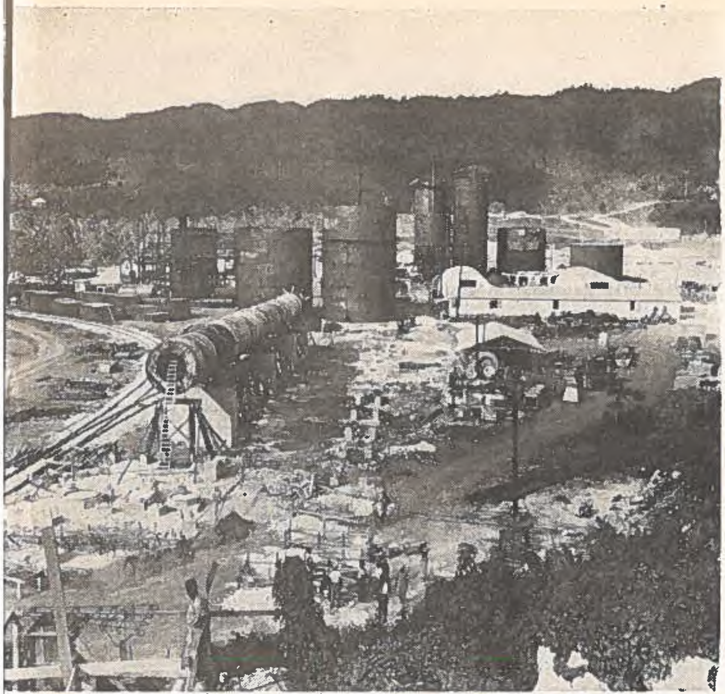
The present citrus crop will be down about 25 per cent from the previous crop year. Grapefruit will account for about 220 thousand boxes, of which 100 thousand are processed into grapefruit sections, 60,000 into juice, 20,000 consumed locally, 20,000 shipped as fresh fruit to New Zealand and 20,000 to the United Kingdom. The orange crop is expected to be about 490 thousand boxes of which 80,000 will be consumed locally, 80,000 shipped to New Zealand and the remainder processed into natural juice and orange concentrate, which is then exported to the United Kingdom. In addition, it is expected that there will be about 150 thousand boxes of seeded grapefruit, bitter oranges and lemons combined, and a further 100 thousand boxes of limes which will go into juice and lime oil for export.

Industrial Activity Increases

In the industrial field, the biggest project in Jamaica is the bauxite development. The three large operators completed initial plant and harbour construction during 1953 and regular shipments are now being made. The Canadian interests loaded the first cargo of 8,300 tons of alumina last week for Norway from the new Port Esquivel. In May, shipments to Kitimat will begin and by October, 30,000 tons will be shipped every two months. All local expenses and income tax are payable in dollars and this creates a tidy income for the Colony.

Another import development for the year was a contract for the shipment every ten days of 11,000 tons of crushed gypsum rock to processors in Florida who supply their own carriers.

The Industrial Development Corporation has been active in attracting foreign capital and new industry. It says that it is working on about fifty possible projects, to be undertaken mainly by U.S. and Canadian interests and ranging from rattan furniture to pencils. A Toronto firm expects shortly to begin building a plant in Jamaica to produce jelly crystals, etc.; a Montreal manufacturing firm is considering putting up capital for a plant processing such things as gloves and lingerie. Another Montrealer expects to be in the aluminum spinning business by March. A company backed by British capital is about to start pressing aluminum, steel and tin and proposes to build a factory later. Pioneer industry status has been given a firm that is to produce heavy purpose corrugated paper and cardboard containers. Local production of shoes reached 12,000 pairs during Christmas week, through the application of new machinery and modern techniques. Decisions on financial concessions, etc., can now often be given by the Finance Control Board in a matter of days.



Jamaica is the site of the first alumina plant in the Caribbean, here shown under construction last year. In February last the first shipment of alumina left Port Esquivel for Norway.

By the end of October 1953, tourists numbered 103,518, or 18 per cent more than for the corresponding period of the previous year, a postwar record. The objective of 120 thousand was probably reached by the end of 1953, creating an income of around £4½ million, 90 per cent (about $11 million) of which is in dollars. More hotels were built last year than ever before and construction continues.

Foreign Trade Improves

The following are the latest provisional trade figures available from the Jamaica Bureau of Statistics, with comparisons in rounded figures.

Trade of Jamaica

Imports

	c.i.f. 000's omitted		
	1952	9 months 1952	9 months 1953
Total	£36,113	£27,593	£25,703
United Kingdom	14,765	11,361	10,718
Canada	4,349	3,406	3,776
United States	7,578	5,777	4,393

Domestic Exports

	f.o.b. 000's omitted		
Total	17,260	14,259	20,610
United Kingdom	11,827	9,794	12,086
Canada	2,548	2,483	4,219
United States	1,362	903	2,396

The outstanding feature of 1953's trade was the narrowing of the trade gap through reduced imports and increased exports. Trade with Canada showed a balance in favour of Jamaica.

In the first nine months of 1953 imports decreased by over £1 million because purchases of cement were down by £45,062; condensed milk by £93,382; cotton and rayon piece goods, £291,471 and industrial machinery, £604,195. The increasing output of local factories was the reason for the fall in cement, condensed milk and piece goods imports and the reduced requirements for equipment in the bauxite industry caused the fall in machinery imports.

The main increases in exports in the same period were accounted for by sugar, £2¼ million; fresh and preserved fruits, £2 million; and bauxite, £2 million. The bauxite figure is purely a nominal one because no funds are paid for the exports.

According to the Trade Controller's figures, the actual dollar expenditure for Canadian goods brought into Jamaica under the B.W.I. Trade Liberalization Plan during 1953 was $1,939,955; the corresponding figure for imports from the United States was $1,180,045.

Taking into account all invisibles, preliminary figures from the Finance Control Board indicate a net loss of $2,390,633 for Jamaica during 1953, made up of a debit of $8,999,355 for Canada and a credit of $6,608,722 for the United States. Jamaica does not receive credit in dollars for sugar sold to Canada which would amount to approximately $9,940 thousand. If this were included, it would produce a net dollar credit of over $7½ million. The corresponding net balance for 1952 was only $1,352,223.

Other Highlights

Under the pay-as-you-earn income tax system, collections during the first nine months of the fiscal year were up 30 per cent compared with the corresponding period of 1952.

Towards the close of the year the Jamaica Bureau of Statistics instituted a sample survey of population and family budget from which averages will be struck. The preparation and organization of this work overtaxed the personnel so that work on other activities fell behind and detailed trade statistics for 1952 have not yet been released.

There were a number of minor work stoppages during the year, none of them serious. There is some concern that the sugar industry may be faced with a falling price and new labour demands. With agricultural operations in full swing, increased employment is reflected in a larger volume of purchasing power, particularly noticeable in cheap dry goods and hardware. Merchants, however, continue to follow a cautious policy of steadily reducing inventories and their buying is on a much more moderate scale.

The Minister of Finance recently hinted that it might be necessary to impose additional taxation to finance the Government's intended development programs, especially those recommended in the World Bank Report. ●

BRITISH HONDURAS

Colony is turning to new types of agriculture, including the planting of cocoa and growing of oranges and ramie. Other development plans, such as road building, are proceeding. Purchases of Canadian goods fell off slightly in 1953 partly because of no direct shipping connections.

M. B. PALMER, *Trade Commissioner, Kingston.*

BUSINESS CONDITIONS in British Honduras are fairly satisfactory though the forestry and chicle industries are not fully employed and the disastrous fire in Belize in October, which destroyed one of the two largest retail establishments, created some distress. There is little change in the trade field.

The Colony achieved a revenue surplus of B.H.$11,000 in 1952. Returns for 1953 are not complete, but revenue is placed at $3,900,000 and expenditures at $3,820,000, providing a surplus of $80,000 for the year. Revenue for 1954 is estimated as about the same as in 1953, and expenditure at $3,746,000.

The 1953 surplus includes $40,000 taken over from the import control balance. The separate department to deal with import control and price control is being abolished and the Secretariat is assuming responsibility for the remaining import control. Only petroleum products, lumber and fresh meat remain subject to price control. The cost-of-living index at November last stood at 258, compared with 270 a year earlier and 262 in November 1951 (September 1939=100). There is a strong feeling in official quarters that the freeing of imports would create no great increase in expenditure.

Agricultural Pursuits

Although the large-scale banana cultivation undertaken in the Stann Creek Valley has been abandoned, the emphasis remains on agricultural pursuits. Experiments are being undertaken in the planting of cocoa to take the place of bananas and the growing of ramie is proceeding, following advice on the most suitable types obtained from United States experts. Citrus production in the Valley, particularly orange growing, is expanding. Crop returns are regarded as satisfactory with estimates of 300 thousand cases of grapefruit and 250 thousand cases of oranges for the current season.

The Corozal sugar factory in the extreme north of the Colony is being expanded, using capital to the tune of four to five million dollars, partly obtained privately from Jamaican sources. When the project is complete, the factory will have a capacity of 17,000 tons. An export quota of 5,000 tons has been allocated to British Honduras and present production amounts to about 4,000 tons, which leaves 500 tons for export. Estimated cane production for 1955 is put at 48,000 tons, up 16,000 tons from the current season.

The Government is undertaking a new development plan in a large area of the Toledo district in the extreme southwest of the Colony. This is an agricultural area sparsely settled (chiefly by Caribs) and considered to be the most potentially rich district in the country. The details of the scheme are yet to be announced but as a first step, an officer is to be appointed to explain the people's needs to Government and the Government's plans to the people.

Development and Trade

The renewal of the Colonial Development and Welfare Act will mean continued assistance until the end of 1960; otherwise, the task of development would be beyond local resources. The building of roads has increased in the last few years and it is realized that much more must be spent on their maintenance and on public works generally. As educational facilities improve and as the Colony advances constitutionally, civil service salaries and the cost of administration will inevitably rise. Thus, during the immediate future it is essential to conserve resources and concentrate on productive expenditure to fulfil development plans.

New sources of income include increased royalty rates on certain trees on Crown lands, bringing them into line with the fees charged by private owners; an increase in the export duty on chicle from four to six

Trade of British Honduras

(in B.H. dollars)

	Imports 1951	*Imports* 1952	*Domestic Exports* 1951	*Domestic Exports* 1952
	c.i.f. values		*f.o.b. values*	
Totals	$12,407,332	$12,671,851	$5,985,700	$5,615,483
United Kingdom	4,600,120	4,671,639	1,623,793	2,059,284
Canada	848,192	709,191	442,619	32,537
United States	3,886,658	3,885,525	2,020,378	1,623,460
Australia	280,822	429,368	....	....
Trinidad	12,627	647,968	277,664	152,042
Jamaica	137,235	200,972	530,700	1,224,063
Holland	708,463	681,661	4,600	1,432

cents a pound at the end of the present chicle season; and a Lotteries Act to increase materially funds for hospital improvement. A charge on vehicles bringing lumber over the Colony's roads from adjoining territories has been recommended.

The new Department of Information and Communications, to function this year, takes over the work previously done by the Public Relations Office, the telephones and the telecommunications section of the Post Office. While the initial outlay for amalgamation will be large, the one department should be more efficient and less costly in the long run.

A new customs tariff was put into effect towards the close of the year, not with the object of increasing revenue but to simplify administration and bring it more in line with international classification practice. There were no important rate changes.

The table shows that Canada's position deteriorated somewhat and Australia gained ground. The lack of suitable freight shipping between Canada and British Honduras is the important factor and figures for 1953 may well show further declines. In any event, allocations under B.W.I. Trade Liberalization Plan for 1953 were taken up only to one-third of their total value. DBS statistics give the value of Canadian exports to the Colony as $375,667 in 1953, compared with $380,940 in 1952. Main commodities were wheat flour, canned sardines, cotton fabrics, pickled pork, and whole milk powder.

Roughly two-thirds of the Colony's imports consist of manufactured goods and one-third foodstuffs; mahogany and other woods, chicle, and citrus products form the main exports.

Leeward and Windward Islands

Canadian exports to the islands dropped by $500 thousand during 1953 but recent extension of Open General Licence may mean increased trade. Development programs are making progress.

ROGER R. PARLOUR, *Assistant Trade Commissioner, Port-of-Spain.*

BUSINESS CONDITIONS in the Leeward and Windward Islands were quiet during 1953. These colonies remain almost entirely dependent on a few agricultural crops and there is the persistent problem of a rapidly-growing population to feed and clothe. Industry and tourism are making little progress, but development programs financed by the Colonial Development and Welfare Organization are helping to improve living conditions and step up productivity.

Trade with Canada

Consumer goods from the sterling area and basic foodstuffs from Canada make up the bulk of imports. Purchases from Canada for the year 1953 were valued at Can.$3·8 million, compared with Can.$4·3 million for 1952: flour, fish and meats were the main items. The market for Canadian goods is largely confined to essentials as long as currency controls remain, but the recent extension of the Open General Licence list may lead to an increase this year. By the end of 1953, all the islands had discontinued the bulk purchase of flour through the British West Indies Trade Commissioner in Montreal and had reverted to buying from local commission agents.

Dominica and St. Lucia have entered into long-term contracts for the marketing of their banana crop in the United Kingdom. A sharp drop in lime prices caused concern in Dominica late in the year and it may prove difficult to maintain sales to the United Kingdom. In St. Lucia, two of the largest sugar estates closed down in the fall as the owners sold out. A public company is being formed to purchase the estates and resume production. St. Kitts had a good sugar crop but latest reports indicate that drought is affecting the 1954 crop. Business conditions in St. Vincent and Grenada were dull; there was some labour unrest in the latter. A new radio broadcasting service is being set up in Grenada with the aid of British Broadcasting Corporation technicians.

For the islands as a whole, much larger sales of sugar to Canada during the first eight months of 1953 brought an increase of Can.$1 million in revenue compared with the comparable period of the previous year. From all indications, there will be little change in the level of economic activity in the Windwards and Leewards during 1954. Given good weather and stable world markets, a reasonable degree of prosperity seems probable. ●

BRITISH GUIANA

The interim government set up in December is pushing development projects in agriculture and transportation and planning housing schemes. Total trade declined in 1953 because of lower imports; Canada continued to be the leading market, taking 45 per cent of the total value of exports.

PAUL V. McLANE, *Trade Commissioner, Port-of-Spain.*

AT THE BEGINNING OF 1953, British Guiana appeared to be set for steady economic development. As a result of an unusual turn in political events, the outlook is not so certain today. The ministerial system of government set up in 1952 had to be suspended because of the irresponsible behaviour of the party in power, which was suspected of Communistic sympathies; British troops were called in and plans were made for an interim government.

Interim Government Set Up

On December 27, 1953, an interim government was set up to administer the affairs of the Colony during the present crisis and for some time thereafter. The new government consists of an Executive Council of 10 members, three ex-officio members, the Chief Secretary, the Attorney General and the Financial Secretary, presided over by the Governor, and a Legislative Council of 27 members presided over by a Speaker nominated by the Governor.

The Financial Secretary presented his Budget early in January, calling for an expenditure of BWI$31,-779,617, of which $15,456,520 is expected to be raised from Customs duties. Framed to attract outside capital into the country, it contained no proposals for additional taxation and an estimated accumulated surplus balance of $5,813,733 was carried forward. This is the first of two Budgets. A second one—developmental—will be introduced later. Subsidies will be continued on foodstuffs—$750,000 on flour and $629,500 representing remission of Customs duties on other imported foodstuffs such as split peas, condensed milk, salted fish, and so forth.

The Colonial Office has set up a Commission to study the present constitution of the Colony and recommend changes. The Commission arrived in the Colony on January 6th and is now holding sittings.

Development Plans Pushed

A rapidly growing population makes it imperative that the resources of the country be developed and present production expanded. With a view to assessing these resources, a World Bank Mission visited British Guiana and recommended a self-help, five-year economic plan, to cost BWI$66 million. The Mission stressed that, with energy and great goodwill, the Colony's economic problems can be solved and progress assured. Both agriculture and forestry were found to be capable of development. The Commission believed that the greater part of the proposed investment program could be financed locally from government funds and revenues or by a domestic loan issue.

Outside capital has gone into the mining, sugar, rice and timber industries but other plans are in abeyance until conditions become more normal. The Governor visited the United Kingdom and on February 8th announced proposals for the expenditure of BWI$44 million in 1954-55. Briefly, the development plan calls for agricultural schemes totalling nearly $11 million and housing schemes costing nearly $10 million. About $10 million has been allocated to ports, shipping, railways, roads and civil aviation and other aspects of the plan cover a wide range of improvements. The United Kingdom Government has promised to assist in the financing.

Strike Affects Sugar Output

Because of a strike which lasted over a month, affected all the sugar estates of the Colony and culminated in a complete cessation of activities, British Guiana's sugar production has fallen short of the hoped-for target by 14,824 tons. The total output for the year 1953 was 240,176 tons, compared with 242,692 tons in the previous year. But for the strike, production would probably have set a record. British Guiana is a high-cost producer and depends on the continuation of a favourable access to the United Kingdom market.

Other Industries in '53

Rice is mainly a peasant industry and it was not affected by strikes. Production for 1953 is estimated at 71,400 tons, compared with 68,000 in 1952, and plans are afoot to expand production further by increasing acreage. A new development is packaged rice—some 2,500 tons were exported in packages during thc year ended September 30, 1953.

Some 22,000 square miles of tropical forest are considered accessible and they provide many species of good timber. Sales abroad are increasing and for the first seven months of 1953 were valued at BWI$1,-417,299, compared with BWI$1,128,008 for the same period in 1952. Main type exported in quantity is Greenheart, which goes mainly to the United Kingdom and the United States. It is planned to increase production of Greenheart as well as woods such as Mora, Wallaba and Crabwood.

Bauxite is the principal mineral and it is estimated that 2,160,000 tons were exported in 1953. For eight months ended August 31, 1953, 1,385,179 tons, valued at $15,544,198, were exported.

External Trade Lower

The value of external trade for the year 1953 is expected to total only $152 million, compared with $164 million in 1952, largely because of a fall in imports from $83 million to $71 million. However, the rate of imports in the latter months of 1953 improved and this should carry on into 1954. Exports fell slightly—from $82 million in 1952 to $81 million in 1953. Of the total value of exports, approximately 45 per cent went to Canada, 33 per cent to the United Kingdom, 14 per cent to other Commonwealth countries, and 7 per cent to the United States. Canada's share went up by 4 per cent and the United Kingdom's decreased by 4 per cent, compared with 1952.

Last year 49 per cent of the imports came from the United Kingdom, compared with 40 per cent in 1952; Canada's share was about the same as in 1952—14 per cent. The share of other Commonwealth countries decreased from 20 per cent in 1952 to 15 per cent in 1953, and the share of the United States fell from 17 per cent in 1952 to 14 per cent last year.

Canada sells a great variety of commodities to British Guiana; sales in 1953 were valued at Can.$4,777,076, a fall from the total of $6,355,520 for 1952. Flour heads the list of exports with a total of Can.$2,036,887 for 1953; in fact, we secure practically all the flour business of the Colony. During the same period we sold Can.$326,305 worth of mining machinery and Can.$126,694 worth of cotton fabrics. Other important items are foodstuffs; exports of split peas were valued at Can.$267,746, slightly higher than in 1952. As usual, we secured the bulk of this trade. Sales of fish products reached a total of Can.$250,199. We enjoy a good share of the canned fish trade but the United Kingdom secures the bulk of the dried fish business, because British Guiana is a price and mackerel market. Our exports of meat products reached a total of Can.$180,785 in 1953, down from the previous year by about Can.$62 thousand. Our chief competitor here is the United States.

BARBADOS

Local sugar production—which provides 95 per cent of exports—reached 160 thousand tons in 1953; may rise in 1954. Island's chief problem continues to be shortage of agricultural land.

ROGER R. PARLOUR, *Assistant Trade Commissioner, Port-of-Spain.*

BUSINESS CONDITIONS IN BARBADOS remained static during 1953. The economy is largely agricultural and nearly all available land is already under cultivation. Thus possibilities of expansion are limited and with a growing population, each development of new roads and housing means less land for growing crops. The usual unfavourable balance of merchandise trade persisted in 1953, although this was partially offset by tourist earnings.

Sugar and Molasses

Sugar and its products account for 95 per cent of all exports and the island's finances are dangerously dependent not only on local production but also on world sugar prices. The 1953 production of sugar totalled 160 thousand tons, a slight drop from the previous year. Grinding of the 1954 crop is just under way and output may reach 180 thousand tons. Barbados' adherence to sugar marketing agreements assures a reasonable price and a market in the United Kingdom for most of her production.

In September, Barbados sent a four-man delegation to investigate declining sales of molasses in Canada and the United States. The group reported that shipments should go in bulk rather than in puncheons. This would allow packaging in attractive containers in Canada and should result in lower prices. The need for more advertising was also stressed.

Trade and Industry

During the year, Barbados purchased goods from Canada under the Trade Liberalization Plan and the dollar program, but the bulk of the colony's requirements came from the sterling area. Imports from Canada for the first nine months of 1953 were Can.$2½ million, a drop of $½ million from the same period of 1952. However, with a number of foodstuffs recently added to Open General Licence, the colony may increase its purchases from Canada during the current year. Flour, fish, lumber, animal feedstuffs, tobacco and meats are the principal Canadian exports to this market.

Industrial development is not making much headway and some persons complain that high taxes are hindering expansion. Two companies are drilling for oil but with no great success. A small plant producing hams and sausages is in operation and there are prospects for a fish canning plant which, among other products, would put up flying fish. A cold storage plant to assist the domestic and export marketing of fish is also being planned. Efforts are being made to build up a dairy industry. Tourist travel is of increasing importance and Canadian vacationers are much in evidence during the winter season.

For the coming year, business activity should remain at much the same level. Confidence in the stability of the colony is indicated by the recent introduction of the ministerial system of government. The chief executive now becomes the first Premier in the British West Indies and included in his cabinet is a Minister of Trade, Industry and Labour.

Over the longer term, Barbados is faced with the problem of agricultural land becoming scarce and increased production to feed a growing population can come only from more intensive cultivation or from greater investment in the tourist and other industries.

TRINIDAD

New additions to the colony's Open General Licence list should open up a larger market for Canadian products. Favourable trade balance in 1953, good sales prospects for Trinidad's main products—oil, sugar and cocoa—and continuing industrial development augur well for the months ahead.

ROGER R. PARLOUR, *Assistant Trade Commissioner, Port-of-Spain.*

THE YEAR 1953 was a particularly good one for Trinidad; in fact, the Colony chalked up its largest favourable trade balance of the past decade. The principal export, petroleum products, increased 10 per cent over the previous year and sales of other basic commodities such as sugar, cocoa, coffee, citrus fruits, rum, spices and tonca beans all gained substantially. The direction of the colony's import trade reflected its policy of conserving dollars. Although there was an overall drop in imports, purchases from the United Kingdom increased to a level of B.W.I.$89 million, or more than one-third of the total. Imports from Canada and the United States each declined to just under B.W.I.$20 million. Purchases from the Netherlands jumped by almost 50 per cent to nearly B.W.I.$10 million. Of the many other countries selling small amounts in this market, Australia, India and Japan lost ground and Western Germany and South Africa gained. As in previous years, Venezuela and Colombia supplied substantial quantities of crude oil which was refined and re-exported.

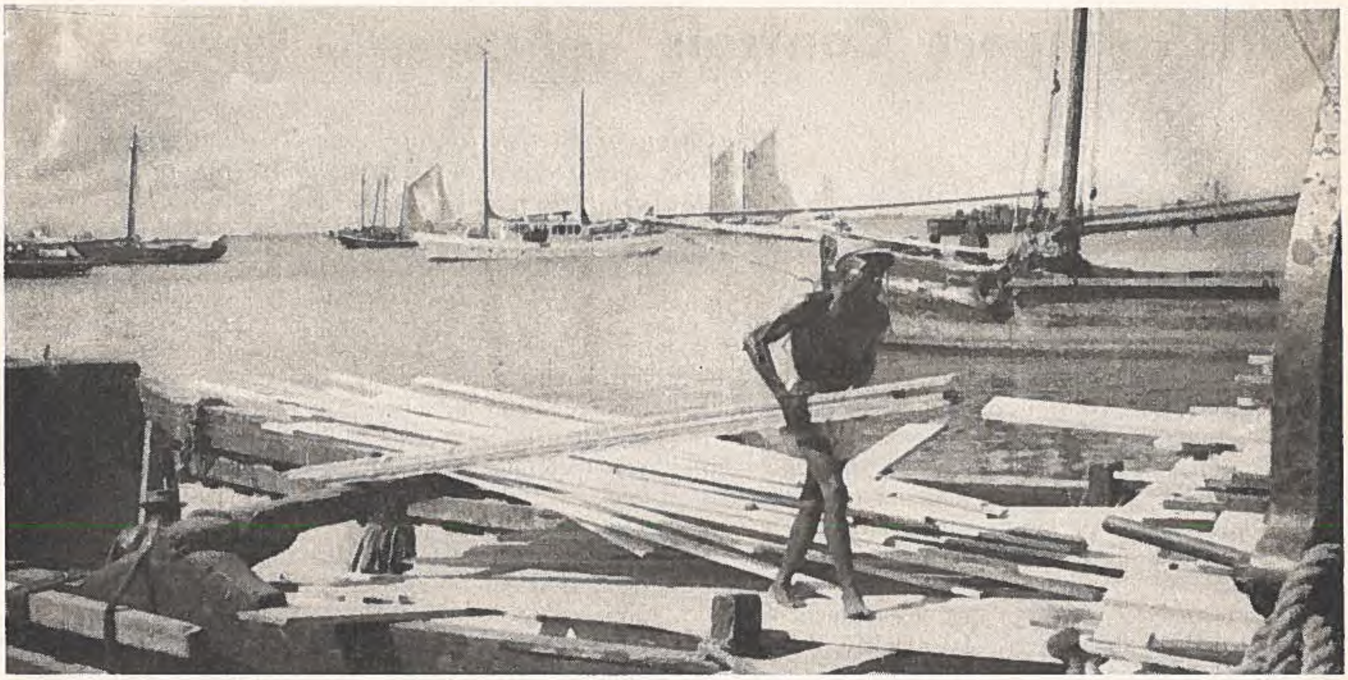
Import Restrictions Removed

Outstanding news for Canadian exporters was the recent addition of eight items to Trinidad's Open General Licence list. Commodities which may now be imported from Canada without restriction are onions, potatoes, animal feedingstuffs, canned fish, cheese, powdered and canned milk, split peas and meats. These are in addition to newsprint and kraft paper, dried, smoked, pickled and salted fish, and certain base metals, all of which have been free of import restrictions for some time.

It is still too early to judge the results of this change. Canada has traditionally supplied most of these commodities and limited amounts had been coming in under the Trade Liberalization Plan or the dollar program. Because importers are now assured of continuity of supply from Canada, Canadian exporters should be able to strengthen their dominant position. But the high rate of exchange of the Canadian dollar is a handicap and favourable prices must be quoted to meet competition from Europe, the United States and Commonwealth countries. Buyers in Trinidad are sometimes quick to make claims when the quality of Canadian foodstuffs is not up to its usual high standard.

One indirect result of the additions to Open General Licence is that the Trade Liberalization Plan now places more emphasis on "brand name" goods. Exporters of branded goods should be able in future to give better year-round service to their customers in Trinidad through Trade Plan allocations.

The momentum of Trinidad's industrial development program will be maintained by a newly-formed Department of Industry and Commerce, for which a new office building will be constructed. One of the first projects this department is undertaking is a brochure *Opportunities for Industries* which will be distributed abroad. In addition, a proposal to allow duty-free entry of materials, components and supplies for manufacturing industries in the colony is now before the Government. One further development is that the Trinidad Government, although not willing itself to invest in industrial enterprises, is now considering the establishment of an industrial estate outside Port-of-Spain.



Canadian lumber being unloaded at the schooner jetty in Port-of-Spain. Trinidad buys each year considerable quantities of Canadian planks and boards and squared timber.

Among products already being turned out by pioneer industries are time recorders, beer, glass products, paperboard cartons, stockfeeds, textiles, artificial teeth, plastics, polishes, electroplated wear, knitwear, pharmaceuticals, essential oils, flavouring extracts, paints and oils, typewriters, office machines and macaroni. The first shipment of sulphur recovered from crude oil was made last December by one of the island's principal oil refineries. A cement factory, first in the Eastern Caribbean, will begin operation in April and the manufacture of stockfeeds from citrus peel and pulp will commence shortly.

A firm of consultants has advised that a $4 million hotel be built in Port-of-Spain, but no action in this direction has yet been taken. A unique proposal comes from a group in the United States who would like to establish a cultured pearl industry on a small island near Tobago. Inquiries have also been received by the Government about the manufacture of condensed milk, men's hosiery, building materials, fertilizers, ships, and gin.

Like most of the West Indian colonies, Trinidad cannot be isolated from world economic conditions. Her prosperity is largely governed by the size of her crops and the world prices for oil, sugar and cocoa. The colony's production and sale of oil remains steady and under-girds the economy, and there are no signs of any significant change in this quarter during the current year. Export prices for sugar are guaranteed by the Commonwealth Sugar Agreement and the International Sugar Agreement and these agreements assure substantial export sales. With the cane harvest just beginning, 1954 sugar production is estimated at 165,700 tons, an increase of about 8 per cent over the previous year.

The cocoa crop for 1954 is not expected to exceed 16 million pounds, compared with 22 million in 1953. World cocoa prices are unstable but there is a good chance that they will rise, so that the value of cocoa exports this year may hold up well. The coffee crop is just coming in and should equal last year's heavy yields. Exports may reach 2½ million pounds and prices are buoyant. The citrus crop just being harvested may be only 400 thousand boxes, about half of last year's record production.

The year ended with good news for Trinidad exporters. Venezuela announced the lifting of the 30 per cent surtax on goods native to Trinidad and British Guiana and increased sales of Trinidad produce to this rich dollar market are expected.

General business activity in the colony is quite brisk. The development of new industries and the widespread construction of new stores, offices, banks, and business premises show that businessmen feel confident about the island's future. One of the principal grocery retailers in Port-of-Spain recently opened a modern self-service supermarket patterned after those in Canada. Another Canadian bank is planning to open an office here, thus bringing the total to three. From all indications, 1954 should see continuing prosperity. ●

British Import Controls and Canadian Exports

Relaxation of British import controls on essential foods and raw materials means that about 60 per cent of Canadian trade is free of import restrictions in the U.K. market—though the effects may not be felt immediately.

W. LAVOIE, *International Trade Relations Branch.*

THE UNITED KINGDOM'S DECISION in 1953 to remove its import controls on purchases of essential foods and raw materials from all sources marked a significant departure from the severe restrictions in effect since 1939, designed to limit imports to essential requirements. For the first time since the war, a large sector of Canadian trade was freed from import restrictions and discrimination. The following paragraphs give a brief review of this development and of its incidence on the pattern of Canadian trade with the United Kingdom.

Four Control Categories

The United Kingdom emerged from the war with a comprehensive system of import controls, which it continued to maintain because of a serious disequilibrium in its balance of payments. Imports from Canada fell into four control categories, which remained substantially the same until May 1953, although some revisions within these categories occurred from time to time.

The bulk of imports from Canada was purchased by government agencies and was thus subject to direct control. The goods consisted mainly of basic foodstuffs and raw materials—notably wheat and flour, aluminum, copper, lead, zinc and softwood—which for the most part were in short supply throughout the world. Among goods in the hands of private trade, a few essential raw materials were freed from import controls and were allowed to be freely imported from any country under World Open General Licence. The main Canadian products in this category were nickel (1945), cobalt, iron ore, asbestos, and platinum (1951). A third category was comprised of the limited number of traditional Canadian products, mainly consumer goods and worth about $5 million a year, which were admitted under a Token Import Scheme. All other imports from Canada required a specific import licence, which was granted only on proof of essentiality.

Relaxation Begins

Only a few Canadian products were free from import control until May 1953, when the United Kingdom took a number of steps to relax import restrictions and to reduce discrimination against dollar goods. By introducing greater freedom for the purchase of commodities from all sources, it was found that excessive premium prices were avoided. A number of essential raw materials such as ferro-alloys, organic fertilizers and feedstuffs were added to the free list (W.O.G.L.), while for most other raw materials and basic foodstuffs newly-introduced Open Individual Licences gave complete freedom of choice in source of purchase and imposed no limits on quantity or value. This new type of licensing was adopted for some of the leading imports from Canada such as wheat, flour, coarse grains, copper, lead and zinc, on their reversion to private trade. Since then further measures of relaxation have taken place on some products of interest to Canada such as pyrites, linseed and linseed oil, and soya beans.

Effect of Relaxations

This relaxation of controls involves a striking change in the proportion of Canadian trade which is free from import restriction. Before 1953, the proportion was not more than 10 per cent of total Canadian exports to the United Kingdom; it now represents about 60 per cent. If account is taken of aluminum, newsprint, and wood pulp—which, although restricted, are allowed freedom of competition in the United Kingdom market—about 80 per cent of Canadian exports are on a non-discriminatory basis. In interpreting percentage figures such as these it must of course be remembered that Canadian exports now being discriminated against in the United Kingdom might increase or decrease in the percentage share as a result of changes in import control policy. It is clear, however, that United Kingdom discriminatory import controls have already been relaxed in a very important way.

It will take some time before the effects of these relaxations can be measured in the exporting and importing countries. However, an increase in Canadian exports of barley and animal feedstuffs would appear to be partly due to the removal of import controls. The decline in the United Kingdom import price index from 88 in May 1953 to 85 in December 1953 would also confirm the United Kingdom expectation of a reduction in import costs as a result of the freeing of these essential classes of imports from controls.

The appendix gives a complete list, reproduced from an official notice of February 6, 1954, of goods admissible under World Open General Licence, an extract from the same source showing goods admissible under Open General Licence when consigned from and originating in the Commonwealth (including Canada), and a list of important Canadian products which may be imported on Open Individual Licence.

APPENDIX

Goods which can be imported freely into the United Kingdom from any country (including Canada) under World Open General Licence.

Acetylene black.

Alloys, unwrought, except ferro-alloys, of the following—beryllium, cobalt.

Animals, live, quadruped, the following:—goats, sheep, swine.

Note.—Importers are reminded that imports of these animals are, in certain circumstances, subject to prohibitions or restrictions imposed for the protection of health. Inquiries in particular cases should be addressed to the appropriate Department of Agriculture.

Arsenous oxide (white arsenic).

Asbestos, raw and fibre; asbestos waste.

Asphalt and bitumen, natural.

Bauxite.

Bi-metal, thermostatic.

Bones fit only for manufacturing purposes.

Note.—Importers are reminded that bones may not be imported from the Continent of Europe except under licence from the Ministry of Agriculture and Fisheries or the Ministry of Agriculture for Northern Ireland.

Boron.

Bristles.

Canes and rattans, unmounted, whether split or not.

Capers in brine packed in casks.

Casein, raw.

Chenopodium (wormseed) oil.

Cobalt,-iron-copper alloy, crude; cobalt oxide, crude or refined.

Coir yarn and coir fibre.

Cryolite, natural, refined.

Cutch.

Designs, architectural or engineering, of no commercial value.

Diamonds, rough.

Dipentine.

Drugs and the like, raw or simply prepared, the following:—

Aconite.
Aletris root.
Aloes, Cape.
Aloes, Curaçao.
Aloes, Socotrine.
Angostura bark.
Araroba.
Areca nuts.
Arnica flowers and rhizome.
Asafoetida.
Balm of Gilead buds.
Balsam of Copaiba.
Balsam of Peru.
Balsam of Tolu.
Bayberry bark.
Black Cohosh root.
Black haw bark.
Blood root.
Buchu.
Calabar bean.
Calumba root.
Camomile flowers.
Cannabis indica.
Cascara bark.
Cascarilla bark.
Cassia fruit.
Chaulmoogra oil.
Chiretta.
Cocillana bark.
Colchicum corm.
Colchicum seed.
Colocynth pulp or apples.
Condurango.
Croton seeds.
Damiana leaves.
Dandelion root.
Deer tongue leaves.
Echinacea root.
Ephedra herb.
Ergot of rye.
Eucalyptus red gum.
Euphorbia gum.
Euphorbia herb.
Gelsem root.
Gentian root.
Gossypium root bark.
Grindelia herb.
Guaiacum gum.
Gum elemi.
Henbane, Egyptian.
Horehound.
Hydnocarpus oil.
Hydrastis root.
Indian rhubarb root.
Ipecacuanha root.
Ispaghula.
Jaborandi.
Jalap, Mexican.
Kamala.
Kava-kava.
Kino.
Kola nuts.
Krameria.
Lavender flowers.
Lemon peel, dried.
Leptandra root.
Lime tree flowers.
Liquorice root, natural.
Liquorice root, peeled.
Lobelia.
Male fern.
Mandrake peltatum.
Mastic gum.
Matico leaves.
Nux vomica.
Orange peel, dried.
Orris root.
Papain.
Passion flower herb.
Pleurisy root.
Podophyllum emodi.
Poke root.
Prickly ash bark.
Quillaia bark.
Quince seed.
Rhubarb, Chinese.
Rhus aromatica.
Sabadilla seeds.
Saw palmetto berries.
Sarsaparilla.
Sassafras bark.
Scammony root, Mexican.
Scullcap herb.
Senega root.
Senna leaf.
Senna fruit.
Sepentaria root.
Simaruba.
Slippery elm bark.
Squill white.
Stillingia root.
Stone root.
Storax (or styrax).
Stramonium leaves.
Strophanthus gratus.
Strophanthus kombe.
Uva ursi.
Valerian root.
Wahoo bark.
White pine bark.
Wild cherry bark.
Witch hazel bark.
Witch hazel leaves.
Yerba Santa.

Ferro-alloys, unwrought, the following:—

Ferro-beryllium.
Ferro-cerium.
Ferro-cobalt.
Ferro-molybdenum.
Ferro-tungsten.
Ferro-uranium.
Ferro-vanadium.

Fertilizers, the following:—

Alfalfa meal.
Blood, dried.
Bone charcoal.
Bone, dissolved.
Bone, hoof and horn meal.
Bone powder.
Chamois leather dust.
Dried fish.
Dried spent hops.
Extracted mustard seed.
Feather waste.
Guano.
Lucerne meal.
Rabbit skin waste and residue.
Steamed bone flour.
Stera meal.
Tankage.
Vegetable meal.

Note 1—Where any of the above items are imported for use as feedingstuffs they are also covered by this Open General Licence.

Note 2—Importers are reminded that:—

(*a*) under the Importation of Carcases (Prohibition) Order, 1926, bone charcoal, bone, hoof and horn meal, bone powder, dried blood, dissolved bone, and steamed bone flour may not be imported from the Continent of Europe except under licence from the Ministry of Agriculture and Fisheries or the Ministry of Agriculture for Northern Ireland;

(*b*) under the Diseases of Animals Acts, imports of alfalfa meal and lucerne meal into Great Britain are prohibited from all countries in which foot and mouth disease exists. Similar restrictions apply to the importation of alfalfa meal and lucerne meal into Northern Ireland.

Film, cinematograph, exposed, of a width of 1⅜ inches only, consisting wholly of photographs (with or without sound track) which at the time of importation are means of communicating news.
Film scrap and waste.
Fireclay.
Flax and flax tow.
Flint, unground.
Fluorspar.
Fruits preserved without sugar, the following:—Mango pulp preserved in sulphur dioxide solution, in cask; sliced mangoes in brine, in cask.
Fur skins, undressed, rabbit.
Gall nuts.
Gold bullion; gold coin; gold concentrates and residues.
Graphite.

Gums and resins, the following:—

Arabic.	Myrrh.
Copals.	Olibanum.
Damar.	Sandarac.
Kauri.	Shellac.
Liquid rosin (tall oil).	Tragacanth.

Gypsum, unburnt, including alabaster.
Hemp, Indian (Sunn), of the variety crotalaria juncea, dressed or undressed, and tow of that variety.

Herbs, dried, in bulk, the following:—

Basil.	Rosemary leaves.
Bay leaves.	Savoury leaves.
Marjoram.	Tarragon.
Parsley.	Thyme.
Pennyroyal.	

Hydrographic charts.
Ilmenite.
Iodine.
Iron carbonate.
Iron or steel scrap fit only for the recovery of the metal; iron ore (including bog ore); iron powder (not including carbonyl); iron pyrites (including cupreous iron pyrites).
Isinglass.
Ivory, animal, raw, whether whole tusks or sections of tusks, not cut to shape or in any way prepared, treated or worked.
Japan wax.
Kapok.
Kelp.
Kyanite.
Locust bean kernels.
Loofahs.
Magnesite.
Manganese ore.
Mango chutney, in cask.
Manuscripts, typescripts and like products of duplicating machines (not including printed documents).
Maps and plans.

Metals, unwrought, the following:—

Beryllium	Nickel.
Cadmium.	Niobium (Columbium)
Cobalt.	Tantalum.
Manganese.	Titanium.
Mercury.	Tungsten.
Molybdenum.	

Micro-crystalline wax.
Microdol (micronized dolomite).
Molasses containing not more than 60 per cent of sweetening matter.
Mullite.
Mustard seed.
Naphthenic acid.
Nickel ores, concentrates, residues and matte.
Nickel oxide.

Oils, the following:—
Oiticica, raw.
Tung (China wood).

Olives (excluding stuffed olives) in brine, packed in casks.
Paints and painters' materials, the following:—
Dry earth colours.
Panama hat hoods.
Pandermite.
Peat moss, peat moss litter, dust or mould, granulated peat and peat fuel or tailings.

Note.—Importers are reminded that the importation into Northern Ireland of litter consisting wholly or partly of peat moss won or cut anywhere in Europe other than in the Irish Republic or Scotland is prohibited.

Petroleum coke.
Petroleum jelly.
Petroleum sulphonates containing not less than 20 per cent heavy mineral oil.
Pig iron.
Platinum ores and concentrates.
Press photographs.

Printed matter of the following description:—

(i) Books and other publications published by the United Nations Organization or any of its specialized agencies;
(ii) Books and publications and documents of all kinds in raised characters for the blind;
(iii) Books, printed, and other printed matter for reading purposes (not including periodicals, magazines and the like), imported as a single copy through the post;
(iv) Newspapers, excluding separate or detachable sections or supplements comprised wholly or mainly of strip cartoons;
(v) Official government publications published by the Central Government of their country of origin or by States members of the Federal Government of their country of origin;
(vi) Periodicals, magazines and the like imported as single copies through the post:—
  (*a*) by persons who pay or have paid the overseas suppliers direct and not through an agent, or
  (*b*) if of a learned, scientific, technical or religious nature, or printed exclusively in a foreign language, and if an agent who arranges for the import of single copies on behalf of a number of importers has been authorized by the Board of Trade to make arrangements for payment on behalf of such importers;
(vii) Publications, for which no payment has been or will be made, intended to promote tourist travel outside the United Kingdom.

Printing blocks.
Quartz, raw rock crystals and slabs, not processed.
Quassia.
Rafaelite.
Raffia.
Rasorite (Kernite).
Refractory or heat insulating bricks, blocks and other shapes.
Seaweed, raw, unground, dried or bleached (not further prepared or treated).
Shellfish, fresh or boiled (not being in airtight containers), the following:—Cockles, mussels, prawns, shrimps, including peeled shrimps, winkles.
Silk raw, silk waste and noils, including waste and noils containing other materials; silk worm gut, untrimmed, natural, in hanks or bundles.
Sillimanite.
Sisal flesh.
Slag, other than basic.
Sodium chloride (salt).

Spices, the following:—

Aniseed.	Cummin seeds.
Capsicums.	Curry powder.
Caraway seeds.	Dill seeds.
Cardomoms.	Fennel seeds.

Cardomom seeds.
Cassia lignea.
Cassis vera.
Cayenne (or red) pepper.
Celery seeds.
Chillies.
Cinnamon.
Cinnamon bark.
Cloves.
Fenugreek seeds.
Ginger (whole dry root).
Mace.
Maw (poppy) seed.
Nutmegs.
Pimento (allspice).
Turmeric.
Vanilla beans.

Sponges, natural.

Tanning substances, natural, and extracts therefrom, not including spruce sulphite extracts, suphite cellulose extract and sulphite lye.

Tripoli powder.

Waxes, natural, the following:—Beeswax, montan wax, ozokerite.

Whale bone and whale finners.

Wood, the following:—incense cedar; shingles of red cedar.

Wool and animal hair, raw, whether cleaned, scoured or carbonized, or not, the following:—alpaca, camel, goat, llama, rabbit, vicuna.

Note—Importers of goat hair are remainded of the restrictions imposed by the Orders made under the Anthrax Prevention Act, 1919.

Wool, sheep and lambs' raw, the following:—
Sliped or skin wool.
Wool in the fleece, greasy, washed, scoured or carbonized.

Note—Importers of wool are reminded of the restrictions imposed by the Orders made under the Anthrax Prevention Act, 1919.

Yerba mate.

Main Canadian goods which can be imported into the United Kingdom in unlimited quantities under Open Individual Licence. The licence can, however, be revoked if imports prove to be excessive.

Softwood.
Lead, zinc, copper.
Wheat and flour, coarse grains.
Linseed and linseed oil.
Soya beans, dried white beans.

Additional goods which can be imported freely into the United Kingdom if consigned from and originating in Canada.

Animals, live, quadruped, other than horses and cattle.

Note.—Importers are reminded that imports of certain animals are subject to prohibitions or restrictions imposed for the protection of health. Inquiries in particular circumstances should be addressed to the appropriate Department of Agriculture.

Flower bulbs, corms and tubers.

Note.—Importers are reminded that imports of these goods are subject to the requirements of Orders made by the Department of Agriculture under the Destructive Insects and Pests Acts.

Precious and semi-precious stones, rough.

Canada's Treaty Relations with the United Kingdom

TRADE RELATIONS between Canada and the United Kingdom are still regulated by the trade agreement concluded in February 1937, as revised by Exchanges of Letters of November 16, 1938, and October 30, 1947. The Agreement was further supplemented by additional obligations as a result of both countries' participation in the General Agreement on Tariffs and Trade.

The first trade agreement between Canada and the United Kingdom was signed in Ottawa in August 1932 and remained thereafter the main basis for negotiations between both countries. This agreement was rendered necessary by the fact that the United Kingdom adopted a new course in its trade policies. The United Kingdom was giving up its free trade policy which had been maintained from the mid-nineteenth century until 1932 and, at the same time, embarking on a policy of granting preferential treatment to Commonwealth countries.

The agreement provided that Canadian exports, with only a few exceptions—notably spirits, tobacco and motor cars—would be duty-free. It provided also for the increase in duties on foreign products competing directly with some outstanding Canadian exports such as wheat, cheese, condensed milk, and fresh and canned apples, and for the binding of seventeen margins of preference, the most important of which were wheat, butter, cheese, timber, asbestos, lead and zinc.

The 1932 Agreement was superseded, with minor changes, by one signed in 1937 which was to remain in force until August 20, 1941, and thereafter until terminated on six months' notice. It renewed exemption of Canadian goods from duties. Canada obtained guaranteed margins of preference on a few additional commodities. In 1938, in order to negotiate successfully with the United States, both Canada and the United Kingdom waived rights to certain preferential margins which were bound in the Canada-United Kingdom Agreement of 1937. At Geneva in 1947 Canada and the United Kingdom modified their existing agreement by an exchange of letters providing for the unbinding of all preferential margins, some of which have been eliminated or modified as a result of negotiations under the GATT.

—W. LAVOIE
International Trade Relations Branch.

trade and tariff regulations

Australia

COMMONWEALTH TARIFF BOARD—The Australian Minister of Trade and Customs has requested the Commonwealth Tariff Board to determine whether assistance should be afforded the Australian production of the following goods and, if so, the nature and extent of such assistance.

- Front axle assemblies of the I beam type and some specified parts, front and rear hubs and brake drums, whether imported into Australia separately or otherwise; and
- Asbestos fibre.

Under Tariff Board procedures Canadian firms, or their representatives in Australia, would be permitted to submit briefs expressing their interest in these inquiries.

Bahamas and British Guiana

IMPORT LICENSING ANNOUNCEMENT—The Control Authorities in the Bahamas and British Guiana announced on February 8th that importers in those colonies are not required to obtain licences to import the following items:

Onions
Potatoes
Split peas
Dried, smoked, pickled and salted fish
Canned fish
Meat
Powdered and canned milk
Cheese
Animal feedingstuffs
Newsprint
Kraft paper

British Guiana excludes coconut meal, cotton seed meal, wheat, wheat flour and poultry feeds from animal feedingstuffs, and adds butter to the list of items which may be imported without licence.

Belgium

SMALL SHIPMENTS OF ADVERTISING MATTER DUTY-FREE—Effective January 1, 1954, single copies of catalogues, price lists and commercial notices showing the name of the foreign firm, in shipments weighing up to one kilogram (about 2·2 pounds) gross, are admitted into Belgium duty-free. Advertising printed matter in general, however, is dutiable—Brussels, Jan. 19.

This provision is the result of a decree of December 16, 1953, empowering the competent Benelux Ministers to admit certain kinds of advertising matter duty-free under conditions which they shall determine, as reported in Foreign Trade of January 30, 1954.

British Honduras

IMPORT LICENSING ANNOUNCEMENT—The Control Authority in British Honduras announced on February 13th that it will authorize the import of the following items from Canada and other specified dollar countries:

Meats
Fish, canned, dried, smoked, pickled and salted
Onions
Potatoes
Split peas
Cheese
Powdered milk and other canned milk
Animal feedingstuffs
Newsprint
Kraft paper

At the time of importation the importer must produce a certificate of origin in prescribed form.
All invoices, together with bill of lading and certificate of origin, have to be presented to the competent authority for the approval of exchange and release from Customs.

Greece

TARIFF ON ARTIFICIAL AND SYNTHETIC FIBRES REVISED—Effective January 11, Greek customs duties on artificial and synthetic textile fibres and manufactures of these fibres have been revised in conjunction with the introduction of a new tariff chapter covering these products. In the past they have been dutiable as commodities made of cotton. The new duties are somewhat higher than those applying to similar articles made of cotton.

At the same time, the Greek luxury tax on these products has been reduced, amounting to 22 per cent of the duty-paid landed value on pure long fibre manufactures and to lesser amounts on short fibre manufactures and on articles of certain mixed textiles containing fibres—Athens, Feb. 15.

Information concerning the new rates of duty and luxury tax may be obtained from the International Trade Relations Branch of the Department.

MARKING OF TEXTILES—All textiles imported into Greece now must have legibly stamped upon or woven into the selvage the name of the manufacturer, the country, and the yarn materials—all in the language of the country of origin. Percentages showing the relative proportion of mixed yarns are not required. These stampings or weavings must be repeated at suitable intervals but the spacing is not specified. The same regulation will apply to textiles manufactured locally—Athens, Feb. 16.

Recipients of the leaflet "Greece—Shipping Documents and Customs Regulations", compiled by the International Trade Relations Branch of the Department, may wish to note this provision on page four, paragraph one, of the leaflet.

Lebanon

GOODS SUBJECT TO PRIOR IMPORT LICENCE—A number of items have been added recently to the list of articles subject to prior import licence. The following list brings up-to-date information published in *Foreign Trade* of February 21, 1953.

Throughout most of 1953 importers did not experience difficulty in securing import licences for the majority of goods affected, but in recent months the granting of licences has come under closer scrutiny. For some commodities, an informal quota system has been introduced. Canadian exporters accustomed to selling on "payment against documents" or more liberal terms are advised to make sure that a licence has been granted before shipping goods.

For commodities not affected, import procedure remains as before—that is, import licences are granted freely at the time the goods arrive.

The revised list of commodities is as follows:

Wheat flour.
Animal fats, vegetable butter, oils, fatty acids, soap oils, clothes washing preparations in powder. (Castor oil is excepted).
Confectionery.
Chocolate and articles made therefrom.
Alimentary pastes.
Biscuits.
Jams, jellies, juices and syrups, preserved fruits and candied peel.
Beer.
Wines (except luxury wines including champagne).
Ethyl alcohol.
Edible vinegar.
Rubber soles and heels for footwear.
Wooden boxes for fruit packing.
Wooden and metal furniture and wooden and metal parts for buildings.
Wooden statues.
Cardboard.
Cigarette papers.
Yarns of natural silk, floss silk, and waste silk prepared for retail sale.
Crepes, georgettes and satins.
Second-hand clothing.
Footwear and prepared parts thereof.
Methanol (except for use in aircraft).
Oil paints.
Soap of certain kinds.
Matches.
Morocco goods and leather travelling requisites.
Tubes, pipes and stoves of cast iron.
Locks and padlocks.
Imitation jewellery.
Industrial machines for the establishment of factories, etc., of which the like already exists.
Taps and cocks.
Toys.

—G. F. G. HUGHES
Trade Commissioner, Beirut.

Data for Exporters

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

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

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

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

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

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

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

For conversion to United States dollar equivalents multiply by 1·03492.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. March 5	Notes (See below)
Argentina	Peso	Preferential buying	·1288	
		Basic buying	·1932	
		Preferential selling	·1932	(1)
		Basic selling	·1288	
		Free	·06955	
Austria	Schilling		·03716	
Australia	Pound		2·1755	
Belgium Luxembourg & Belgian Dependencies	Franc		·01933	
Bolivia	Boliviano	Official	·00509	
British West Indies	Dollar		·5665	(3)
	Pound		2·7194	(4)
	Dollar	Brit. Honduras	·6798	
Brazil	Cruzeiro	Official selling	·05134	tax 8%
		Effective buying	·03407	(2)
		Coffee buying	·04136	(5)
Burma	Kyat		·2029	
Ceylon	Rupee		·2040	
Chile	Peso	Official	·00878	(1)
Colombia	Peso	Basic	·3865	
Costa Rica	Colon	Official	·1721	(6)
		Controlled free	·1455	
Cuba	Peso		·9662	tax 2%
Czechoslovakia	Koruna		·1342	
Denmark	Krone		·1399	
Dominican Republic	Peso		·9662	
Ecuador	Sucre	Official	·06442	
		Free	·05569	
Egypt	Pound		2·7746	
Fiji	Pound		2·4499	
Finland	Markka		·00420	
France	Franc		·00276	(7)
French Africa	Franc		·00553	(8)
French Pacific	Franc		·01520	(9)
Germany	D Mark		·2301	
Greece	Drachma		·000032	
Guatemala	Quetzal		·9662	
Haiti	Gourde		·1932	
Honduras	Lempira		·4831	
Hong Kong	Dollar	Free	·1644	*Feb. 26
Iceland	Krona	Official	·05933	
		Special buying	·04568	
		Special selling	·03680	
India	Rupee		·2040	
Indonesia	Rupiah	Basic	·08476	(10)
Iran	Rial	Certificate	·01071	
Iraq	Dinar		2·7055	

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. March 5	Notes (See below)
Ireland	Pound		2·7194	
Israel	Pound	Effective basic	·9662	
		Premium	·5368	
Italy	Lira		·00155	
Japan	Yen		·00268	
Lebanon	Pound	Free	·3003	
Mexico	Peso		·1117	
Netherlands	Guilder		·2552	
Netherlands Antilles	Guilder		·5124	
New Zealand	Pound		2·7194	
Nicaragua	Cordoba	Effective buying	·1464	(11)
		Official selling	·1370	
		With Surcharge I	·1200	
		With Surcharge II	·09614	
Norway	Krone		·1353	
Pakistan	Rupee		·2920	
Panama	Balboa		·9662	
Paraguay	Guarani	Basic	·06442	(1)
		With Surcharge I	·04601	
		With Surcharge II	·03220	(12)
Peru	Sol	Certificate	·05240	
Philippines	Peso		·4831	tax 17% (2)
Portugal	Escudo		·03372	(13)
El Salvador	Colon		·3865	
Singapore & Malaya	Straits dollar		·3173	
South Africa (Union of)	Pound		2·7194	
Spain & Dependencies	Peseta	Basic buying	·04412	
		Basic selling	·08611	
		Basic commercial selling	·05883	(1)
		Free	·02481	
Sweden	Krona		·1868	
Switzerland	Franc		·2253	
Syria	Pound	Free	·2700	*Feb. 15
Thailand	Baht	Official	·07730	(1)
		Free	·04595	*Jan. 29
Turkey	Lira		·3451	
United Kingdom	Pound		2·7194	
United States	Dollar		·9662	
Uruguay	Peso	Official	·6361	
		Basic buying	·5428	
		Special buying	·4111	(1)
		Basic selling	·5085	
		Special selling	·3943	
Venezuela	Bolivar		·2884	(14)
Yugoslavia	Dinar		·00322	

* Latest available quotation date.

notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by $33\frac{1}{3}$ per cent, 100 per cent or 200 per cent depending on product.
11. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
12. Paraguay: Basic rate applies to most Paraguayan exports.
13. Approximately same rate for currencies of Portuguese Territories in Africa.
14. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

businessman's bookshelf

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