



3	What Goes into the Canadian Teapot?
	<b>The Tea Producers Report:</b>
6	India
8	Ceylon
10	British East Africa
12	Japan
14	Pakistan
15	Indonesia
16	Taiwan
18	China
19	The Market in Mincing Lane
21	Next Step for Sterling
23	Britain Frees Raw Fur Imports
24	Commodity Notes
26	South West Africa: a Growing Market
27	Trade and Tariff Regulations
29	Foreign Trade Service Abroad
34	Foreign Exchange Rates
36	General Notes

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# foreign trade

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**COVER** Tea starts its long journey from the tea garden to the teapot when, with skilled fingers, the plucker gathers "two leaves and the bud". For a report on tea in nine of the producing countries, and on the techniques of blending, packing and selling it, see pages 3 to 21.

## Tea for Canadians . . .

*ELEVEN MONTHS AGO, "Foreign Trade" featured a series of articles on "Coffee for Canadians". Not long after that issue appeared, we received a letter from an interested subscriber. "When," he inquired, "are you going to write about 'Tea for Canadians?'"*

*Last March, remembering his suggestion, we began to lay our plans for carrying it out. First came a talk with the Commodity Officer handling imported foods. After this, and a bit more digging into the statistics, we sent out letters to the Trade Commissioners in the countries from which we buy the tea that goes into Canadian teapots . . . letters that asked for a report on the past, present and future of the tea trade in their areas. The London office was invited to write about the great tea market in Mincing Lane, re-opened in 1951 after years of wartime and postwar inactivity.*

*As part of our own indoctrination, we visited one of Canada's largest and most modern tea-blending and packing plants. There we watched the tea chests stamped with the names of Oriental tea gardens transformed into bulk tea in its familiar aluminum foil package or into the ubiquitous tea bag. There too we learned about the tea drinkers' preferences and how tastes have changed with the changing years.*

*Gradually the story of tea in Canada began to take shape. From New Delhi and Colombo, from Karachi and Hong Kong, from Tokyo, Johannesburg and London, came the promised reports. Together they presented a picture of tea not only as an indispensable Canadian import but as the fifth in value among foodstuffs moving in international trade, with a vital influence on the economies of the countries in which it is grown.*

*Here, then, we present an up-to-date report on "Tea for Canadians", in the hope that tea importers and dealers—and tea drinkers—may find it both interesting and useful.*

—The Editor

*In tea chests like these, some 45 million pounds of tea came into Canada last year, to be skilfully blended, packed, and sold to thirsty consumers.*



—Malak

## What Goes into the Canadian Teapot?

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

CANADIANS HAVE BEEN brewing themselves pots of tea for more than 150 years. The first shipment to this country dates back even farther—to 1715, when three canisters of Bohea were put aboard the frigate *Hudson's Bay* consigned to HBC Governor James Knight at York Factory. In those days tea helped to keep out the northern chill. It still does; present-day Eskimos drink many mugs of it, thoroughly boiled and sweetened, in the course of their Arctic day.

### Tea-Drinking Habits

When it comes to the tea-drinking championships, however, Canadians aren't in the running. The doughty Dr. Samuel Johnson once drank forty cups at a sitting and the teapot still reigns as king in British kitchens. The United Kingdom uses each year half the world's tea; this works out at about 8½ to 9 pounds a year per person. Next comes New Zealand, with about 7½ pounds per person; Australia, 6½ pounds; Iraq, about 3½, and Canada, about 3¼ pounds. Far in the rear is the United States, about .65 pounds, though, because of the large population, it ranks second only to Britain as a market for tea and the producing countries look to it hopefully when they talk of expanding sales.

Canadians may not stack up as the world's leading tea drinkers but the three canisters of 1715 by 1953 had grown into imports of some 45.8 million pounds

a year at a cost of nearly \$20 million. The all-time record, however, was reached in 1950, when Canadians imported 55.1 million pounds, or some \$28.6 million worth.

Actually tea sales here have risen fairly gradually in the last twenty years, largely because of the rise in population. Coffee and soft drinks have offered stiff competition and, for this or other reasons, the average Canadian today uses less than the 4.66 pounds per capita of 1900. Here is the picture:

### Tea Imports into Canada

Three-Year Period	Average Population (in thousands)	Average Imports (in million lb.)	Per Capita Imports (lb.)
1934-36 .....	11,219	38.8	3.46
1938-40 .....	11,607	42.2	3.63
1942-44 .....	12,120	37.1	3.06
1946-48 .....	12,890	37.6	2.91
1950-52 .....	14,050	47.4	3.38
1951-53 .....	14,450	44.3	3.13

The table illustrates the gradual rise up to the outbreak of war, the drop in consumption under wartime tea rationing and the bulk purchase system used by the Allied nations, and the gradual postwar settling-down to relative stability.

Where does the tea that goes into the Canadian teapot come from? The short and simple answer is that the black tea we drink comes mainly from India and

Ceylon and the green tea almost entirely from Japan. This was true even at the turn of the century, though Japan then held the lead because of the prevailing taste for the green varieties, and Ceylon was in second and India in third place—the two latter supplying largely black tea, plus a small quantity of green. But the number of countries sharing in this trade has increased: in 1900 we bought from five countries only (Japan, Ceylon, India, China, and the Netherlands East Indies). Today we buy from 15, though one or two of the countries included represent re-export trade. Today the main suppliers—45.1 million pounds out of 45.4 million bought in 1953—are:

### Leading Suppliers of Tea, 1953

Country	Quantity (lb.)	Value \$million
<b>BLACK TEA</b>		
India .....	21.2 million	8.18
Ceylon .....	17.8 "	8.42
United Kingdom .....	4.3 "	2.17
British East Africa (including Nyasaland)	1.3 "	.54
Netherlands .....	.32 "	.15
Indonesia .....	.23 "	.10
<b>GREEN TEA</b>		
Japan .....	362 thousand	.126

Over the years some large producers have dropped out of the running and some late-comers have improved their position. China, the original home of the tea plant, sold Canada over four million pounds in 1900, only 185 thousand pounds in 1938, and a mere 520 pounds last year. Indonesia's share of the Canadian tea market has fluctuated widely, partly because of war. In 1920, we bought a record 8.5 million pounds from the then Netherlands East Indies; in 1942, only 56 thousand pounds, and in 1953, 234 thousand. Among the newer suppliers is British East Africa, with a modest 22 thousand pounds in 1938 and 1.3 million pounds last year. Lesser amounts of tea today come from Malaya, Taiwan, Pakistan, and the Belgian Congo.

### Tea Bush to Tea Chest

It is not climate alone that is responsible for the concentration of tea-growing in the Orient and in Africa. As a crop, tea requires plenty of manual labour both in the growing and the processing. Before it leaves the estate, the tea goes through a good deal of processing; only the simpler operations of blending and packing remain. One of our Trade Commissioners described operations as he watched them in a factory on a tea estate in Ceylon in this way:

"Newly-plucked tea leaves are brought into the factory in 50-lb. coir bags, then placed on fibre stages for withering, which is achieved by blowing hot air up from

—Arnott and Rogers.

Key figure in the tea trade is the man who samples and grades the teas and makes up the blending recipe. Here a skilled blender is smelling the infused leaves, after noting the colour of the liquor and before actually tasting it.

a dryer on the ground floor. After this process, which may take up to 24 hours, the leaves . . . are sifted five times to separate the fines from the bulk, then allowed to ferment for 2½ hours, before being passed for twenty minutes through a drying machine. The stems and over-matured leaves are subsequently removed by hand, and later the tea is automatically sifted over wire screens of different mesh, which separate it into its various grades." This description, of course, applies only to the preparation of black tea; for the green varieties, the fermentation stage is left out, and for oolongs, it is shortened.

When this processing is completed, the tea is packed into chests of three-ply veneer, lined with paper or aluminum foil and the edges of the chest then are sealed tightly with metal. There was a time when Indian and Ceylon bought plywood for tea chests from Canada. When the sterling area began to suffer from the dollar shortage they switched their purchases to non-dollar countries, mainly Scandinavian.

### The Tea Taster's Part

When the tea chests reach the Canadian importer, a key figure in the tea business takes over—the taster. The flavour of tea varies widely; high-grown teas differ from low-grown; Ceylon teas from the Indian or Kenya varieties. "As a rule", says one taster of long



experience, "the higher the garden, the better the tea. Even the seasons are a factor and teas from the same garden will vary in quality in different periods".

Fifty years ago teas were commonly sold unmixed but straight teas seldom make a satisfying brew. Today the Canadian tea companies—located mainly in Montreal, Toronto, Winnipeg, Vancouver, Saint John and Halifax, rely on the skill of the taster to produce a blend with both body and a distinctive flavour. Some blends contain teas from many different gardens; one large tea company usually has chests from 1,000 to 1,200 different tea gardens in its warehouse at any one time.

Samples from the chests coming into the plant go to the taster who proceeds to taste and grade them, with the aid of a highly trained and discriminating palate and a keen sense of smell. On each sample he marks in code his estimate of the tea's qualities. Later he makes up his recipe for the blend. Upon the taster rests the responsibility of keeping the brand up to standard and the cost reasonable. One authority describes the technique of blending as: "Choose a base tea, point up the flavour, then add body". Another puts it differently: "The main purpose of tea blending . . . is to meet consumer demand for a uniform product at a stable price". The resulting blend may contain as few as two varieties or as many as twenty.

Maintaining quality in a period of rising prices keeps the tea companies preoccupied these days. Actually the rise in tea prices has been neither as great nor as spectacular as with its rival, coffee. In 1904 a pound of tea retailed at about 20 cents. During the Second World War, the price was held steady at about 80 cents a pound; today the better qualities sell at about \$1.30 a pound retail, with others at about \$1.05 or slightly lower. A report in the London *Economist* of May 15, 1954, said that wholesale prices on the London auctions then were the highest in history and that the climb might continue, because of the heavy labour costs, export and excise duties that the tea-growers must carry. Oddly enough, a rise in the price of tea does not seem to influence unduly the amount people buy.

### Changing Tastes

Fashions in tea vary as they do in many other commodities and the tea companies must cater to the consumers' changing tastes. In grandmother's day and even later, the milder green teas and the delicate oolong had a decided edge over the stronger blacks. Blending had still to become standard practice. In 1900 about 65 per cent of the tea imported into Canada was green; by 1953 this had fallen to a mere 6 per cent. The war hastened the trend towards the

black varieties because trade with Japan, the principal source, was cut off. One of the largest tea companies in Canada brings in green tea today to sell in one market only, Quebec; some French Canadians still prefer it. Most of our green tea continues to come from Japan and is purchased through brokers there.

Of late years the tea bag has been basking in the merchandising spotlight. Tea importers in the United States have been celebrating this year the 50th anniversary of the tea bag; in 1904, a New York merchant apparently began putting samples of tea for his customers in small silk bags. Tea bags are said to have appeared in Canada about 1924 but began to be turned out regularly about 1936. After the war the gauze that was used originally went up sharply in price and the tea companies turned to the filter paper universally adopted today.

Sometimes the housewife wonders whether the bag masks an inferior grade of tea. To this the tea companies answer that the making of the bags calls for special machinery and the cost is worth incurring only for the better grades of tea.

The tea bag seems to be winning the popularity contest for two reasons—it simplifies the measuring process, and it can be disposed of so easily. This argument carries more weight with the city dweller than with her country cousin. About 37 per cent of the tea sold in Canada today is in the form of tea bags, but in urban areas like Toronto it rises to 60 per cent. The rate of use is going up, it is estimated, by about 5 per cent a year.

### Meeting Competition

A recent copy of the *Tea and Coffee Journal*, published in New York, carries an advertisement that runs: "The men who climbed to the top of Mount Everest were supplied with 1½ ounces of tea per man daily. This is equal to 18 cups of tea per day". This advertisement illustrates one of the potent factors in the tea business today—its well-timed and attractive promotion campaigns undertaken to step up the use of tea.

Some of the advertising is sponsored by the individual tea companies and some by the Tea Bureau here which has now become the Tea Council of Canada. This organization carries on an educational campaign for tea, with the aid of a travelling exhibit for schools, pamphlets, filmstrips, and direct advertising. In the United States, where tea imports in the first three months of 1954 rose 17 per cent above a year ago, much of the credit is given to the Tea Council's work there.

The reports that follow fill in the details of this broad picture, which has its beginning in the tea gardens of the Orient and its ending when the Canadian housewife "brings the pot to the kettle". ●

# India

*Tea production for 1954 season expected to total over 600 million pounds; industry has survived crisis of 1952, when falling prices forced marginal estates to close down, and has concentrated on quality.*

RICHARD GREW, *Commercial Counsellor, New Delhi.*

THE PRODUCTION OF TEA IN INDIA began when the monopoly of the China tea trade by the East India Company came to an end. It was in 1833 that the then Governor-General of India, Lord Bentinck, appointed a committee to enquire into the possibility of commercial tea production in India. Three years later, the first sample of tea grown in India was manufactured in a government experimental tea garden at Lakhimpur, Assam. In another two years, a 350-lb. sample shipment of Indian tea went to the United Kingdom and sold at the London auctions for 9s. 5d. per lb. The authorities in India came to the conclusion that tea could be profitably produced and in 1840 the cultivation of tea was turned over to private enterprise. Since then, it has expanded to become one of the most important Indian industries.

## Tea-Growing Districts

In the early years, tea cultivation was confined mainly to the upper part of Assam but in 1856 the tea plant was discovered growing wild in Cachar, another district of Assam. This indicated that it could also be grown in other parts of India and new capital was attracted to this infant industry. By 1859, there were at least 50 flourishing estates situated in Assam, Darjeeling, Cachar, Sylhet and other sections of this area. The cultivation of tea continued to expand because the supply could not keep pace with the demand. Toward the end of the last century, two new areas came into production in South India—in the Nilgiri Hills of Mysore State and what is known as the High Range in the northern part of the State of Travancore-Cochin. These two areas at present produce approximately 25 per cent of the total Indian output.

By 1870 tea cultivation was firmly established and has continued to develop. Acreage, which in the 1870's was approximately 200 thousand, is today in the neighbourhood of 800 thousand acres.

The importance of the tea industry to India is easy to understand. Taking the annual production to be approximately 600 million lb., about 75 per cent of this is exported with the result that, next to jute goods, tea is the most important foreign exchange earner. In the calendar year 1953, exports were valued at Rs.1,031 million,\* of which Rs.110 million were hard

currency earnings. The industry employs about one million workers, many of whom (the pluckers, for instance) are highly skilled in their work but for whom it would be difficult to find other employment. In addition, the industry contributes substantial amounts to both central and state exchequers in various taxes and other levies and the transport agencies benefit from the movement of stores to the gardens and tea to the distribution centres of Calcutta and Cochin. If the price of tea is unprofitable to the producer—as in 1952—an important segment of the economy of India is seriously affected.

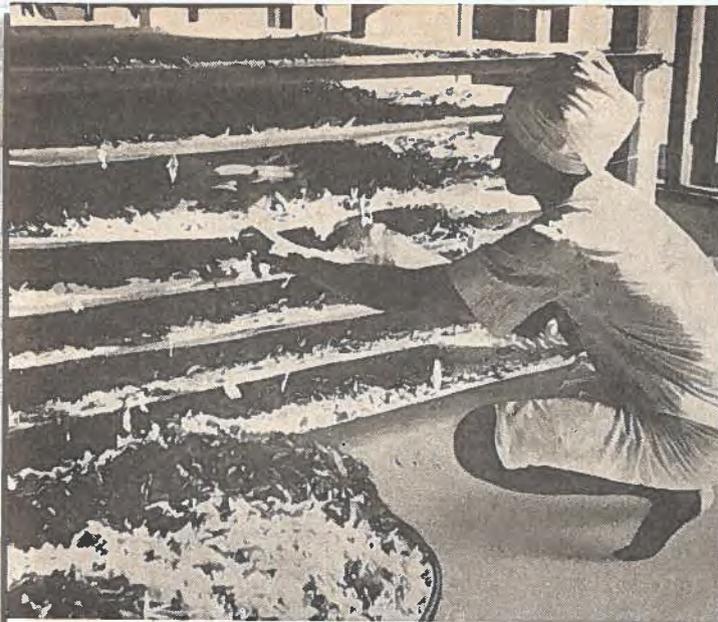
Production has shown a steady rise—from 369.3 million lb. in 1934 to 629.1 million in 1951. During the past two years and probably for 1954 as well, production has been and will be over the 600 million mark, although it will not quite equal the 1951 figure. Production in the South India tea-growing districts appears to be expanding faster than in North India. In 1939, the South India yield accounted for 20 per cent of the total Indian production; in 1953, this increased to 25 per cent. The tea produced in the South is more similar to Ceylon than to North India tea perhaps because the tea estates in the South and Ceylon are generally situated at higher elevations.

## Crisis in 1952

In 1952, the tea industry passed through a crisis which necessitated the closing down of a number of marginal estates. Prices throughout the year were unsatisfactory and for North India tea averaged 35.94d. per lb. compared with 43.9d. in the previous year. Since 1952 prices have shown steady improvement, the average in 1953 equalling that of 1951; for the first four months of 1954, the average was 53.22d. This improvement was the result partly of an increased demand in world markets and an announcement that the export quota would be reduced, and partly of the efforts made by the industry to improve the quality. To step up the quality meant a decline in total production from 620 million lb. in 1952 to 608 million last year. The decline occurred entirely in North India—some 20 million lb.; South India increased its output by almost 8 million lb.

As a result of the better conditions in 1953 and of government measures, most of the tea estates that had been forced to close down during the previous year

\* One rupee—approximately 21 cents Canadian.



—Tea Bureau

*When tea from the gardens reaches the factory, it is spread on "tats", made of tightly-drawn hessian cloth, for withering. Air passes through the leaves for 12 to 24 hours and the moisture evaporates, leaving them soft and flaccid.*

The industry now appears to be on a much firmer basis, with future prospects encouraging and with little likelihood that prices will decline appreciably. Some concern has been expressed over the severe drought in the Northern tea districts which may affect both the quantity and quality of teas grown there. However, the industry anticipates increased demand from a number of important consuming countries. In the United Kingdom, supplies are considered low and will have to be replenished. Increased demand is expected from both the United States and Canada as the result of the high coffee prices.

were able to commence operations again and by the end of 1953, only 14 gardens (employing less than 14,000 workers) remained closed. Prices have continued to advance during the first months of the current year, and additional gardens may have re-opened.

The sale of Indian tea is mainly handled by auctions. Roughly 50 per cent is sent on consignment to the London auctions; most of the remainder is sold at auctions in Calcutta for North Indian tea and at Cochin for South Indian tea. For purely domestic consumption, the tea gardens sell direct to the trade.

### Market Disrupted

From the beginning of the war until April 1951, trade with the United Kingdom, which has always been the most important market, was entirely handled by a bulk purchasing agreement whereby the Ministry of Food was the sole buyer of tea for consumption in the United Kingdom. Since then, the trade has reverted to private commercial channels more or less as in prewar days.

Considerable disruption of the market occurred following this change-over and the decline in prices during 1952 is partly attributed to this. For one thing, as long as the bulk purchasing system continued, producers were assured of a market even for poor-quality teas. Large stocks of medium quality and cheap teas were held both in the United Kingdom and Calcutta. In addition, with the decontrol of tea, the Ministry of Food had approximately 70 million pounds of medium-quality teas to unload. Until these stocks had been liquidated, buyers did not show much interest. It would appear that during 1952 these stocks of low-quality teas were gradually absorbed and though producers suffered, there were compensations in the following year, with prices tending to advance. In addition, greater attention was given to the production of better-quality teas.

### Where Tea Exports Go

The United Kingdom is by far the most important market for Indian tea and accounts for approximately 75 per cent of the total. Figures are not available, but it is believed that a considerable portion of the United Kingdom imports are re-exported.

The following table shows the quantity and value of Indian tea exports for the calendar year 1953, together with the principal buyers.

	Quantity (million pounds)	Value (million rupees)
United Kingdom .....	355.3	732.6
United States .....	29.4	65.1
CANADA .....	22.2	48.7
Irish Republic .....	20.7	44.4
Egypt .....	18.0	35.0
Netherlands .....	6.2	13.3
Australia .....	6.2	11.5
Sudan .....	5.4	7.4
Kuwait .....	4.9	8.9
Bahrein .....	4.6	8.6
Turkey .....	4.4	10.5
Germany .....	3.8	10.0
Iraq .....	3.0	5.7
New Zealand .....	1.5	3.4
Chile .....	1.4	2.4
Others .....	7.3	14.5

The 1954 crop was originally estimated at about 630 million lb., or 22 million more than the previous crop and roughly equal to the record crop of 1951. However, drought in the Dooars district, an important producing area in Assam, has diminished prospects of a large first flush and it is calculated that the output is about seven to ten million lb. below production at this time last year. There is the compensatory factor that prices are less likely to decline and current prices are considered satisfactory.

In October 1952, India withdrew from the International Tea Market Expansion Board which was responsible for external propaganda for the sale and consumption of tea. In its place, the Central Tea

Board was established and, in co-operation with other important tea-producing countries and the tea interests in the United States, formed the Tea Council of the U.S.A. The Council consists of representatives of India, Ceylon, Indonesia and the United States. Established in March 1953, it takes some credit for the fact that imports of tea into the United States increased from 94.6 million pounds in 1952 to 105

million in 1953. Negotiations have been completed for the establishment of similar Councils in Canada and Germany; negotiations are under way in Ireland and the Netherlands. The Tea Board participated in the Canadian International Trade Fair in 1953 and also sent a delegation to the United States and Canada during September and October of last year.

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## Ceylon

*About one-third of Ceylonese tea crop goes to Britain, but Canada and the United States are buying increasing quantities. Industry is tackling with determination problem of rising production costs.*

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

ABOUT 39 PER CENT OF THE TEA which Canadians drank in 1953—or nearly 18 million pounds—came from Ceylon, yet it was only 75 years ago that tea-growing was undertaken seriously on that tropical island. In 1870 a devastating blight attacked Ceylon's coffee trees and the hard-hit planters switched to tea. Within thirty years, the 280 acres planted to tea in 1873 had expanded to 380 thousand acres. Today Ceylon has over 572 thousand acres in tea, produces about 343 million pounds a year, and sells 336 million pounds abroad. In fact, tea accounts for 56 per cent of the island's total trade revenue and 66 per cent of her dollar earnings.

Originally, individual European planters owned most of the tea estates but as time went on, they either sold out to limited liability companies operated from London or formed such companies themselves, with agents in Colombo to manage and supervise the business. That was the beginning of the large Colombo agency houses, which now hold an important position in the industry.

### Types of Tea Produced

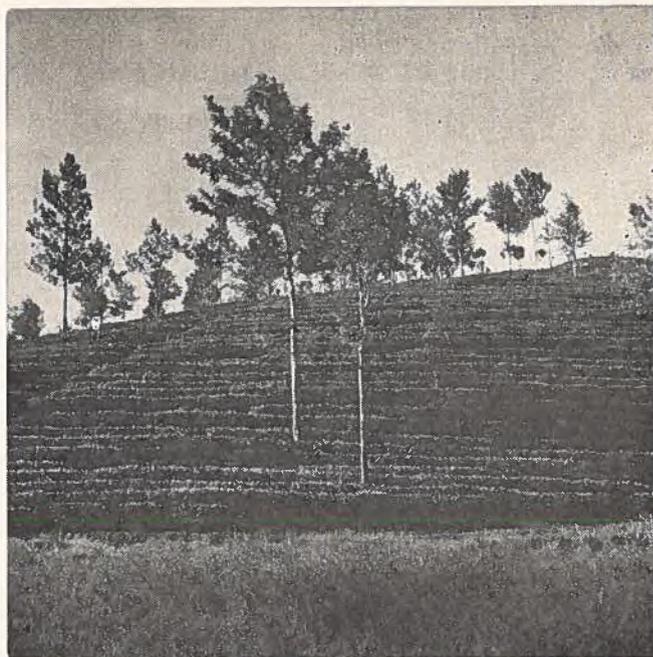
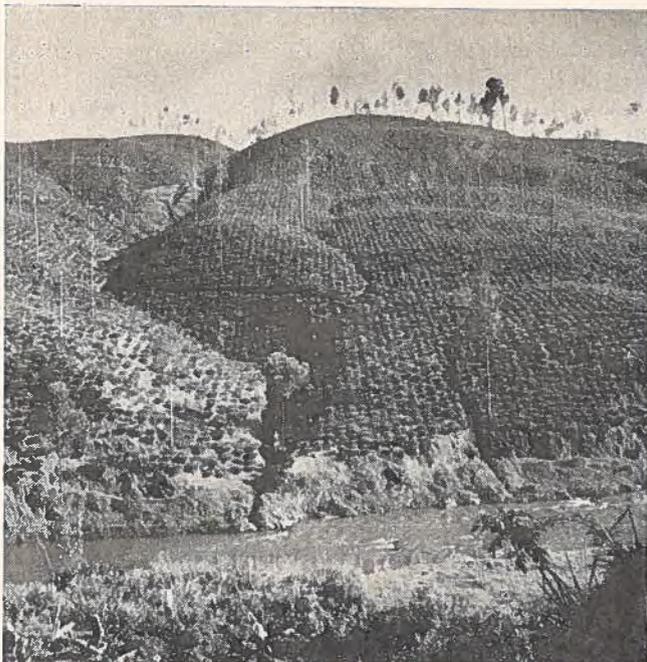
Tea-growing in Ceylon is concentrated on the upland slopes in the Central Province and Uva, though there are extensive estates also in the Kelani Valley in the southwest; the altitude and the climate combine to produce the world's finest teas. A tea estate may vary from 10 to 3,000 acres and each of Ceylon's 2,500 estates is more or less a self-contained community, providing not only employment but also housing, medical and welfare services, and recreation for its workers.

Ceylon teas fall into three classes, according to the altitude at which they are grown—"high-grown", over 4,000 feet above sea level; "medium-grown", between 4,000 and 2,000 feet; and "low-grown", below 2,000 feet. About 25 per cent of the tea is high-grown and 45 per cent medium-grown. Generally speaking, the higher the elevation, the better the quality of the tea because it grows more slowly. Tea is harvested all year round, but the quality of the tea from each individual estate varies with the weather; the finest teas from the Uva, Maturata and Haputale districts are produced in August and September, when high winds sweep over the area following the southwest monsoon.

When the time is ripe, expert pickers pluck "two leaves and a bud" from the low-pruned bushes and the tea goes to the factory for processing. After it comes from the dryer, the tea is sifted and graded as either Leaf Grades (Orange Pekoe and Pekoe) or Broken Grades (Broken Orange Pekoe, Broken Pekoe, Fannings and Dust). Actually, the grade of tea has little or nothing to do with the quality and all grades can be made from the leaf of the same tea bush, depending on the methods used in the factory. The postwar trend seems to be towards Broken Grades and Fannings, which give a quicker brew and a stronger liquor. As a result, various devices are being adopted to increase the percentage of small leaf in manufacture.

### Marketing the Crop

The export and marketing of the tea produced in Ceylon are concentrated in Colombo. When the tea comes into Colombo from the estates, it is either sold at the weekly auctions there or shipped to London for sale; only comparatively small quantities go direct to



Ceylonese tea gardens today face the problem of soil conservation. The old method of planting tea (left) was in rows down the hillside; now experts are urging that it be planted on the contour, as seen on the right, to check erosion.

overseas buyers on private contracts. At present, about two-thirds of the total crop passes through the Colombo auctions and tea for domestic use (only about 15 million pounds) is also bought there.

Before the war, only one-third to one-half of Ceylon tea went to the Colombo auctions, but the wartime closing of the London tea market gave Colombo a new importance and changed the marketing pattern. To maintain the city's position as a world centre for quality teas, the Government restricted the amount of tea which could be shipped to the London auctions, after their re-opening in 1951.

The United Kingdom buys nearly one-third of Ceylon's tea crop but the United States and Canada are becoming more and more important as dollar markets. Both

are buying large quantities for blending purposes. Australia, New Zealand, Egypt, and South Africa are also good customers, as the table below shows. In fact, last year the two Anzac countries bought 17 million pounds more Ceylon tea than ever before. Iraq too became a good customer, buying 21 million pounds.

Since 1935, when the average price for a pound of tea at the Colombo auctions was .64 rupees, the trend has been up; by 1950 it reached a high of 2.07 rupees\* a pound. The 1953 price, on the average, was 1.91 rupees. Ceylon tea must face stiff competition in world markets and this brings home to the industry a pressing problem—how to keep up quality and, at the same time, reduce production costs to make their teas competitive. This particular problem breaks down into two main parts:

### Ceylon Tea Export Trends

Export (in million lb.) to:

Average over the five-year period	U.K.	U.S.A.	Canada	Australia	New Zealand	Egypt	South Africa
1937-41 .....	143	23	12	10	11	4	11
1938-42 .....	140	22	12	9	12	5	11
1939-43 .....	145	26	12	13	11	5	12
1940-44 .....	143	29	12	15	10	7	11
1941-45 .....	133	32	12	19	10	8	10
1942-46 .....	131	35	11	25	9	8	9
1943-47 .....	133	36	14	31	8	11	10
1944-48 .....	119	37	14	33	10	16	11
1945-49 .....	116	36	15	35	11	18	14
1946-50 .....	113	37	17	36	12	21	16
1947-51 .....	107	35	19	36	14	24	18
1948-52 .....	109	39	19	38	13	25	18
1949-53 .....	111	39	19	41	13	23	20

\* One Ceylon rupee today=approx. \$.2084 Canadian.

● The growing cost of labour. Tea is a crop which requires a great deal of manual labour and the Ceylon tea estates employ about 521 thousand people. Since 1954, the average daily wage for men has more than doubled and for women and children it has also risen, but not so steeply. In addition, the estates have to supply housing, water, and medical attention for their workers. Several estates are making attempts to instal more machinery in the tea factory and are experimenting with mechanical pluckers. One of the objections to these pluckers is that they cannot pick selectively and this is a threat to the vital job of keeping up the quality.

● The replanting of old areas. Most of Ceylon's tea bushes are over fifty years old and many need to be replaced by new plantings—though this is an expensive business. The average yield per acre also needs to be stepped up and the smaller estates integrated into more economical producing units. A recent study revealed that, by 1951, "the probable cost of opening an estate in Ceylon and bringing it to maturity had risen to around £500 an acre".

Active in finding solutions to all these problems is the Tea Research Institute at Talawakelle, some 4,500 feet above sea level, in the centre of one of the most famous tea-growing districts. Supported by a levy on all tea exported from the island, the Institute studies the producers' problems in its laboratories and on its own 400-acre estate. It investigates how to maintain the fertility of the soil, the protection of the tea from weeds and pests, and the propagation of high-yielding, high-quality teas. Everywhere, in fact, the emphasis is on quality. One of the Institute's main achievements was the effective control of blister blight, which suddenly appeared in 1946. It also had great success in controlling a pest called Tea Tortrix by introducing a parasite found in Java.

As far back as 1900, Canada was buying nearly seven million pounds of Ceylon tea; in these postwar years, annual purchases from Ceylon have averaged about 19 million pounds. Canada thus has a real interest in the tea industry that has grown up on the Ceylonese hillsides within the last century.

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## British East Africa

*Late starters in the tea-growing business, these colonies have now become Canada's third supplier. Large part of tea produced is sold in British East Africa; Britain is main foreign market.*

K. F. NOBLE, *Trade Commissioner, Johannesburg.*

### Uganda

THE TEA PLANTATIONS of Uganda are based on the Dahootea strain brought as seed from India, but with somewhat altered characteristics. Small-scale planting was begun about 1909 and the climate and the acid soil favoured the growth of a tea industry. Up to the outbreak of the Second World War most of the tea produced was sold at home, because the Baganda early acquired the tea-drinking habit. In 1939, about 672 thousand pounds were produced and only 263 thousand exported; by 1951 production had risen to 4.2 million pounds and exports to 1.8 million.

In the postwar years, the area under tea has increased but not at a rate to match the increase in production. It is estimated that by 1953 the rise in acreage was 250 per cent over 1939, and the increase in production 320 per cent. Normally, the yield per acre is about 800 pounds of made leaf, though occasionally it reaches 1,000 pounds.

Altogether, Uganda has about nine main tea factories using standard tea-making machinery. Time was when small processors did some of the rolling by hand or used home-made wooden rollers. However, since the decline in the price of poor-quality teas early in 1952, producers have been employing better processing methods to improve the proportion of high-quality teas turned out.

### Overseas Sales Steady

During the past few years, exports have remained fairly steady at about 1.6 million tons a year. Overseas sales are made either by private contract between producers and the local representative of overseas merchants, or on the London auctions. About 50 per cent of the tea produced is sold in British East Africa through the Associated Tea Growers of East Africa.

## Kenya

TEA RANKS as a relative newcomer in Kenya for, although tea seeds were first planted there in 1903, tea-growing on a large scale dates back only to 1921. From 1925 on, planting went forward briskly until, by 1933, over 12,000 acres were in tea. In that year the producing countries who were members of the International Tea Agreement, including Kenya, agreed on a restriction scheme and new plantings were kept within limits.

After the war, the Kenya Government withdrew from the International Tea Agreement and from 1948 on, widespread expansion took place. Latest figures reveal that Kenya's tea estates covered about 21,754 acres at the beginning of 1954, chiefly in Nyanza Province and in certain parts of the Central Province.

Kenya produces a black tea, described by the trade as a "boldish leaf of fair strength and quality". Last year's crop went down from the five-year average of 13.3 million pounds to 12.9 million, largely because of severe drought in several districts. Normal rainfall during the second half of the year improved conditions and new bushes were planted to replace losses.

### Markets and Prices

Normally, Kenya growers set aside about half of the tea they produce for the domestic East African market and export the remainder, chiefly to the United Kingdom. In 1953, 47 per cent of the crop was sold abroad, about 6 million pounds. Leading purchasers in 1952 (a more normal year) and in 1953 were:

	1953	1952
	<i>(in thousand pounds)</i>	
United Kingdom .....	3,530	7,969
Sudan and Egypt .....	1,017	1,842
United States .....	714	546
Canada .....	584	1,003
Other Africa and foreign .....	1,409	441

Canada's purchases of Kenya tea have varied of recent years from the low of 584,570 pounds in 1953 to a high of 2,364,880 pounds in 1950.

Last year on the London tea market, where most of Kenya's tea is sold, prices of common teas reached a new high and the average price for "Kenya" was 3/5d. per pound. This brought pressure for an increase in the wholesale price of tea sold on the East African market. Under a new agreement, which came into operation on January 1, 1954, the price was raised to provide a higher return to the producers on tea sold to domestic buyers.

Kenya is the site of the Tea Research Institute of East Africa, maintained by grants from the Tea Boards of Kenya, Uganda and Tanganyika. These grants come mainly from a levy on manufactured tea.

## Tanganyika

TEA IS GROWN in Tanganyika by European planters, largely in the Mufindi and Tukuyu districts of the Southern Highlands Province and in the Usambara area of Tanga Province. German settlers pioneered the tea estates in the Mufindi area after the First World War; during the Second World War they were managed by the Tanganyika Tea Company, which has since acquired them. In Tukuyu, tea began to replace coffee as a crop about 1932; the Usambara ranges have become important producers of late years. To ensure that only suitable land is used to grow tea, the Director of Agriculture must issue a licence, good for five years, before any new planting is undertaken.

By the end of 1953, some 10,493 acres were devoted to tea cultivation, 1,843 acres more than in 1949. The industry has achieved this growth despite periodic shortages of labour, high transportation charges, and rising production costs. Originally, tea was grown on small estates individually owned, but modern processing methods demand heavy expenditures on efficient factories and the trend is towards larger, company-operated units. The yield of made tea is about 350 to 400 lb. per acre.

### Sales Abroad

Exports of Tanganyika tea have risen steadily in the past twenty years, as the following figures show:

	<i>Exports</i>	
1931 .....	.....	1,000 lb.
1939 .....	.....	400,000 lb.
1941 .....	.....	1,400,000 lb.
1953 .....	.....	2,760,954 lb.

The tea goes mainly to three countries—the United Kingdom, the United States, and Canada. Not all the tea produced in any one year is sold during that year; normally, there is a carryover. About 98 per cent of local production is exported and the domestic market uses lower-grade teas from adjoining colonies.

Prospects for the present crop are excellent and production is still on the up-grade. Prices seem stable and the sales outlook unclouded.

## Nyasaland

TEA-GROWING in the Nyasaland Protectorate,\* which now forms part of the Central African Federation, centres in the Mlanje and Cholo areas in the Southern Province. There high rainfall and a fertile, acid-type soil favour its cultivation and the "made" tea can go by rail to the port of Beira, Portuguese East Africa, for shipment abroad.

\* Until January 1954, Nyasaland was, for statistical purposes, included in British East Africa.

The first successful experiment plantings were made near Blantyre about 1888 and by 1911, some 2,500 acres were in production and exports had reached 40,000 pounds. The 17,519 acres planted in 1938 had grown to 23,362 acres in 1953 and, in the past few years, annual exports of made tea have averaged 14 to 16 million pounds. Yield per acre stands at about 850 pounds of made tea and the value of the crop approaches £2 million a year.

About 90 per cent of Nyasaland's tea goes to London for sale at the tea auctions there; smaller quantities are bought by dealers in South Africa and Southern Rhodesia, and the remainder is used in Nyasaland. Because it is a medium Ceylon type well suited to blending with other varieties, Nyasaland tea remains

in good demand. This is reflected in a sharp price rise from about 3s. 4d. per pound in July 1953 to an average price of 4s. 7½d. for all grades at recent sales. Prices will probably continue close to this level, with the current crop expected to reach about 16 million pounds, slightly more than last year.

The tea industry here has few problems, though sometimes labour runs short at the peak harvesting periods. New acreage planted since the war is beginning to come into full bearing and expansion is continuing in suitable areas. A government tea research station carries out research into tea culture under local conditions, with the objective of improving both the quality of the crop and the yield per acre.

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## Japan

*From Japan comes nearly all the green tea used in Canada. Consumers in most countries, however, now prefer the black types and this has depressed prices for Japanese green tea and affected exports.*

R. F. RENWICK, *Assistant Commercial Secretary, Tokyo.*

IN JAPAN, tea is more than a national beverage—it is an institution. At a conservative estimate, 87 million Japanese drink 260 million cups of tea a day; the figure is more likely 450 million cups a day. No restaurant patron thinks of ordering until he has taken a few experimental sips from the free cup of "Ocha" and a guest at a Japanese inn fully expects and receives a cup of tea with his introduction to a room. Hospitality in a Japanese home or business office is synonymous with the traditional cup which is rarely if ever omitted, no matter how modest the home or how inconsequential the purpose of the call. Tea has long had a cultural and even a religious significance in Japan, as demonstrated by the elaborate rules of etiquette which govern the four-hour ritualistic tea ceremony.

### Tea-Growing Dates Back

No one really seems to know when all these customs had their beginning. It is recorded that the good monk Gyoki (658-749 A.D.) planted tea shrubs in his temple gardens. The Emperor Shomu gave some "Hiki-cha" (powdered tea) to 100 priests whom he summoned to a four-day reading of the Buddhist scriptures at the Imperial Palace in the sixth year of

the Jinki Era (729 A.D.). It is generally recognized that these early import records, plus the much longer history of tea in China, indicate that Japanese tea was introduced from other countries and that present wild tea shrubs once escaped from cultivated tea gardens.

### Producing Areas

Today Japan ranks fifth among the nations as a tea producer and cultivation is carried on in 43 out of 46 prefectures. It is mainly concentrated, however, in Shizuoka, Kagoshima, Mie, Kyoto, and Kumamoto Prefectures, all lying to the southwest of Tokyo on the main island of Honshu. More than half the total is grown in Shizuoka Prefecture and Shimizu, the seaport serving this area, is practically the only port in Japan exporting tea.

Tea thrives in the humid climate and on the relatively infertile volcanic ash soils. Good drainage is necessary and the multitude of hillsides in Japan are used to good advantage. Most of the tea in Shizuoka Prefecture is grown on areas exposed to the full sweep of the weather moving in from the Pacific—places where other crops would fail or at best give a poor growth. The crop has a special value to Japanese farmers

*These pickers are at work in a typical tea garden in Shizuoka Prefecture, southwest of Tokyo on the main island of Honshu, where more than half of Japan's tea is grown. Three or four crops can be harvested between May and September.*

because plantings can be made successfully on small plots or on land unsuitable for other types of cultivation. The three crops—or, with good weather, four crops—that are harvested between May and September help to supplement the income of many Japanese.

### **Types and Extent of Production**

Both green and black tea are produced in Japan, but the former is much the more important because it is universally used by the Japanese. Green tea is roughly classified into two types—shaded and unshaded. The shaded tea is manufactured from tender buds picked from plants grown temporarily under shade and termed “Gyokuro”, but “Sencha” (unshaded) is the ordinary tea common to every household.

Back in 1892 some 148,744 acres were devoted to tea culture—the all-time record. Since then the area planted to tea has gradually decreased. The average for 1931-40 was only 96,000 acres; this dropped to a low of 60,160 acres in 1946 but recovered to about 90,000 acres by 1952. Despite the gradual reduction in acreage, total production increased from 27,044 metric tons in 1892 to 61,865 metric tons in 1941, thanks to improved cultivating methods and increased use of fertilizers. Output dropped drastically during the war because the land had to be used for food crops, but increased to 33,750 tons by 1948. It reached 56,100 tons in 1952 but went down again to 43,270 tons in 1953.

### **Exports—Green and Black**

Tea ranked second only to silk in export value of Japanese agricultural crops before World War II. However, in 1953 tea as an export was outranked by wheat flour, monosodium glutamate, and miscellaneous products, but still earned close to \$8 million in foreign exchange out of a total of \$130 million for exports for all types of food and beverages. Prewar, considerable quantities were exported, the greatest proportion to the United States. Total annual exports for the period 1936-40 averaged 20,439 metric tons. Since the war, exports have varied; they fell to a low of 3,088 tons in 1947 but recovered some lost ground by 1953 when 12,296 tons were shipped.

Exports to dollar markets increased sharply in 1953. The United States imported 3,807,167 lb., up 1,179,480 lb. over 1952. Canadians took 485,844 lb. compared with 337,206 lb. in 1952. Mexico entered the market for the first time, buying 208,950



lb., but practically all of it was Japanese black tea. Exports of this variety increased from 243,970 lb. in 1952 to 2,028,028 lb. in 1953 and is an encouraging factor in Japan's efforts to regain prewar tea markets by improved species and expansion of gardens planted to black tea.

To replace the lost green tea market in the United States, outlets are being developed in the Near East, Arabia, and North Africa. French Morocco was the principal market in 1953, taking 8,282,532 lb., followed by Algeria (7,269,141 lb.), Tangiers (1,967,479 lb.) and French Indo China (1,728,100 lb.). Libya, Hong Kong, and Afghanistan are other important markets but Egypt, formerly a large outlet for green tea, now imports black tea exclusively.

### **Expansion of Markets Unlikely**

Expansion of Japan's overseas markets for green tea appears unlikely in view of the growing world-wide popularity of and preference for the black variety. The export demand for green tea has suffered because of drastically decreased consumption in the United States, Japan's largest prewar market. Tea consumption in the U.S. has increased by 147 per cent in the postwar years, but sales of green tea have fallen by 75 per cent, in spite of efforts by the Japan Tea Exporters' Association to increase exports. In the meantime, and partly because of Japan's domestic austerity program, prices of the 1954 crop of green tea have dropped 30 per cent from last year to a postwar low of 68 cents per pound. Producers at least may reflect happily on their domestic market, growing at the rate of 1½ million persons a year, and on the fact that the Japanese still prefer Japanese tea. ●

# Pakistan

*East Bengal produces enough tea to provide 2 to 4 per cent of Pakistan's foreign exchange earnings; crop in current tea year is expected to be good and prices for teas are still rising.*

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

IN PAKISTAN, tea is grown in the Chittagong hill tracts and in the Sylhet district of East Bengal, adjoining the tea-growing areas of Assam in India. In other tea-producing countries, the crop is grown chiefly at high altitudes but Pakistan's tea gardens are situated approximately 50 to 60 feet above sea level in a hot and humid atmosphere. The better quality teas come as a rule from higher and cooler altitudes, but the tea grown during the monsoon in East Bengal produces a larger crop. Harvesting begins in March and finishes towards the end of November. When the monsoon rains cease, the tea plants become dormant.

Pakistan tea is noted for its pungency, strength, good liquoring qualities and satisfactory appearance. It is, however, most suitable for use in blending because it gives body and colour to higher quality teas.

## **Production and Export Quotas**

The partition of the subcontinent of India into India and Pakistan brought the Pakistan tea industry a number of problems. The creation of new boundaries and the obligation to pay both Pakistan export duty and Indian import duty meant that the Calcutta auctions, to which in the past their teas had been sent were virtually closed to Pakistan tea producers. A further difficulty was the migration to India of the Hindus, who owned 10 per cent of the tea estates.

East Bengal has 135 tea gardens and about 70 per cent of the tea acreage is owned by foreign joint stock companies which produce about 80 per cent of all Pakistan teas. Pakistanis produce about 5 per cent and Hindu joint stock companies the remainder. Since partition in 1947, tea acreage in Pakistan has varied between 75,000 and 81,000 acres and annual production between 41 and 54 million pounds. Pakistan has been and continues to be a member of the International Tea Agreement, with an annual export quota fixed at 47.5 million pounds. Because of the increasing domestic consumption of tea, which has risen from about 13 million pounds in 1948 to about 30 million pounds in 1952, this quota has not been met. To assure sufficient supply for home consumption, the Pakistan Government has recently announced that for the crop year 1954-55 it will restrict the export allocation to 32 million pounds.

Tea provides from 2 to 4 per cent of Pakistan's total foreign exchange earnings—modest in comparison with the two principal cash crops of the country, jute and cotton, which bring in over 80 per cent of the foreign exchange earnings. More than 90 per cent of the tea which Pakistan exports goes to the United Kingdom—and this represents about 8 per cent of the tea which Britain uses. Annual exports to the United Kingdom total about 22 million pounds, although exports could be increased because British tea blenders like to incorporate about 10 per cent of Pakistan teas in their blends. Other markets for Pakistan tea include the United States, Ireland, and some of the Middle Eastern countries. Canada's imports of Pakistan tea for the past five years have varied; in 1951 she bought over a million pounds compared with no purchases of these teas in 1949. In 1953, imports of Pakistan tea totalled approximately 50,000 lb. Pakistan is interested in exporting tea to a larger number of markets, because it would prefer not to depend largely on one outlet.

## **Influences on Price**

Some of the difficulties faced by tea producers after partition have been overcome; tea auctions are now being held in Chittagong with a turnover of 20 million pounds a year. Because Pakistan, in comparison with India and Ceylon, is a small-scale producer, the price of its tea is regulated largely by the ruling prices for Ceylon and Indian teas. At the time of general sterling devaluation in 1950, Pakistan did not devalue the rupee. This has had serious repercussions on the tea industry; Pakistan's prices automatically became much higher than those of India and Ceylon and its tea producers found it difficult to cut production costs enough to bring prices into line with these competitors. For this reason the Government assisted the tea producers by reducing the export duty on tea in September 1952 and subsequently by suspending the duty entirely until March 31, 1955.

During 1950 and 1951, world tea prices slumped and Pakistan teas had to be sold at prices far below the cost of production. At one time the net price in London was approximately 6 annas per pound, in comparison with production costs of approximately Rs.1-2-0. In 1953, prices for Pakistan teas began to rise and



*Workers on a Pakistan tea estate inspect baskets of tea seeds. Tea plants are usually started from seed in nurseries and transplanted at nine to twelve months, 3,000 bushels to the acre.*

they are still climbing. This has helped local tea producers to recoup losses suffered during the slump and has enabled them to intensify the use of ammonium sulphate fertilizer and to expand tea plantings in line with the annual 1 per cent increase permitted under the International Tea Agreement. Current profits are also being used to install modern mechanical tea-processing equipment.

#### **Packing and Export**

Pakistan tea exports are reputed to be of good quality and the best type of packing material is used; the Government has permitted the import of tea chests, fittings and foil to make this possible. Unfortunately

for Canadian plywood producers, purchase of the 500 thousand chests required each year is confined to the sterling area.

The larger tea-producing companies often supply their teas directly to private blenders and packers abroad. Others ship to tea brokers in the United Kingdom for sale at the London tea auctions. The Chittagong tea auctions deal largely in tea destined for domestic consumption but some tea for export is also handled there.

There is a small carryover of unsold tea at the present time, probably not more than three million pounds. The crop for the current tea year is expected to be good as rains started early and the tea planters were able to apply large amounts of ammonium sulphate.

Pakistan is endeavouring to build up tea production to meet growing domestic requirements and provide the maximum amount for export under the International Tea Agreement. The Government is assisting producers in a number of ways and tea is also being grown experimentally in the hilly part of the North West Frontier Province in West Pakistan.

## Indonesia

*Wartime destruction of her tea estates has cut back Indonesia's tea exports sharply. Despite gradual recovery, the country is producing barely half as much tea as it did in prewar days.*

EARLY IN THE 19TH CENTURY, about the time that tea was becoming established in India, the Chinese type was introduced into the mountainous districts of West Java. Gradually, Indian plants replaced the Chinese ones and a commercial tea industry grew up in Java and Sumatra. On these two islands the tea bushes flourish at elevations of 2,000 to 6,000 feet, helped by fertile soil and an abundant rainfall. The tender new leaves are plucked from the tea plants about every ten days the year round. Indonesian tea is classified as "light liquoring".

#### **War Disrupts Industry**

In the year that brought the outbreak of war, 1939, Indonesia (then the Netherlands East Indies) was producing nearly 184 million pounds of tea a year valued, on the average, at \$4.3 million. In fact, she

was the world's third exporter of tea (18 per cent of total world exports), surpassed only by India and Ceylon. Then the Japanese invasion swept over the islands. About one-third of the tea factories were destroyed and equipment in others was damaged; many of the tea bushes were uprooted.

Postwar recovery has proved to be a slow business and the absence of black tea from Java and Sumatra contributed largely to the temporary world tea shortage that followed the coming of peace. In 1937-38, tea constituted 7 per cent of Indonesia's exports; from 1949 on, it has represented only 3 per cent. By 1950, production figures had recovered to 78 million pounds, the yield from an estimated 200 thousand acres; in 1953, total output was about 81 million pounds. Not only has Indonesia had to struggle with wartime destruction, but after the war blister blight appeared

on some of the estates and it took time to bring it under control. Even yet, the country is producing only half as much tea as before the war.

### The Marketing Pattern

High point in Indonesia's tea exports was reached in 1932, when about 173 million pounds were sold in foreign markets. In 1939, her exports of tea touched 162 million pounds. Principal customers were:

Australia .....	38,668,000 lb.
Netherlands .....	31,659,000 "
United States .....	29,888,000 "
Egypt .....	13,045,000 "
United Kingdom .....	11,229,000 "

By 1952, Indonesian output had struggled up to 81.3 million pounds and exports stood at 70.3 million pounds. But Australia, once the biggest customer, had dropped to fifth place. Today the Netherlands takes nearly half of the Indonesian crop, followed by Britain, the United States and Singapore.

Canada has long bought tea from Indonesia, though the quantity imported has fallen from the 8.3 million pounds of 1920—when the Netherlands East Indies ranked second only to India as a supplier—to the 235 thousand pounds of 1953. (In addition, in 1953 Canada bought 317 thousand pounds from the Netherlands, and this probably represents largely Indonesian tea.) High point in purchases of Indonesian tea direct came, of recent years, in 1941, when they totalled 2.6 million pounds.

So far in 1954, the price of Indonesian tea has been rising; in January it was quoted at 8.21 rupiahs per kilogram and in February at 9.06 rupiahs per kilogram. With this encouragement, and with the replanting of tea estates continuing, Indonesia hopes that its tea industry will make a steady comeback.

## Taiwan

*Rising production costs and the disappearing demand for Oolong teas have brought difficult times to Taiwan's producers. Her green teas go mainly to North Africa and the black to the U.S. and Britain.*

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

CULTIVATION OF TEA for export did not begin in Taiwan until 1865, when an Englishman by the name of John Dodd, impressed with the possibilities, introduced quality tea seeds and seedlings from the Chinese Mainland Province of Fukien and also made cash loans to farmers to encourage tea planting.

In 1867, Dodd was so satisfied with an initial large shipment to Macao (Portuguese Southeast Asia) that he established Taiwan's first tea-refining factory. In 1869 he shipped about 140 tons of Formosan tea to New York, marking the first export to America. Thereafter the tea industry grew rapidly, with more foreign merchants engaging in the trade. Oolong tea in particular became a well-known Formosan type.

During the early part of the twentieth century, however, in the face of increasing and irresistible competition from the better teas of India, Ceylon and Java, Taiwan tea began to lose ground internationally. The postwar depression of 1920 curtailed demand even for Oolong and though the Japanese did their best thereafter to revitalize the industry, the trend was not reversed. The Chinese, after their recovery of the Island in 1945, also tried to revive the tea business but their efforts too have met with little success.

Oolong seems to have gone out of favour and the Taiwan industry, now a minor factor in the world tea trade, ekes out a somewhat precarious existence.

### Growers Face Serious Problems

On the one hand, domestic costs of production have increased considerably, especially since 1951, and today it is becoming difficult to sell Taiwan teas when world market prices are below US\$0.40 per pound. The plantations show a high ratio of missing plants to plants in growth; soil erosion is an ever-present danger; cultural practices leave much to be desired; the tea soils require attention to increase their fertility and organic matter content. All these factors mean inefficient yields and a 1952 survey indicated that the average harvest was only 1,200 kilograms of fresh tea leaves per hectare—about half that obtained in Java, one-third that of India and Ceylon, and one-quarter that of Japan. Moreover, an excess of factory refining capacity results every year in an irrational competitive bidding-up of prices for green leaves, thus further increasing costs. All these problems are being tackled by the Chinese Government with the aid of the Joint Commission on Rural Reconstruction (J.C.R.R.), a

division of the United States Foreign Operations Administration activities in Taiwan, but solution is proving difficult.

On the other hand, international tea experts allege that Taiwan tea suffers from a lack of individuality. Before World War II, Oolong did attract international recognition as a good blender but it is currently out of favour because of the wartime interval when it was completely off the market. And though the Island shares with the China Mainland and Japan the technical knowldege and ability to manufacture its tea leaves variously into fully fermented teas (black tea), non-fermented teas (green tea) or semi-fermented teas (Oolong and Paochung), generally speaking, Taiwan's best black tea is deemed of lower quality than Indian, Ceylonese, Javanese or China Mainland black teas. Taiwan's best quality green tea is considered inferior to the China Mainland green and only a little better than the Japanese.

### Used for Blending

In practice, Taiwan black teas are used only for blending with superior foreign blacks to reduce the unit retail cost of the latter; current export markets include the United States, Britain, Australia and Europe. Taiwan green tea is, of course, basically of interest only to the great green-tea consuming market of North Africa (Morocco), whose annual needs are estimated at 30 million lb., but there it must compete against the superior China Mainland types and the Japanese product. Of the semi-fermented kinds, Taiwan's Oolong has lost its former importance and the Paochung type is of interest chiefly to overseas Chinese only.

Of late, the Island's exports of *black* tea have been comparatively large only when world black tea prices in general have been relatively high, permitting a place for second-quality types, and its exports of *green* teas have flourished only when China Mainland exports to Morocco have been insufficient to satisfy that market.

### Production and Exports

Taiwan has never actually produced appreciable quantities of tea in terms of total world supplies. Peak production, attained in 1939, was about 14,000 metric

tons but average annual output is nearer 10,000. Today, there are some 42,500 hectares under tea cultivation, most of them concentrated in the north-west of Taiwan. Characteristically, the plantations largely occupy hilly areas where tea does not compete for land with any other major crop. Most plantations are privately-owned but about one-fourth are co-operatives. Some 430 tea factories process the annual harvest, buying the fresh green leaves either from the growers or indirectly through brokers. The tea factories normally sell abroad through merchant exporters and seven large houses dominate the trade.

Among the principal agricultural crops of Taiwan, tea occupies a very poor fifth position, representing little more than 2 per cent of the total value of agricultural produce annually; but because more than 90 per cent of tea production is exported, it is the third most important foreign exchange earner.

The table at the bottom of the page indicates areas under cultivation, refined tea production, tea exports by main varieties and foreign exchange earnings of the tea industry for the calendar years 1949-53 inclusive.

Taiwan's refining flexibility is actually a postwar achievement. During the years that the Japanese occupied the Island, Formosan tea could be marketed only as fully fermented or semi-fermented, never as green tea. In those days, Japan's own tea plantations shipped green tea to Morocco, though even so the Japanese types had only a limited share of the market because they were inferior to the China green teas.

After World War II, however, with the outbreak of civil war on the China Mainland, green tea exports from that quarter virtually ceased from 1949 to 1952 and Taiwan, no longer subject to Japanese restrictions, from 1950 on converted its tea crop in great measure into green teas to break into the Moroccan market. The fact that, especially in 1950-51, world black tea prices were seriously depressed because of over-production in India and Ceylon helped this change. Considerable success was achieved by the Taiwan industry up to 1953 when, under the direction of the Chinese Communists, green tea exports from the China Mainland to Morocco were resumed in quantity. Taiwan's entree to the North African market

### Taiwan Tea Statistics

	Area Under Cultivation (hectares)	Refined Tea Production (metric tons)	Black	Exports (metric tons)		Total	US\$ Earnings (millions)
				Green	Other		
1949 .....	40,830	10,000	7,602	1,197	5,912	14,711	.....
1950 .....	42,026	10,000	4,207	640	2,009	6,856	.....
1951 .....	42,704	8,500	4,796	2,882	3,456	11,134	6.61
1952 .....	44,119	11,900	406	6,150	2,923	9,479	5.74
1953 .....	.....	10,000	.....	.....	.....	10,544	6.84
		(target 12,500)					

may not be completely gone because the Mainland's policy is to restrict exports to top quality teas calculated to bring the best prices. None the less, the Island's export trade in green tea lost ground immedi-

ately and for the 1954 season, because world prices for black tea have risen again as India tends to restrict production, Taiwan seems disposed to market much of its current crop in the form of black tea.

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# China

*Information filtering through to Hong Kong suggests that the tea trade of China Mainland revived after 1950; most of good type blacks now go to Russia or satellite countries under barter agreements.*

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

HONG KONG has never been prominent as a tea-trading centre, despite its extensive commercial relations with China, but its merchants have always done a limited trans-shipment business in teas from the China Mainland or Taiwan. The Colony is therefore a source of general information about the Mainland tea industry, even though official and specific data cannot be obtained directly.

China's tea plantations are concentrated in the south and southeast provinces of Fukien, Anhwei, Kwangsi, Hopei, Hunan, Kwangtung and Yunnan. Black, green, and semi-fermented varieties of tea are regularly manufactured in quantity. Of these, China black tea is highly regarded in the United Kingdom, Europe and Russia; China green tea has dominated the North African market for over forty years and is also favoured in Russia; the semi-fermented varieties figure more largely in home consumption than in export trade.

## Tea Trade in Wartime

Canada bought about 186 thousand lb. of China tea in 1938 and another 125 thousand lb. through Hong Kong and in 1948, her purchases of tea from China rose to 320 thousand lb. Last year these purchases dwindled to 520 lb.

Traditionally, China's tea exports have always by-passed Hong Kong, moving direct to overseas markets from the trading centres of Shanghai, Foochow and Hanchow. For a brief period after the outbreak of the Sino-Japanese War in 1937, an attempt was made to funnel China's tea exports to world markets via Hong Kong because the usual outlets became occupied or blockaded by the Japanese. However, even this diversion did not make Hong Kong important in the tea trade because before long most of the Mainland producing areas themselves were occupied.

After 1945, the Chinese civil war postponed revival of the tea trade until 1950, by which time the Chinese Communists had consolidated their position through-

out the country. Under their direction, the tea trade is reviving, but in a vastly different fashion.

## Present Market Pattern

No statistics of production or export are available, but it is known that most, if not all, of the good types of black tea are going to Soviet Russia and satellite countries under barter agreements. Certain quantities of green tea are also going the same way. In consequence, though they remain in demand, China black teas are unavailable in the international tea markets except for quantities which represent rejects within the barter scheme and which come out via Hong Kong, or irregular lots of good-quality blacks sold by satellite countries which have too much tea or want to earn foreign exchange.

Mainland green teas were withheld from the North African market from 1950-52, and were temporarily supplanted by Taiwan greens, but in 1953 the Communist authorities resumed exports to Morocco on a fairly large scale. However, the current policy is not to export green teas of all qualities as China did in the past, but to ship only selected top grades calculated to command the best prices. A limited portion of these Mainland greens reach Morocco via Hong Kong, but on the whole the Mainland has re-affirmed its intention to by-pass the Colony as before.

One explanation of the fact that by and large China is exporting top quality teas only (even those types that have been bartered) is that all the second-grade and low-cost teas are being consumed domestically on an unprecedented scale because of better internal distribution. Moreover, the authorities have ridden roughshod over the regional characteristics of Chinese teas which before were carefully preserved—individual qualities which had always held much interest for tea merchants overseas. Instead, they are ordering the wholesale production of standard blends through the use of centrally located blending depots. ●

# The Market in Mincing Lane

*When the famed East India Company lost its monopoly of the tea trade about 1833, London's Mincing Lane became the centre of the tea auctions. Today, after a 14-year suspension, the London Tea Market is open once more. Here is a report on its function and operations.*

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

TEA IS TO AN ENGLISHMAN what rice is to an Oriental. It starts his day (frequently before he gets out of bed) and it usually winds it up. There is a large sale in the country for a gadget known as the "Teas-Maid" which is set beside the bed at night and at a predetermined time in the morning brews a cup of tea and wakes up the sleeper. A traveller on an overnight train anywhere in the British Isles will be awakened at dawn and, just when sleep is sweetest, be handed a cup of "early morning tea". The tea break in a cricket match is just as important a feature of the game as is the ball or the bat.

## World's Chief Tea Drinkers

Virtually all adults in the United Kingdom and more than nine-tenths of the children drink tea; so do four out of five infants in working-class homes. Letters to the editor in local papers describe how cats and other household pets drink tea and seem to prefer it to their traditional beverages. It is therefore no wonder that the United Kingdom, with approximately 55 million people, consumes over half of the world's exports of tea. In the years 1950 to 1952 inclusive, even though tea was rationed in the United Kingdom, per capita consumption averaged 8½ lb. per year compared with 3½ lb. in Canada and ¾ lb. in the United States. In the same period the United Kingdom imported 426·2 million pounds of tea, the United States 97·5 million, and Canada 47·4 million.

Tea in Britain has a long history. Samuel Pepys writing in his Diary in 1660 talks of his first cup of tea. John Wesley, although publicly disapproving in the early days of his ministry of too much tea drinking because he said it was bad for people's morals, almost certainly drank large quantities in private because, when he died, he left behind him an enormous and much used Wedgwood teapot which may still be seen at the Wesley Museum in London.

The first consignment of tea reached Britain about 300 years ago in the sailing ships of the East India Company. In those days it was a delicacy and fetched about \$30.00 a pound of dry leaf. Its popularity spread as prices became more reasonable and soon it was used by all sections of the community. The East India

Company continued to run the tea market until about 1833 when it lost its monopoly. The market then moved to Mincing Lane.

The demand for tea throughout the world has since grown to the point where elaborate marketing arrangements have been set up to deal with it. The United Kingdom, as the predominant consumer of tea, is a natural location for a market. About 550 million lb. a year pass through the London Market, covering domestic requirements and the re-export trade.

## The London Tea Market

On arrival at the London docks, tea is put in a bonded warehouse where it is examined under the Sale of Food and Drugs Act. Condemned tea is converted into caffeine. Tea for sale is put in the hands of a broker to "print". This means that the teas are catalogued for sale at auction. The broker lists the teas and sends the details to all wholesale buyers about a week before the sale is to take place. The brokers are all members of the Tea Buying Brokers Association of London. They buy most of the tea auctioned at ½ per cent.

As no two deliveries of tea, even from the same garden, are the same, buyers who want to maintain a constant blend are compelled to sample before purchase. Wholesalers interested in buying tea send for samples which they judge for quality before setting the price they are prepared to pay at the auction. Colourful names describe the types—Pekoe Souchongs, Broken Pekoes, Orange Pekoes, and so on.

## Tea Tasting

Quality is determined by a number of tests, of which tasting is the most important and also the most interesting. An amount of tea equal to the weight of sixpence is added to the appropriate quantity of water which has been brought just to the boil. It is allowed to stand for five to six minutes, the liquor is separated and the tasting takes place. A highly developed sense of taste is required and a taster will sample many brews in the course of a day. He does not swallow the tea, but forms his impressions by holding it a few moments in his mouth. A good tea taster is a highly

paid and skilful operator. So highly developed is the sense of taste of some of them that they are able to tell whether or not a towel has been used to dry the cup from which they do their tasting. The leaf that is left in the teapot is infused, or scalded, and also examined to determine quality. The buyer then sets a limit price which he is prepared to pay at auction.

### **At the Tea Auctions**

The auctions are held at the London Sale Rooms, 30 Mincing Lane. The auctioneers who sell on behalf of the growers or their agents are members of the Tea Brokers' Association under whose "rules of sale" these auctions are conducted.

The most important group of purchasers in the London Auction is made up of those organizations who blend and package tea under a proprietary brand, which is then sold not only in the United Kingdom but in many parts of the world.

As a rule, tea from estates with rupee capital—in India, Pakistan, and Ceylon—is sold in the primary markets, and tea produced by companies capitalized and controlled from the United Kingdom is sold at the London Auction. Tea shipped to the United Kingdom and originally destined for London may be trans-shipped on arrival and sent to other countries, including Canada, without passing through the London sales channels. This procedure eliminates certain of the landing and warehousing charges and sale commissions.

### **North American Supplies**

There are no public sales of tea by auction in any part of North America. Tea requirements in that part of the world are obtained through importing houses who buy tea in bulk in a variety of ways—direct from the ports of shipment in the growing countries; by purchase in the world's auction centres (Calcutta, Colombo, Amsterdam and London); by purchase from merchants and dealers in the growing countries; or by purchase in their own countries from local brokers and traders. Securing supplies from primary markets means a delay of upwards of two months between the time of placing orders and delivery to American or Canadian markets. Buyers in such countries operating through the London auctions, however, can secure supplies for delivery, particularly to the Atlantic seaboard, in approximately two weeks from the date of purchase, a particularly valuable feature when the quality of the London offerings may be especially attractive, or when there is a cessation of shipments from North India, where the crop is seasonal and no supplies are available from February to June.

Tea shipments from the United Kingdom to Canada were valued at \$2,178,500 in 1953.

At the outbreak of war in 1939, the United Kingdom Government took over all stocks of tea in the country upon which duty had not been paid and requisitioned all tea due to arrive. The Ministry of Food became the sole purchaser of tea for United Kingdom requirements; the Mincing Lane Auctions were suspended and supplies were secured under yearly contract made direct with producers. The existing channels of trade were used and allocations were based on prewar performance. Tea rationing was introduced in July 1940. This rationing ended last year and the trade is now back in private hands.

### **War and Postwar Trade**

After July 1940, the export trade continued on the basis of allocations to individual exporters, again related to prewar trade. This practically ceased by the end of the year, however, and overseas requirements were met by direct imports from the producing countries. In September 1942 the Ministry of Food, acting under the Combined Food Board in Washington, became the sole purchaser of tea for the Allied and certain neutral countries. Producing countries, after supplying their own needs, made their exportable surpluses available to the Ministry. This scheme came to an end in 1947 when the Calcutta and Colombo auctions were reopened. The Ministry of Food obtained the requirements of this country until the London auctions were resumed on April 16, 1951. Tea rationing was abolished in 1953.

The restoration of the London Tea Market will earn foreign exchange for the United Kingdom. Commissions, packaging charges and other services have to be paid and so long as the United Kingdom maintains her dominant position as a consumer of tea, the London Market is likely to remain the world's most important tea centre.

The average Englishman is apt to be critical of the quality of tea he finds in restaurants and homes in North America. The technique of brewing is well understood here and meticulously followed. Tea bags, for example, are not popular and the connoisseurs consider that they detract from the flavour. To the sterling area, however, it matters little that the Eskimo boils tea for ten minutes, that the Estonians sweeten it with jam, or that the Tibetans, who drink about 40 cups a day, mix butter, salt and soda with it. The important thing is that the trade should flourish—not only because it is a substantial dollar earner for the sterling area, but because the trade in the commodity brings revenue and employment to the United Kingdom. ●

# Next Step for Sterling . . .

*If sterling is made convertible, what will be the effect upon business in general and upon foreign trade in particular? The following article, reprinted from "The Economist", London, of June 12th, with the kind permission of the publishers, provides an interesting indication from a non-official source of the lines along which the British are considering these questions today.*

THE SIGNS ARE MULTIPLYING that the Government's generalized aspirations to make sterling convertible when it proves possible are maturing into a definite intention to do so by or before next spring. There will be a meeting of European finance ministers in London next month, at which Mr. Butler will be able to co-ordinate his plans with Germany and other European countries that are also eager to take the plunge. Then, in September, Mr. Butler is likely to go to Washington for the annual meetings of the International Monetary Fund and the World Bank, and he will be able to discuss matters there with the Americans and with most of the finance ministers of the sterling Commonwealth. Thereafter, action may follow quickly. Or it may be delayed until or about the time that the next British budget is presented in April, 1955.

This, at any rate, is the present current of expectation in the City. The prospect is being greeted there with enthusiasm and excitement; the City assumes that, once convertibility is achieved, the road will lie open towards the cherished aim of virtually total abolition of Britain's crippling system of exchange control. The enthusiasm may be sensible, but the atmosphere in which it is being generated is not. Sterling convertibility would be only one step, and a rather narrowly technical step, towards the abolition of exchange control. Other and alternative steps—such as the removal of further import quotas and the freeing of the travel allowance—might be partially delayed thereby. It is against this technical background that convertibility needs to be examined. What exactly would it mean, and what advantage or dangers would it bring with it?



Initially, it may seem that sterling convertibility would not mean very much to very many people. The initial aim is apparently only what is called "non-resident convertibility," that is to say, a state of affairs in which non-residents (and that means foreigners resident outside the sterling area) will, in general, be allowed to convert into dollars any sterling that they earn in the future by current trade. Even for foreigners, almost

every word in this definition has a restrictive significance, and for the ordinary citizens of this country, the move will have no direct effect at all; they will continue to be hemmed in by the same exchange and import restrictions as they suffer today. This sort of convertibility will also have no direct effect on British trade with American and other dollar countries; Americans who earn sterling are, of course, allowed to turn it into dollars already. It will have no direct effect on British trade with the countries of the sterling Commonwealth; they will continue to be allowed to buy dollars from the common pool in London when they want to, but will also continue to maintain a voluntary check on dollar spending in roughly the same way that Britain does. The only direct advantage from "non-resident convertibility" will accrue to the forty-odd countries of the so-called transferable account area—countries in Western Europe, southern South America, behind the Iron Curtain, and a few other countries such as Japan. At present these countries can turn the sterling that they earn into dollars only through a series of illegal or semi-legal manoeuvres and markets. After convertibility they will be able to use their sterling to buy dollars from the central pool in London, openly and aboveboard.

The indirect consequences of the advance, however, should be much greater than this bare recital of technique would suggest. They deserve careful consideration before Britain takes the plunge. In the first place, convertibility will mean that foreign purchases from Britain and the rest of the sterling area will include just as great a "hard currency element" as imports from the dollar area; each pound that foreigners spend will then appear as a straight alternative to spending 2.80 dollars in the United States. There must be many goods that are bought from Britain instead of from the United States today precisely because they do not yet contain this "hard currency element"; and Britain must therefore expect that convertibility will waft a fresh wind of competition across its export trade.

Editor's Note: Because of the great interest of the subject and the special appropriateness of the article, *Foreign Trade* is here making an exception to its rule of not reprinting material from other publications.

Secondly, convertibility is likely to have some effect on foreigners' willingness to hold sterling. At first sight, since convertibility will be a sign of confidence, it may seem that this effect should be favourable. But, at the moment, foreigners hold sterling rather than dollars for one of three main reasons: because they are forced to do so by British exchange controls; or because interest rates are higher here than in New York and there is confidence that the sterling exchange rate will be maintained; or because foreigners need to hold a working balance in the currency in which nearly half the world's trade is transacted. The first of these three reasons will be largely washed away by convertibility. If there was widespread fear about the strains to which convertibility might subject Britain, and if British exports suffered as a result of their new hard currency element, the second and third reasons would also become less strong.

Another effect of convertibility would be the jettisoning of the various payments mechanisms that have been built up during the era of widespread inconvertibility, of which the most important is the European Payments Union. There is a temptation for some economists to exaggerate this point; when a man who has been a cripple for fifteen long years tries to walk upright, one's first thought should not be that this is a waste of his present serviceable pair of crutches. But the EPU has had useful by-products: it has provided a framework within which European countries have felt able to reduce their restrictions on imports from one another, and some of the weaker members would be harshly hit by the sudden withdrawal of the credit facilities associated with it. Arrangements should be made to continue these advantages, in some form, if convertibility is to sweep EPU away.

The final point that the British authorities should bear in mind before they attempt "convertibility for non-residents" is the most important of all. Sterling's marriage with freedom would have to be for better or worse, in sickness and in health, and not merely until the next crisis or the next Socialist government do them part. It is generally agreed that non-resident convertibility would not lead to sudden catastrophe so long as sterling stays as robust as it is now. But it is highly probable that in some future years sterling will look less robust: the terms of trade may turn adverse, or an American recession may shrivel up markets abroad, or inflation in Britain may get out of hand again. At an earlier stage, a substantial liberalization of American import policies was laid down as one of the essential conditions for a move towards sterling convertibility. It is now quite clear that there is not going to be any liberalization in America; but the condition appears to have been dropped. Has the Treasury perhaps been so over-impressed by the present strength of sterling that it is tending to dismiss

the possibility of exchange difficulties ever again arising? That would be very foolish. Yet whenever misfortune or mismanagement of this sort has arisen in the past, foreigners have fled from sterling into dollars; and convertibility would mean that this flight would become much easier, and much more costly to the British reserves, than it has been before.



The British Government's plan presumably provides for bulwarks against such misfortune. There are hopes of "stand-by" lines of dollar credit from the International Monetary Fund and (possibly) from the American Federal Reserve System, rumours of resort to a fluctuating exchange rate, and perhaps even an acceptance of the need for tougher internal economic policies in Britain and the sterling dominions in times of emergency. But before the Government attempts convertibility it should make very sure that these defences are strong enough; in fact, it would even be wise to try to inject some bipartisanship into the policy, to try to persuade its potential Socialist successors in Britain (as well, of course, as the dominion governments of many different political hues) to agree that the line can and should be held. If such approaches show that convertibility is likely to be an object of political controversy, and still more if it remains an object of economic controversy among the Government's expert advisers themselves, then delay may serve the country better than determination. For if ever any suspicion arose that any British government was likely to run away from convertibility, there would be a wild stampede of foreigners trying to turn their sterling into dollars while they still had time. Any such stampede would leave the currency and the economy in a much sorer state than before the experiment was tried.

Nor is this a simple matter of giving a promise (the Labour Government gave it just after the war), and sticking to it. To maintain convertibility year in and year out means pursuing policies of financial self-restraint and economic vigour all the time. Hurried expedients at the last minute, when convertibility was seen to be endangered, even if they were pursued with the utmost good faith, might well be useless. Are promises by political parties not to be extravagant or unwise very reliable?



There is a danger that this may have seemed a crabbing and discouraging article. It has not been meant to be. Of course, since sterling is strong, the British Government should be encouraged to go forward as fast as prudence will allow. Of course, non-resident convertibility—and, still more, an advance

towards the complete abolition of exchange control—would be a magnificently worthwhile achievement; it would bring with it those advantages of international division of labour and freer worldwide competition which economists should always recall and politicians should never forget. But this article has also sought to recall that there are many technical problems still to be solved; and politicians should not forget these either.

Above all, convertibility ought not to become a political catchword. At the moment, some politicians and officials seem not to mind how small the relaxation of exchange control is, so long as this word, with all its emotional associations of freedom and strength and achievement, can be applied. Might it not be prudent

to adopt the contrary policy, to advance as far and as fast towards decontrol as circumstances allow, but to delay tying on the label "convertibility", or making any binding promises, until it is certain that they can be performed? For the label is significant in itself for only one reason: the reason that it is a label, that it marks a stage on what should be a steady and testing advance towards freedom and declares that from it there can be no retreat. There is all the difference in the world between the confidence that one is now fit enough to assault the last ridge to the peak of Everest, and an undertaking to pitch a permanent camp and live there. And it is this undertaking that will need to be given if convertibility is to be achieved.

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## Britain Frees Raw Fur Imports

FOR THE PAST TWO MONTHS, the British fur trade has been able to import raw fur skins from dollar countries under Open Individual Licence. Normally the lifting of import restrictions on dollar goods is acclaimed by the trade but in this case the net gain is so marginal that the new-found freedom has aroused little comment.

As from the first of April this year, imports of raw fur skins from the dollar area are admitted under Open Individual Licences valid until December 31, 1954. If the balance of payments position permits, licences will be renewed at intervals of six months from that date. Freedom in fur imports, in other words, is contingent on dollar earnings from fur exports continuing to exceed the outlay on fur-skin imports. In the first quarter of this year, there was a credit balance in trade with all countries of over £350 thousand, compared with a deficit of £20,000 in the first quarter of 1953. If this level is maintained and if there is no substantial net charge on reserves on account of dollar imports and exports, the Open Individual Licences will be renewed.

### Trade Adequately Supplied

The explanation of the apparent lack of interest in the freeing of fur-skin imports from the dollar area is that high dollar export earnings from dressed furs and manufactures—and hence the amount of "quota" earned by the trade for dollar fur-skin imports—have for some time enabled fur traders to import what they need from dollar countries.

A description of the quota system operated under the Fur Trade Import-Export Scheme before April 1st was given in an article published in *Foreign Trade* on

November 28, 1953. Exporters of fur skins and garments acquired the right to import raw furs from the hard currency area on the basis of earnings from this area. This right was known as a "quota" and certificates were issued to each trader accordingly. When the quota system began, certificates were traded at premiums running as high as 50 per cent of their face value. As the aggregate value of certificates grew, the premium gradually dropped. Over the last two years, it has fluctuated below 2 per cent, indicating that quota earnings were providing the British market with nearly all its requirements from dollar sources.

### Benefits of Change Marginal

The change-over to Open Individual Licences, while relieving British fur traders of the vexations of the quota certificate procedure, will have only a marginal effect on Canada's raw fur exports. The continuation of Open Individual Licences depends on a high rate of earnings from exports to hard currency countries. Any growth in domestic sales must be outpaced by dollar exports. As far as domestic sales in Britain are concerned, the use of fur garments is still restricted by the high purchase tax and the slow growth of luxury buying habits.

Whether fur skins are admitted under quotas or the present system makes little material difference because both are contingent upon high dollar earnings. The new freedom will nevertheless give Canadian fur producers some facility in trying out the domestic market here.

R. CAMPBELL SMITH  
*Commercial Secretary, London.*

# commodity notes

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## Argentina

**POTATOES**—Argentina sold 4,200 tons of potatoes to Brazil during the first ten days of April at prices of 449.0117 and 488.426 pesos per metric ton f.o.b. (exchange rate 14 pesos per U.S. dollar). These were the first exports of Argentine potatoes in several years and reflect this year's heavy production. An export quota of 36,000 tons was established, to be increased if demand warrants—Buenos Aires, June 7.

## Australia

**MINERALS**—In the three months ended December 1953, lead and asbestos production in Western Australia declined, compared with the previous three months. Asbestos production fell from 1,461 tons in the September quarter to 1,060 tons in the December quarter, and the value from £235,952 to £160,593.

Shipments of iron ore from Yampi Sound to New South Wales continued high; in the December quarter 126,018 tons worth £124,967 were exported, compared with 180,770 tons in the previous quarter. Production of antimony concentrates rose steeply—in the December quarter production was 119½ tons worth £8,890, compared with 30 tons (£886) in the previous quarter.

Pig iron production at Wundowie was steady, at 2,382 tons valued at £52,411. Manganese totalled 13,373 tons (£168,819) in the December quarter, and 30 tons of tin, worth £13,660, were produced—Melbourne, June 2.

## Brazil

**INDUSTRIAL ABRASIVES**—Two more new industries will be installed in São Paulo, one to produce crude abrasive material and the other to produce abrasive products, the president of Carborundum S.A. Industria Brasileira de Abrasivos has announced. The Carborundum Corp. of Niagara Falls, N.Y., recently acquired shares in Eletro Metalurgica Salto S.A. This company is located in Salto de Itu near the city of São Paulo and shortly will produce aluminum oxide. The United States firm will be responsible for technical assistance and will use in Brazil the same formulas and techniques for production of aluminum oxide and silicon carbide as are used in Canada.

Carborundum S.A. is now producing sandpaper. The new industry eventually plans to produce a sufficient quantity of abrasive to meet the needs of its plant for a wide variety of abrasive products—São Paulo, June 7.

## Chile

**NITRATE**—The Chilean Nitrate and Iodine Sales Corporation has announced that the production quota of 1.4 million tons of nitrate for the year ending June 1954 has already been filled. Approximately 700 thousand tons were shipped to the United States and the remainder to Europe, the Middle East and other Latin American republics. Prospects for nitrate sales for 1955 are believed to be favourable because the effort to find new markets and the present low freight rates have helped in the competition against synthetic nitrate—Santiago, June 11.

## Israel

**BET SUGAR**—Israel's first sugar factory began operations in March and will be ready to market its products in August. The factory uses locally-grown beets and expects to turn out 1,200 tons of sugar in its first year of operation. This sugar will be produced in syrup form and be used by local candy and chocolate manufacturers, thus saving the country \$150 thousand in foreign currency a year—Athens, June 1.

## Malaya

**RUBBER GOODS**—Rubber footwear production, part of Malaya's largest manufacturing industry, grew from 6.7 million pairs in 1950 (the first year for which statistics are available) to over nine million pairs in 1953. Production of other items last year was: rubber sheeting, 1,696,000 lb.; tubing and hose, 600 thousand lb. and 54,000 ft.; rubber compound, 2,170,000 lb., and a sizable quantity of miscellaneous rubber goods. Malayan exports of rubber-soled footwear have successfully competed in African and Asian markets where individual purchasing power is low and, although exports declined last year, there were signs of a recovery during the first few months of 1954—Singapore, June 3.

## Mexico

**CEMENT**—Mexican production of cement will amount to 2.5 million metric tons this year, compared with 1,671,567 tons during 1953 and 373,713 tons in 1938. Eighteen plants are in production, official sources report—Mexico City, June 10.

## Nicaragua

**COTTON SEED**—The cotton-seed crop of Nicaragua is reported to have reached more than one million quintals this year. Most of this crop is destined for Japan which has become an excellent market—Guatemala City, June 1.

## South Africa

**SUGAR**—Crushing of Natal's largest-ever cane harvest of better than seven million tons has begun. The crop, which is 800 thousand tons larger than last year, will yield 780 thousand tons of sugar and provide a surplus of 200 thousand tons for export, to be shipped largely to the United Kingdom under the Commonwealth Sugar Agreement—Johannesburg, June 14.

**BASE MINERALS**—Sales of base minerals set a record during 1953. Coal led the list with a value of £16.5 million, compared with £14.6 million in 1952 and £13.6 million in 1951. Though more coal mines came into production, a rise in the price of coal largely accounted for the increased value. Chrome ore sales reached their peak last year, £2.7 million, compared with £1.7 million in 1952 and £1.6 million in 1951. Manganese sales totalled £4.4 million, compared with £3.8 million in 1952 and £3.2 million in 1951, a steady increase. Total base mineral sales came to £21.6 million in 1953, compared with £21.2 million in 1952 and £15.5 million in 1951. Increased transport facilities aided in this achievement—Cape Town, June 10.

## United States

**CHERRIES**—Heavy frost in early May is estimated to have caused \$4 million damage to cherry crops in northwestern Michigan. State officials have estimated that at least 75 per cent of the 1954 crop has been wiped out in two counties, with lesser damage in neighbouring areas. The state agriculture department also reported that southeastern Michigan's strawberry crops suffered during this cold snap but accurate estimates of the damage were not available—Detroit, June 23.

**TITANIUM**—The New England Council, reporting on the results of a survey of key manufacturers throughout the United States, says that at least 300

per cent more titanium will be used by the American aircraft industry in 1954 as compared with 1952—Boston, June 18.

**SYRUP**—New England produced more than half of the American yield of maple syrup this year. The six-state area produced 7,119,000 pounds of sugar or sugar equivalent. The nation's total crop was 14,097,000 pounds. Vermont was responsible for 41 per cent of the national total and led all other states, with an output of 5,897,000 pounds. The yield in New England was more than half again as large as that in 1953 and the increase is accounted for primarily by an unusually long harvesting season. Quality of the syrup is high—Boston, June 18.

## Sweden

**WALLBOARD**—Total sales of Swedish wallboard in 1953 amounted to almost 270 thousand tons, as compared with 210 thousand in 1952, but were considerably under the 1951 record of 320 thousand tons. The increase for 1953 is divided equally between the domestic and export markets. Deliveries to the domestic market amounted to 140 thousand tons, the average figure for some years. Export deliveries increased by about 21,000 tons to 127 thousand. The principal buyers were the United Kingdom, the Netherlands, Denmark, West Germany and France. Export to all these countries, however, was impeded by import restrictions. Export of wallboard to the United States increased to approximately 7,800 tons—Stockholm, June 18.

**SINTERED CARBIDE**—According to a report issued by the General Export Association of Sweden, a tougher type of sintered carbide is now being marketed by a Swedish firm. The new carbide grade, known as UDDIA S 6, is intended for processing rolled, forged or moulded steel when high feed or large chip area is required, or for rough surface work—Stockholm, June 15.

## West Germany

**PERLON**—Germany intends to increase its production capacity for pure synthetics to a total of 9,000 to 10,000 tons to meet the rising demand. During 1953, production of perlon, nylon, phrilon, pan, redon and other pure synthetic fibres amounted to 5,400 tons. When the expanded capacity is in full use, expected by 1955, Germany will rank third after the United States and the United Kingdom among the world's producers—Bonn, June 21.

# South West Africa: a Growing Market

*Karakul, wool and diamonds figure largely in the export trade of this territory, where rapid economic expansion is continuing. Canadian exporters in certain fields might well think about cultivating markets there.*

A. WORDEN EVANS, *Trade Commissioner, Cape Town.*

THE YEAR 1953 has seen a continuation of the growth and prosperity which has marked South West Africa for the past few years. Perhaps the best indication of this expansion is the figure for total foreign trade, which reached a record of £59.3 million in 1953, compared with only £34.6 million in 1950. This expansion has been apparent in all sectors of the economy. Windhoek, the administrative, commercial and financial centre of the territory, has more than doubled its population since 1946.

South West Africa covers an area of 317,723 square miles and the population at the 1951 census stood at 414,601, some 48,000 of whom are Europeans. Although it is still technically a League of Nations mandate, it has been integrated into the Union of South Africa almost completely and is represented in the Union Parliament. It has the same customs law and administration, but the income tax is much lower than in the Union.

## Foreign Trade Prospers

Foreign trade achieved a record during 1953. Exports declined slightly—from £35.6 million in 1952 to £35.2 million in 1953—but, on the other hand, imports rose from £20.2 million to £24.1 million—a gain of over 20 per cent. Some 75 per cent, by volume, of imports came from South Africa. This figure is misleading, however, because the territory is an administrative province of the Union and this trade should properly be termed domestic. The slight decline in exports for 1953 stemmed mainly from the drop in prices of copper, lead and zinc ores. Principal imports during the period under review were machinery, vehicles, petroleum products, lumber, paper, paint, textiles, clothing, foodstuffs (other than meat, butter and cheese), chemicals, drugs, etc. It is not possible to estimate the Canadian share because, in many cases, products are re-shipped from the Union. However, it is known that lumber, paper, drilling machinery and motor car parts were received from Canada.

Farming in South West Africa is carried on away from the coast, where rainfall is only a fraction of an inch per year. Inland it varies with latitude: the figure for the southern part of the country is six inches,

for the central area 14 inches, and for the north about 22 inches. It should be emphasized, however, that these figures are only averages and that the territory alternates between periods of drought and of exceptional rainfall. Rainfall in 1954 is expected to be about the heaviest in fifty years. This means excellent pasture and prosperity for the farmer.

## Agriculture and Fisheries

Best known of all the territory's agricultural enterprises is the karakul industry, which in 1953 exported 2.8 million pelts with a total value of over £5 million. Other profitable pastoral activities include the production of karakul wool, wool, skins and hides, butter, cheese and livestock, all of which sell readily in South Africa. Some idea of the extent of this trade may be gained from the fact that 154 thousand head of cattle, valued at £3.4 million, were exported to the Union in 1953. Expansion of agricultural acreage has been going on steadily but available arable land is strictly limited.

The fishing industry is relatively new to South West Africa. In 1948, total production was valued at only £400 thousand, compared with £5 million in 1953. The industry is carried on mainly at Walvis Bay and Luderitz, of which the former is the more important. Chief products are fish meal, canned pilchards and rock lobster. The catch is now stabilized at its present volume because rigid restrictions have been put into force to protect the industry from over-fishing. In the meantime, a thorough research program is being carried on to determine future control measures.

## Diamonds Lead Mineral Exports

The mining industry is concentrated largely on diamonds, which account for more than half the value of mineral exports. The chief minerals produced are lead, zinc, copper, manganese, tungsten, lithium and salt, and a wide range of rare metals and semi-precious stones are mined in smaller quantities. Little refining is carried on in the territory and all of the minerals listed above are shipped as concentrates or ores for refining abroad. The volume of exports rose in 1953 but the total value dropped as a result of lower prices

for some metals. The value of minerals exported totalled £22.1 million in the first eleven months of 1952, compared with £18.7 million for the same period of 1953.

### **Construction Is Booming**

Building is booming with the rapid expansion in the territory. A large number of public works are planned or in the process of construction and the building of commercial establishments and homes is going on at a rapid pace. In spite of record figures for building permits—Windhoek had a total of £1.3 million in 1953 compared with £800 thousand in 1952—the housing shortage is still grave. This industry should prosper in 1954.

### **Transportation**

The territory offers good facilities for travel by air and rail; the roads are unpaved but they are kept in reasonable condition. A period of heavy rainfall such as this year brings some trouble; roads become impassable and washouts interrupt rail service. Plans are under way for improving both rail and road services and new rolling stock now in service has already meant progress. The ports of Luderitz and Walvis Bay serve the territory and the latter handles the bulk of the traffic. The rapid expansion of the fishing industry at

Walvis Bay and the development of the territory's foreign trade has meant a substantial increase in the cargo handled there, and on occasion during the past few years the port has been unable to cope with it. The harbour has been improved in a number of ways, but congestion still arises from time to time and further substantial sums will have to be spent on expanding facilities to deal with present and future traffic. In 1953, 493 thousand tons were handled, compared with 321 thousand tons in 1951, and this demonstrates the need for improvements.

### **Outlook for Coming Months**

The record rainfall this year means prosperity for the agricultural sector of the economy and the sustained demand for its other export products should result in a relatively prosperous year for South West Africa and continued economic expansion. Bearing in mind the South African Government's announced policy of gradually removing import controls and the territory's steady growth, this market should become increasingly important to Canadian manufacturers. The natural line of communication by sea through Walvis Bay compared with the long rail haul from the Union helps to make foreign products more competitive. Canadians will find, however, that European and United States suppliers provide keen competition. ●

## **trade and tariff regulations**

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### **Austria**

**CUSTOMS TARIFF REVISED**—Effective May 9, various changes were made in the Austrian customs tariff. These changes constitute the second stage in a revision of the Austrian tariff which is expected to be completed next year. The first was reported in *Foreign Trade* of April 17, 1954.

Among the present changes, the Austrian Government was authorized to levy by decree anti-dumping duties not exceeding the amount of actual dumping. Various revisions were also made in customs duties. Among these, duties were cancelled on fatty acids, acetone, and pentaerythritol for the manufacture of synthetic resins. The duty on pipes of precision steel and on undulated pipes was reduced.

In addition, former duties by weight were replaced by ad valorem duties, possibly resulting in increases in some duties on a number of goods, including the following: beeswax, yarns of various textiles, felt and articles of felt, synthetic textile fabrics, oilcloth, catalogues, various kinds of leather except patent leather, dressed fur skins, cellulose acetate and polyethylene in various forms, pneumatic tools, certain manufactures of aluminum, copper and zinc, refrigerating and cooking apparatus, certain kinds of agricultural machinery, insulators, pharmaceutical specialties containing one active chemical substance, and celluloid dolls. Porcelain insulators weighing from 15 to 150 kilograms each, which were duty-free, have now been made subject to ad valorem duties. A provision in the tariff for duty-free entry of feed

barley was cancelled, but the Austrian Ministry of Agriculture and Forestry was authorized to reduce or waive the duty on barley.

Where the new duties result in increases on items bound under the General Agreement on Tariffs and Trade, the lower GATT duties will continue to apply to imports from Canada and other signatories of the GATT—Berne, June 11.

*Information concerning tariff changes on individual items may be obtained from the International Trade Relations Branch of the Department.*

## **Belgium**

**FREE DOLLAR IMPORTS IN ADDITION TO BENELUX LIST**—In the June 26 issue of *Foreign Trade* it was reported that Belgium, the Netherlands and Luxembourg established, effective June 1, a common list of dollar goods which may be imported freely into any of these countries and circulate within the Benelux territory. Advance information was given on page 8 of that issue on additional goods which may enter Belgium and Luxembourg free from any controls, though remaining controlled in the Netherlands.

Detailed information on imports into Belgium in this category is now available. They include the following goods of interest to Canadian exporters: Preserved tomatoes and tomato sauces; fruit juices; raw hides and skins; boiled linseed oil; fatty acids; synthetic threads and yarns; cabling, cordage and twine, of hemp, flax or jute; fishing nets of cotton or other vegetable textile materials; linoleum, lincrusta and similar materials; textile rags and waste; veneering sheets; wooden packing cases and casks.

### *Iron and Steel and Metals*

Tacks, nails, rivets, screws, bolts, nuts, etc., of iron or steel; aluminum bars, wire; sheets, slabs and leaves (except thin leaves) of aluminum, of square or rectangular shape; tubes and pipes of aluminum; granulated aluminum and flakes, except fine aluminum powder; unworked pieces of aluminum; gasoline engines for automobiles with pistons and engine jackets; agricultural machinery, apparatus and appliances; refrigerators of an external volume not exceeding 2 cubic metres; addressing, perforating and sorting machines; taps and valves for fluids not made of iron, steel or copper; small electro-mechanical household appliances not exceeding 15 kilograms in weight; radio receiving sets and television apparatus.

### *Chemicals*

Acetic acid; caustic soda; moulding powders with a basis of plastic materials; celluloid and other plastic materials derived from cellulose in the form of

blanks; synthetic resin manufactures; prepared penicillin, streptomycin and chloromycetin; prepared colours; varnishes; soaps other than toilet soap; sulphuric acid; candles; paint brushes and similar brushes; buttons.

*For information on the procedure applicable to individual imports into Belgium and the Netherlands, exporters should write to the International Trade Relations Branch of the Department.*

## **Ireland**

**IMPORT CONTROLS**—By an Order of the Government of the Republic of Ireland, issued under the Control of Imports Acts, 1934 and 1937, a further quota and quota period have been announced for certain metal screws. The quota fixed for the period from July 1, 1954 to December 31, 1954, is 20,000 gross of which 19,000 gross must be of Canadian or United Kingdom manufacture. These figures are unchanged from the previous six-month period—Dublin, June 18.

## **Mexico**

**HIGHER DUTIES AND IMPORT CONTROL ADDED FOR MANY PRODUCTS**—Effective June 11, 1954, Mexican import duties have been sharply increased on approximately 400 tariff items which include many luxury and consumer goods.

Among the products now subject to higher rates are: radio and TV sets; refrigerators; dolls and toys of all kinds; jewellery; iron and steel furniture; carpets; many textile manufactures and articles of clothing; electric light bulbs; cheese of all kinds; biscuits; chocolate; alcoholic beverages of all kinds, and passenger cars.

The new duties are exempt from the surtax of 25 per cent which had been levied generally in February 1954 on all import duties.

Since June 5, Mexico has required import permits for the importation of all the products subject to these new increased duties. (In addition, Roman and Portland cement, fountain pens and pencils, and certain kitchen utensils have been placed under import control.)

*Complete details about the new rates of duty on specific products are available from the International Trade Relations Branch.*

## **Tour of Territory**

A. WORDEN EVANS, Canadian Government Trade Commissioner at Cape Town, expects to pay a visit to Port Elizabeth from July 19 to July 24. Canadian businessmen interested in trade in this area should write to Mr. Evans, P.O. Box 683, Cape Town, by airmail as soon as possible.

# foreign trade service abroad

\* No Foreign Trade Officer at this post.

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

Territory	Officer	City Address	Mail and Cables, Office Telephone
<b>Argentina</b>	C. S. Bissett, Commercial Counsellor  W. F. Hillhouse, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
<b>Australia</b> (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	C. M. Croft, Commercial Counsellor for Canada  C. M. Forsyth-Smith, Assistant Commercial Secretary	City Mutual Life Building, 60 Hunter Street, SYDNEY	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351
<b>Australia</b> (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Commercial Secretary for Canada and Agricultural Secretary	83 William Street, MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
<b>Belgian Congo</b> Angola, French Equatorial Africa	A. B. Brodie, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE 1.	<i>Mail:</i> Boîte Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
<b>Belgium</b> Luxembourg	T. J. Monty, Commercial Secretary  K. G. Ramsay, Assistant Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-83
<b>Brazil</b>	C. J. Van Tighem, Commercial Secretary  H. M. Maddick, Assistant Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
<b>Brazil</b>	M. P. Carson, Vice Consul and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
<b>*Ceylon</b>	Office of the High Commissioner for Canada	6 Gregory's Road, Cinnamon Garden, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> DOMCANADA <i>Tel.:</i> 91341
<b>Chile</b>	R. E. Gravel, Commercial Secretary	Canadian Embassy, 6th Floor, Av. General Bulnes, 129, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
<b>Colombia</b> Ecuador	W. J. Millyard, Commercial Secretary  J. P. Lancaster, Assistant Commercial Secretary	Canadian Embassy, Avenida Jimenez No. 7-25, Office 613, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aereo 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
<b>Cuba</b>	G. A. Browne, Commercial Secretary  W. R. Van, Assistant Commercial Secretary	Canadian Embassy, Edificio Motor Centre, Calle Infanta 16, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> UO-9457
<b>Dominican Republic</b> Haiti, Puerto Rico	Canadian Government Trade Commissioner	Edificio Copello 408, Calle El Conde, CIUDAD TRUJILLO	<i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5318
<b>Dominican Republic</b> Haiti, Puerto Rico Jamaica	E. M. Gosse, Canadian Trade Commissioner (Fisheries)		

<b>Territory</b>	<b>Officer</b>	<b>City Address</b>	<b>Mail and Cables, Office Telephone</b>
<b>Egypt</b> Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia	A. G. Kniewasser, Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
<b>France</b> Algeria, French Morocco, French West Africa, Tunisia	B. C. Butler, Commercial Counsellor for Canada  Assistant Commercial Secretary  J. H. Stone, Assistant Commercial Secretary	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPÉra 42-30
<b>Germany</b> Federal Republic	B. A. Macdonald, Commercial Counsellor  I. V. Macdonald, Assistant Commercial Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 21971
Germany	Wm. Van Vliet, Agricultural Secretary		
<b>Greece</b> Israel, Turkey	H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 74044
<b>Guatemala</b> Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner  Assistant Trade Commissioner	5a Avenida Sud, 10-68 GUATEMALA CITY	<i>Mail:</i> P.O. Box 444 <i>Airmail:</i> P.O. Box 400 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
<b>Hong Kong</b> China, Indo-China, Macao, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner  M. B. Blackwood, Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
<b>India</b>	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
<b>India</b>	D. M. Holton, Canadian Government Trade Commissioner  W. P. Birmingham, Assistant Trade Commissioner	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
<b>Indonesia</b>	W. D. Wallace, Commercial Secretary	Canadian Embassy, Tanah Abang Timur 2, DJAKARTA	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Gambir 499
<b>Ireland</b>	T. G. Major, Commercial Counsellor for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
<b>Italy</b> Libya, Malta, Yugoslavia	S. G. MacDonald, Commercial Counsellor  A. A. Caron, Assistant Commercial Secretary	Canadian Embassy, Via Saverio Mercadante 15, ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 846-842
Italy	C. F. Wilson, Agricultural Counsellor		
Italy	M. S. Strong, Commercial Secretary (Fisheries)		

<b>Territory</b>	<b>Officer</b>	<b>City Address</b>	<b>Mail and Cables, Office Telephone</b>
<b>Jamaica</b> Bahamas, British Honduras	M. B. Palmer, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858
<b>Japan</b> Korea	J. C. Britton, Commercial Counsellor	Canadian Embassy, TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
	R. F. Renwick, Assistant Commercial Secretary		
Japan	Paul Sykes, Canadian Government Trade Commissioner	7th Floor, Crescent Bldg., 72 Kyomachi, Ikutaku, KOBE	<i>Mail:</i> P.O. Box 513 <i>Cable:</i> CANADIAN <i>Tel.:</i> 48966
<b>Lebanon</b> Iraq, Jordan, Syria	G. F. G. Hughes, Canadian Government Trade Commissioner	Centre Urbain Emir Beshir, Bâtiment A1, Rue Emir Beshir, L'Azarieh, BEIRUT	<i>Mail:</i> Boîte Postale 2300 <i>Cable:</i> CANADIAN <i>Tel.:</i> 30794
<b>Mexico</b>	M. T. Stewart, Commercial Counsellor	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
	S. G. Tregaskes, Assistant Commercial Secretary		
<b>Netherlands</b>	V. L. Chapin, Commercial Secretary	Canadian Embassy, Sophialaan 1-A, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
Netherlands Belgium, Denmark, Luxembourg	C. J. Small, Acting Agricultural Secretary		
<b>New Zealand</b> Fiji, Western Samoa	L. S. Glass, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
<b>Norway</b> Denmark, Greenland	J. L. Mutter, Commercial Counsellor	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
<b>Pakistan</b> Afghanistan, Iran	R. K. Thomson, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 3703 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826
<b>Peru</b> Bolivia	H. J. Horne, Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>Tel.:</i> 71150
<b>Philippines</b>	F. H. Palmer, Consul General and Trade Commissioner	Canadian Consulate General, Ayala Building, Juan Luna Street, MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35
	H. E. Lemieux, Vice Consul and Assistant Trade Commissioner		
<b>Portugal</b> Azores, Madeira	L. M. Cosgrave, Commercial Counsellor	Canadian Legation, Avenida de Praia da Vitoria, 48-1°D., LISBON	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
<b>Singapore</b> Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room F-3, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 7739
<b>South Africa</b> (Natal, Transvaal) Federation of Rhodesia and Nyasaland, Mozambique, Kenya, Tanganyika, Uganda, Zanzibar	K. F. Noble, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 815 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
	H. E. Campbell, Assistant Trade Commissioner		

<b>Territory</b>	<b>Officer</b>	<b>City Address</b>	<b>Mail and Cables, Office Telephone</b>
<b>South Africa</b> (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	A. W. Evans, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
<b>Spain</b> Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangier	Commercial Secretary	Canadian Embassy, Edificio España, Avenida de Jose Antonio 88, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 22-28-10
<b>Sweden</b> Finland	F. W. Fraser, Commercial Counsellor  L. A. Campeau, Assistant Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	<i>Mail:</i> P.O. Box 14042 <i>Cable:</i> CANADIAN <i>Tel.:</i> 67-92-15
<b>Switzerland</b> Austria, Czechoslovakia, Hungary	Commercial Counsellor  W. R. Hickman, Acting Commercial Secretary	Canadian Embassy, Kirchenfeldstrasse 88, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-63-81
<b>Trinidad</b> Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	P. V. McLane, Canadian Government Trade Commissioner  Assistant Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 34787
<b>United Kingdom</b> (South of England, East Anglia, Scotland), Iceland, British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	R. P. Bower, Commercial Counsellor  R. Campbell Smith, Commercial Secretary  T. M. Burns, Assistant Commercial Secretary  W. G. Pybus, Assistant Commercial Secretary	Office of the High Commissioner for Canada, Canada House, Trafalgar Square, LONDON, S.W.1	<i>Mail:</i> (City Address) <i>Cable:</i> SLEIGHING <i>Tel.:</i> Whitehall 8701
<b>United Kingdom</b>	D. A. B. Marshall, Commercial Secretary (Agricultural)		
<b>United Kingdom</b>	G. H. Rochester, Commercial Secretary (Timber)		<i>Cable:</i> TIMCOM
<b>United Kingdom</b> (Midlands, North England, Wales)	M. J. Vechslar, Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Central 0625
<b>United Kingdom</b> (Northern Ireland)	T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	<i>Mail:</i> (City Address) <i>Tel.:</i> 21867
<b>United States</b> Delaware, Maryland, Virginia, West Virginia	R. G. C. Smith, Commercial Counsellor  E. H. Maguire, Commercial Secretary	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 2-1011
<b>United States</b>	Dr. W. C. Hopper, Agricultural Counsellor  W. L. Porteous, Assistant Agricultural Secretary		

<b>Territory</b>	<b>Officer</b>	<b>City Address</b>	<b>Mail and Cables, Office Telephone</b>
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen, Consul and Senior Trade Commissioner  C. R. Gallow, Consul and Trade Commissioner  C. E. Butterworth, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY 20	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUDson 6-2400
United States	M. B. Burse, Consul and Trade Commissioner (Fisheries)	Canadian Consulate General, 620 Fifth Ave., NEW YORK 20, N. Y.	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUDson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	D. H. Cheney, Vice Consul and Trade Commissioner	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> HANcock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	R. V. N. Gordon, Vice Consul and Trade Commissioner	Canadian Consulate General, Chicago Daily News Bldg., 400 West Madison Street, CHICAGO 6	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> STate 2-7312
United States (Michigan, Ohio)	Consul and Trade Commissioner  J. H. Bailey, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT 26	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> WOODward 5-2811
*United States (City of Los Angeles, Southern California, Arizona)	Consul General	Canadian Consulate General, 510 West Sixth Street, LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> VANDike 2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	G. A. Newman, Consul and Trade Commissioner  C.O.R. Rousseau, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, 215-217 International Trade Mart, NEW ORLEANS 12	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RAYmond 2136
*United States (Northern California, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> SUTter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building Seventh Avenue at Olive Way, SEATTLE 1, Washington	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MUTual 3515
Uruguay Paraguay	W. Gibson-Smith, Commercial Secretary	Canadian Embassy, MONTEVIDEO	<i>Mail:</i> Casilla Postal 852 <i>Cable:</i> CANADIAN
Venezuela Netherlands Antilles	J. A. Stiles, Commercial Secretary  F. B. Clark, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, CARACAS	<i>Mail:</i> Apartado 3306 <i>Cable:</i> CANADIAN <i>Tel.:</i> 55818
Venezuela Colombia	D. B. Laughton, Acting Agricultural Secretary		

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 1.02041.

# foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. June 25	Notes (See below)
Argentina .....	Peso .....	Preferential buying .....	.1307	(1)
		Basic buying .....	.1960	
		Preferential selling .....	.1960	
		Basic selling .....	.1307	
		Free .....	.07054	
Austria .....	Schilling ...	.....	.03769	
Australia .....	Pound .....	.....	2.2100	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	.01966	
		.....	.00516	
Bolivia .....	Boliviano ...	Official .....	.5755	(3)
British West Indies	Pound .....	.....	2.7625	(4)
		Dollar .....	Brit. Honduras .....	.6906
Brazil .....	Cruzeiro ...	Official selling .....	.05207	tax 8%
		Effective buying .....	.03456	(2)
		Coffee buying .....	.04195	(5)
Burma .....	Kyat .....	.....	.2058	
Ceylon .....	Rupee .....	.....	.2072	
Chile .....	Peso .....	Official .....	.00891	(1)
Colombia .....	Peso .....	Basic .....	.3920	
Costa Rica .....	Colon .....	Official .....	.1745	(6)
		Controlled free .....	.1476	
Cuba .....	Peso .....	.....	.9800	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1361	
Denmark .....	Krone .....	.....	.1419	
Dominican Republic .....	Peso .....	.....	.9800	
		.....	.06534	
Ecuador .....	Sucre .....	Official .....	.05665	
Egypt .....	Pound .....	Free .....	2.8141	
		.....	2.4887	
Fiji .....	Pound .....	.....	.00426	
Finland .....	Markka .....	.....	.00280	(7)
France .....	Franc .....	.....	.00560	(8)
French Africa .....	Franc .....	.....	.01540	(9)
French Pacific ...	Franc .....	.....	.2333	
Germany .....	D Mark .....	.....	.03266	
Greece .....	Drachma ...	.....	.9800	
Guatemala .....	Quetzal .....	.....	.1960	
Haiti .....	Gourde .....	.....	.4900	
Honduras .....	Lempira .....	.....	.1694	*June 11
Hong Kong .....	Dollar .....	Free .....	.06018	
		Official .....	.04633	
		Special buying .....	.03733	
Iceland .....	Krona .....	Special selling .....	.2072	
		.....	.08596	(10)
India .....	Rupee .....	Basic .....	.01086	
Indonesia .....	Rupiah .....	Certificate .....	2.7440	
Iran .....	Rial .....	.....		
Iraq .....	Dinar .....	.....		

\* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. June 25	Notes (See below)
Ireland	Pound	.....	2.7625	
Israel	Pound	Official	.9800	
		Premium	.5444	
Italy	Lira	.....	.00157	
Japan	Yen	.....	.00272	
Lebanon	Pound	Free	.3067	
Mexico	Peso	.....	.07840	
Netherlands	Guilder	.....	.2590	
Netherlands Antilles	Guilder	.....	.5197	
New Zealand	Pound	.....	2.7625	
Nicaragua	Cordoba	Effective buying	.1485	(11)
		Official selling	.1390	
		With Surcharge I	.1217	
		With Surcharge II	.09751	
Norway	Krone	.....	.1372	
Pakistan	Rupee	.....	.2962	
Panama	Balboa	.....	.9800	
Paraguay	Guarani	Basic	.06534	(1)
		With Surcharge I	.04667	
		With Surcharge II	.03267	(12)
Peru	Sol	Certificate	.05075	
Philippines	Peso	.....	.4900	tax 17% (2)
Portugal	Escudo	.....	.03420	(13)
El Salvador	Colon	.....	.3920	
Singapore & Malaya	Straits dollar	.....	.3223	
South Africa (Union of)	Pound	.....	2.7625	
Spain & Dependencies	Peseta	Basic buying	.04475	
		Basic selling	.08734	
		Basic commercial selling	.05966	(1)
		Free	.02516	
Sweden	Krona	.....	.1894	
Switzerland	Franc	.....	.2287	
Syria	Pound	Free	.2757	*May 14 (1)
Thailand	Baht	Official	.07840	
		Free	.04725	*March 31
Turkey	Lira	.....	.3500	
United Kingdom	Pound	.....	2.7625	
United States	Dollar	.....	.9800	
Uruguay	Peso	Official	.6452	
		Basic buying	.5506	
		Special buying	.4170	(1)
		Basic selling	.5158	
		Special selling	.4000	
Venezuela	Bolivar	.....	.2925	(14)
Yugoslavia	Dinar	.....	.00327	

\* Latest available quotation date.

## notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product.
11. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
12. Paraguay: Basic rate applies to most Paraguayan exports.
13. Approximately same rate for currencies of Portuguese Territories in Africa.
14. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

## General notes



### Australia

**CELLOPHANE FACTORY**—The chief project engineer of British Cellophane Ltd. recently visited Sydney to make a survey which would probably lead to the construction of a cellophane factory in Australia, costing up to £3 million. He investigated facilities for establishing a factory and inspected sites at Tomago near Newcastle, and at Melbourne and Geelong. He said there was no doubt in his mind that his company would establish the factory, which would employ about 300—Melbourne, June 4.

### Chile

**RE-OPENING OF SILVER MINES PROPOSED**—A member of the lower chamber, representing the predominantly mining province of Coquimbo (northern sector of Chile), has suggested before Parliament that, with a relatively small additional capital investment, Chile's extensive silver mines could once again be made to produce economically, especially in view of the recent increase in demand from Asia and India. Re-opening of the mines would help to remedy the decline in the country's export trade—Santiago, May 31.

**OMNIBUS CHASSIS**—The Chilean Exchange Control Board has authorized import licences to the local Ford Motor Company for the import of 500 omnibus chassis at a total cost of US\$1.2 million. Of this sum, US\$500 thousand is to be paid this year and the remainder in 1955 and 1956—Santiago, June 11.

### Japan

**TUNA FISHING**—The tuna-fishing fleet of the Taiyo Fishing Company, led by the 11,000 ton mother ship, *Tenyo Maru*, left Tokyo Bay for the South Pacific early in May. The mother ship and the 31 fishing boats will operate in the vicinity of the Fiji Islands for eight weeks to the end of July. The fleet hopes to return to Japan with a 4,500 metric-ton catch—Tokyo, June 19.

### Norway

**OCEAN RESEARCH**—It is reported that Norway, working in co-operation with Denmark and Sweden, is to lead an ocean research expedition to investigate latitudes in the southern Atlantic lying between the

mouth of the Amazon and the Caribbean Sea, possibly working as far east as the mouth of the Congo. The ship to be used is the Canadian-built ocean-going tug *Jetor*, used to assist convoy vessels during the last war and since bought by a Norwegian whaling company. Research is to extend over a period of two to three years—Oslo, June 10.

### South Africa

**ECONOMIC CONDITIONS**—Economic conditions have seldom been more favourable. Following last year's record agricultural output, prospects are for another year of bumper crops. Substantial tax concessions in the budget emphasize the satisfactory state of the country's finances; foreign credit reserves are rising. Continuing improvement in the balance of payments is anticipated and there are hopes of earlier relaxation of import control and even a total lifting of controls within the foreseeable future. Commercial and industrial activities remain high, gold mining is being aided by an easier labour supply, and stock exchange activities are being maintained—Johannesburg, May 27.

### United States

**OIL IN MICHIGAN**—A well-drilling crew struck gas near Northville, Michigan, only 35 miles from downtown Detroit, during May. The drillers say the new well is capable of producing more than 12 million cubic feet of natural gas a day. Gas in varying amounts had been hit six times before the present strike was made at the 4,300-foot level. Oil speculators from Texas and Louisiana are said to be checking on the well and six or eight other wells are being drilled—Detroit, June 19.

### Venezuela

**PETRO-CHEMICAL INDUSTRY**—The Venezuelan Government will sponsor the development of a petro-chemical industry to utilize the enormous supply of natural gas from petroleum operations. The Ministry of Mines is conducting a market survey of all the by-products in the petro-chemical field. It is reported that nitrogen fertilizer will be the first derivative to be produced because of the assured demand from farmers—Caracas, June 9.