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cover This issue features reports on the principal spices which Canada buys from foreign countries. From left to right, beginning with the top row, they are: ginger, nutmeg, cassia, pepper (enlarged), mace, paprika, cloves, allspice, and turmeric. (See pages 3 to 19).

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editorial

An Aromatic Business . . .

FEW OF THE COMMODITIES in daily use have a longer or more colourful history than the spices which flavour our foods. About them lingers the atmosphere of the East—of India and Africa, of Sarawak and the Spice Islands. Some of them have been transplanted from their ancient home to the New World but only one, allspice, is native to that world.

Eastern peoples for centuries have relied on spices to give savour to a diet based on rice and grains. Westerners in the Middle Ages—in the days before refrigeration—found that spices helped to preserve meats, or mercifully masked the fact that the food was past its prime. In those days a single pound of ginger would buy a sheep or two pounds of mace a cow, and rents were sometimes paid in precious pepper.

Because they were both scarce and costly, spices sparked exploration. Originally pepper, cloves, ginger and the others moved by camel caravan across deserts to reach Venice, the great spice emporium. High prices spurred on the Portuguese to find a cheaper sea route to India and the Indies and soon Portuguese, Dutch and British had become rivals in this lucrative trade. Today the British Commonwealth continues to find in spices a small but steady dollar earner. In 1952, spice exports to Canada and the United States brought about 37 million dollars to Commonwealth suppliers . . . 30 million of this to India alone.

With the coming of refrigeration and of other methods of preserving food, the role of spices has changed. Today they are valued most in the West, as they are in the East, for their flavour-giving qualities and synthetic rivals born in the laboratory have not seriously challenged the natural spices. The years have brought new spice users—the meat packers, the food canners, the pickle makers, the spice blenders.

The reports that follow discuss the nine principal spices imported into Canada, stressing production in and exports from the countries from which we buy. To spice dealers and spice consumers these reports bring up-to-date information on crops and prices—and on new developments in an ancient trade.

—The Editor.

PEPPER

Canadians buy more pepper than any other spice—about $2½ million worth of unground pepper came into the country last year. Former pattern of supply was disrupted by war; India has since emerged as our leading source. Prices in last twenty years have tended to fluctuate widely.

UNRIVALLED LEADER among spices today is pepper—the small, dried berries of the "piper nigrum" vine, native to India or the Indo-Malayan region and cultivated in several parts of South East Asia. The two common forms of pepper, black and white, are literally "sisters under the skin"; they come from the same vine and differ only in their preparation. Black pepper consists of the peppercorns picked from the vine while they are still green and dried in the sun. For white pepper, the mature berries are soaked until they are soft and the outer coating is then removed. The pepper vine bears normally two crops a year, one in August or September and a smaller one in March or April, but this may vary with the region.

Imports Vary

Pepper has a place in practically every Canadian kitchen; in 1953, Canadians spent about $2½ million to bring into the country 2·38 million pounds of unground pepper. This was ground and made ready for sale by the more than 26 spice millers, then sold to the housewife and to meat packers, food canners, and pickle manufacturers.

Pepper imports have not shown any startling changes over the years, though the growing population and wartime disruption of supplies have had their effect. In 1930, Canadians imported about 1·94 million pounds of unground pepper; between 1935 and 1939, yearly imports averaged 2·24 million pounds. The war-born need for stockpiling sent purchases soaring in 1942 to a high of 3·45 million pounds; in 1945, they dropped to a low of 826 thousand. In the post-war years, imports have varied between the 1·77 million pounds of 1947 and the 2·83 million of 1953.

The Price Picture

When it comes to prices, the picture changes. Pepper has always been a speculative commodity partly because, like wheat and green coffee beans, it can be kept for long periods without deterioration. Pepper prices tend to fluctuate violently and a glance at the table below will confirm this statement.

Canadian Pepper Purchases

Year	Volume lb.	Value $	Average price per pound
1930	1,940,871	431,692	$0.22
1938	1,867,602	100,968	0.055
1942	3,455,374	281,297	0.08
1945	825,469	173,366	0.21
1949	1,771,903	1,239,836	0.75
1951	1,781,782	2,477,411	1.39
1952	1,688,819	2,144,562	1·21
1953	2,380,367	2,490,894	1.04

Spot prices per pound on the New York market continue to vary from month to month; in January of 1954 they touched US$1.02, fell to a low of 49 cents in June, and by November 9, had risen slightly to 50 to 53 cents.

Changes in Suppliers

Traditionally Canada has bought her pepper largely from three areas—India, Indonesia, and the British East Indies and Malaya—but the relative importance of these suppliers has varied with varying conditions. In 1930 the leading supplier by some 50,000 pounds was the Straits Settlements. Eight years later the Dutch East Indies (now Indonesia) held undisputed first place, supplying over a million pounds more to the Canadian market than its nearest rival. India's sales in that period dropped from 450,755 pounds in 1930 to a mere 85,540 in 1938.

The outbreak of war disrupted the old pattern and it has not resumed its former shape. The Japanese invasion knocked out production in Indonesia and supplies from Malaya. Fortunately the United States had been stockpiling pepper and Canada turned to its neighbour for supplies. Of total Canadian pepper imports of 3·4 million pounds in 1942, 1·5 million came from the United States. Indonesia's disappearance from world pepper circles was India's opportunity; she became Canada's leading supplier in 1945 and has held that position since. In the last three years, most of Canada's pepper has come from the following sources:

From	*1953*	*1952*	*1951*
		(in pounds)	
India	1,191,224	1,135,174	1,200,360
Malaya	574,719	256,963	73,856
British East Indies (largely Sarawak)	302,769	65,256	28,932
United Kingdom	104,169	41,309	70,642

Indonesia meantime has not progressed far towards regaining its former importance. It reappeared as a supplier in 1951 with a mere 11,000 pounds; in 1953, its sales to Canada rose to 35,124 pounds.

The reports which follow deal with pepper production and exports in the two countries from which Canadian supplies of pepper largely come—India and Sarawak. A third covers Indonesia, because of its former pre-eminence as a producer and because the pace of recovery there is bound to affect the world pepper market.

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

India

THE MALABAR COAST of India—from the border of Portuguese Goa in the north to Cape Comorin at the southernmost tip of the sub-continent—is the ancient home of the pepper plant. With other Indian spices, Malabar black pepper was one of the important commodities in East-West trade that lured Columbus and succeeding adventurers to try and discover a shorter route to the Orient. One of these explorers, the renowned Vasco da Gama, is said to have taken pepper berries from India as a gift to the King of Portugal. In more recent years, pepper has made a vital contribution to this country's economy, ranking next to jute as the second most valuable dollar-earner. Currently it is the seventh in importance among Indian export commodities.

India's early monopoly of the pepper trade was challenged in the nineteenth century by Indonesia. Because India's crop continued to be produced on cottage industry lines and output remained stationary, this rival soon outstripped India in production and became the world's leading supplier of pepper. In the years just before World War II, India's average annual production was estimated at about 45 million pounds with exports not exceeding 3·6 million pounds; Indonesia produced an average of 123·2 million pounds per year, the bulk of which was exported.

As a result of the Japanese invasion, however, Indonesian output suffered a drastic decline and it is still much below the prewar level. India accordingly regained, at least temporarily, her monopoly of the world pepper market. With slowly increasing Indonesian production, however, and the spectacular rise of Sarawak as an important supplier, India's postwar predominance is seriously threatened.

Production and Domestic Consumption

The vine-like plant from which this spice is obtained is indigenous to this country and is cultivated largely by peasants as a subsidiary crop. It thrives at an elevation of about 4,000 feet above sea level in areas with an average annual rainfall of 60 inches. To shelter the vines from excessive heat and heavy showers, such trees as coconut palms, arecanut and mango are used. The principal Indian varieties of pepper are Kalluvali, Balankotta, Cheriakoti and Uthirankota, the first-named providing the highest yield (up to 12 pounds per vine in a good year).

Estimates of pepper production in India are not too reliable because official calculations are based on acreage rather than on a census of vines, which is considered the more accurate method. For the past decade, relatively conservative trade estimates have varied little from a yearly average of 45 million pounds —an indication that the high prices prevailing during much of this period have had little effect in stimulating production. This may be largely because the pepper industry in India is not organized on a commercial scale and present holdings are small and often uneconomic. Since the vine requires from three to five years to reach maturity, and yield may vary from year to year (averaging only 224 pounds per acre), it is virtually impossible to adjust production to market demand. Furthermore, there is little incentive for cultivators to increase production, as they receive only a minor share of the profits accruing to middlemen and speculators.

The greater part of prewar production went to satisfy domestic requirements but today annual consumption of pepper in India is estimated to be only about nine million pounds. However, the potential in this vast market is considered to be far higher. With present lower prices, more pepper will be bought for household use in place of chillies, which are regarded as a temporary substitute.

Export Markets

Exports of Indian pepper consist of two main varieties —"Alleppey", grown in the State of Travancore-Cochin, and "Tellicherry", generally considered to be of superior quality, from the North Malabar district of western Madras State. With the virtual disappearance of Indonesian competition in the postwar period exports rose to a high of over 36 million pounds in 1947, thereafter levelling off at a yearly average of about 31 million. In 1953 this spice ranked seventh

In the thirties, Indonesia held first place among world pepper suppliers and "Lampong" pepper, produced in South Sumatra, is still widely known in the trade. The picture shows pepper vines, trained on pillars, growing in the Lampong area.

among India's export commodities, with a total value of 131 million rupees. The principal markets in the period 1935-39 were Italy (which consumed on an average almost 45 per cent of India's pepper exports); the United States, 18 per cent; the United Kingdom, 6 per cent, and Germany, 6 per cent.

Since the war the United States has risen to first place among India's pepper customers, absorbing as much as two-thirds of exports, with a 1953 value of 83 million rupees. In this period India has supplied an average of 80 per cent of United States requirements as compared with only 2 per cent prewar. Pepper has thus become a vital dollar-earner for India, ranking second only to jute. Recently the U.S. demand has fallen—from 18 million pounds in 1952-53 to 16 million in 1953-54, largely because of uneconomic prices.

The United Kingdom is currently the second largest buyer of Indian black pepper, with imports in 1953 valued at 13 million rupees. Because of the postwar meat shortage and Indian restrictions on exports to soft currency areas, instituted in a time of short supply to ensure retention of dollar markets, British consumption has, however, declined to less than half the prewar figure.

Sales to Canada

Canada, whose share in Indian pepper exports has, since the war, averaged 5 per cent, is fourth in importance among India's customers, following the United States, the United Kingdom and Italy. Total Canadian imports of unground pepper over the past five years have averaged about 2 million pounds annually, of which India has supplied 50 to 80 per cent. Before 1950, sizable quantities were obtained indirectly via the United States and the United Kingdom, but these shipments have declined in importance. However, a new competitor—Sarawak—has recently entered the field to challenge India's dominant position in the Canadian market. In 1953, Canada's imports from Singapore and Sarawak reached a value of $1,010,000, as compared with $1,253,000 from India. The following table, illustrating the trend of Indian pepper exports to principal consuming countries from 1949 to 1953, indicates the relative importance to India of the Canadian market:

Exports of Indian Pepper to Principal Destinations

**(volume and value in thousands)*
(One cwt.=112 pounds)

		1949	*1950*	*1951*	*1952*	*1953*
United States	cwt.	119	168	206	161	143
	Rs.	44,401	108,998	151,426	111,259	82,970
United Kingdom	cwt.	77	35	36	26	24
	Rs.	29,612	23,016	29,011	18,023	13,235
Italy	cwt.	11	12	11	14	12
	Rs.	2,890	6,270	8,735	9,257	6,714
Canada	cwt.	10	17	11	11	12
	Rs.	3,147	10,549	8,223	7,509	6,656
USSR	cwt.	7	4	25	9	3
	Rs.	1,522	2,514	20,508	5,988	1,830
Other Countries	cwt.	54	21	44	43	33
	Rs.	18,611	19,195	33,494	27,940	19,350
Total	cwt.	278	257	333	264	227
	Rs.	100,183	170,542	251,397	179,976	130,755

* Figures obtained from accounts relating to the Foreign (Sea, Air and Land) Trade and Navigation of India, prepared by the Department of Commercial Intelligence and Statistics, Calcutta.

Trend in Prices

Its imperishable quality and the ease and cheapness of storage make pepper a suitable commodity for futures trading. Before World War II, over-production resulted in prices as low as US$0.03 per pound on the New York market, as dealers amassed huge stocks. With the removal of destination and price controls on Indian pepper following the end of the war, market prices, which had been held artificially low, rose sharply because of the serious decline in world supplies. To curb speculation and counter inflation, the Indian Government in November 1949 decreed an export duty of 30 cents ad valorem on pepper. This levy was revised shortly thereafter to 150 rupees per hundredweight, which rate continued in effect until the recent reduction to a maximum of 65 rupees per hundredweight.

The peak of prices for black pepper was reached shortly after the outbreak of the Korean war (US$2.80 per pound for "spot" sale in New York). However, with the gradual recovery of Indonesian production and the growth of cultivation in other Asian countries

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a buyers' market has returned—as evidenced by the downward trend in market quotations. This development, which has become more pronounced during the past year, has allowed grinders and importers in New York to exert a stronger influence on world prices. During the first half of the current year, with world supplies expected to exceed 112 million pounds, prices for "spot" Malabar on the New York market slumped drastically from a high of US$1.02 per pound in January to a low of US$0.49 in June. By August 27, they had risen to $1.07 again and by November 10 were down to $0.52. This continued fall in pepper quotations has brought renewed demand from anxious Indian growers and traders for government price support and a sizable reduction in the export duty. Although the levy was further cut to 65 rupees per hundredweight in May of this year, this measure will be of little benefit to the trade unless market prices become stabilized at a higher level. With the present lack of demand by New York buyers, it is feared that a rate-war may develop with Sarawak, whose new crop, estimated at about 31 million pounds, is now reaching the market.

Plans for Re-Organization

Growers and traders now realize more and more that, if India is to retain an important share of the world pepper market, the present archaic system of cultivation must be reorganized along efficient commercial lines. It is also considered essential to regulate carefully the activities of middlemen to guarantee an adequate return to the grower, and it has been suggested that the Government should provide for medium-term loans to small cultivators. Some quarters hold the view that merchants should be prepared to accept smaller margins of profit with a view to achieving larger turnovers both domestically and abroad—especially in the European markets, where high prices appear to have depressed demand more than in the United States and Canada.

The recently-released report of the Spices Inquiry Committee, appointed by the Government of India to investigate the production and marketing of the important spice crops of Southern India, recommends the creation of a Pepper Development Fund of 10 million rupees with which to carry out a comprehensive ten-year plan to organize the industry on a scientific basis. The report points out that, in order to maintain India's favourable position in world trade, the present low yields of pepper must be improved, production costs reduced to make prices to foreign consumers competitive, and the quality of exports standardized. In this connection, the report proposes the establishment of regional research stations covering the four important centres of production—Travancore-Cochin, Malabar, North Kanara and Assam—to study methods of improving yield and quality through control of pests and plant disease. Sample surveys are also suggested to determine the normal yield in different areas, making possible for the first time a scientific estimate of the annual output of pepper in India. In conclusion, the committee's report recommends the setting-up of publicity agencies in New York and London, along the lines of the American Spice Trade Association, to co-ordinate and intensify efforts to increase the sale of pepper in the principal foreign markets.

If the proposals put forth in the report of the Spices Inquiry Committee are implemented and the objectives achieved within a reasonable period, the Indian pepper industry should be placed on a sounder footing, with its prosperity reasonably assured.

—W. P. BIRMINGHAM,
Assistant Trade Commissioner, Bombay.

Sarawak

THE SARAWAK PEPPER CROP for 1954 will be an all-time record and may well rival the exports of Malabar pepper from India. In the world's pepper trade, centered mainly in New York, London, Cochin and Singapore, this development is of great interest. It is the latest in a shifting "balance of power" among the three major pepper-producing countries since the war.

Before World War II the most important pepper producer was the Netherlands East Indies. During the war, with this source cut off, the western world used accumulated stocks and substitutes. The gardens in both Indonesia and Sarawak were practically abandoned during the Japanese occupation in favour of food production and because of lack of markets.

High postwar prices stimulated pepper planting on an extremely heavy scale in Sarawak and acreage by 1949 was back to the prewar figure. Last year pepper became Sarawak's most important export, topping rubber by M$18 million. By comparison, in 1952 rubber exports were valued at M$32 million more than pepper exports. In the first nine months of 1954, pepper shipments have totalled 24·6 million pounds.

The pepper gardens in Sarawak consist of anything from a few plants beside a house to "estates" of several acres. The mature berries are picked by hand, sun-dried and bagged for sale. Formerly Sarawak producers specialized in white pepper; now they produce black also. In 1952 exports of about 8¾ million pounds were divided equally but in 1953 about 85 per cent of the 20 million pounds exported was black

Here, in a typical pepper garden in Sarawak, the work of harvesting the pepper berries begins. Since the war, Sarawak producers have increased their plantings and this year's harvest, it is said, may reach over 30 million pounds.

pepper. The deciding factor is price; if the margin between the price of black and of white pepper is small, there is no incentive to produce the white variety.

Production Estimates Lacking

If a broker or spice dealer in Montreal can assess supply and demand, he can estimate future price trends and plan his purchases accordingly. It is natural for businessmen in a well-organized western country to expect to get accurate crop estimates but the way the pepper trade is conducted in the Far East makes this impossible. Official estimates are usually the most reliable but, in the case of pepper, officials have good reasons for not making crop estimates.

A very high proportion of production is in the hands of small growers raising less than a dozen plants. Much of the pepper is produced in outlying areas that are seldom visited by government officials. There is no system of registration of plants and acreage estimates are not practical. In addition there are the hazards of disease and climate common to any agricultural crop. Finally, because it is a highly speculative commodity, officials are reluctant to make estimates and run the risk of being accused of influencing the market. Dealers freely admit that they can only make wild guesses and these are often made for speculative purposes. For these reasons, even though the 1954 Sarawak crop is now being harvested, the figure of 30·2 million pounds is only approximate.

Trading the Product

The trade in pepper, like the trade in most Far Eastern commodities, is highly competitive and complicated by the many middlemen. In Sarawak the grower sells to a merchant, usually a storekeeper, who supplies the grower with his daily necessities such as food and clothing. The merchant sells to one of the exporters in Kuching who in turn ships pepper on consignment to Singapore. About 75 to 85 per cent of Sarawak's pepper is traded on the Singapore market; the rest is sold to London and New York direct. Even direct sales are trans-shipped in Singapore. In 1953 Canada imported about $1,010,000 worth of pepper from Singapore, most of it grown in Sarawak.

The importer or commission agent in Singapore representing the Sarawak exporter tenders the pepper he has for sale to the graders and packers. After it is cleaned, graded and repacked, it is sold on the produce market or simply by telephone to the many Singapore exporters who have received orders from their overseas contacts.

The Sarawak growers are nearly all Chinese, although recently Dayaks have been taking an interest in the crop. There are a few European firms operating in Kuching but the majority of merchants and exporters are Chinese. In Singapore the importing, grading and packing is in Chinese hands but most of the exporting is done by British, Dutch and Swiss firms who all have Chinese compradores to handle the local side of the transaction. In spite of passing through six or seven hands before being shipped overseas, there is enough competition to keep individual profits low. However, speculation is rife and recently there have been some violent fluctuations in the market.

Production Trends

What is the long-term trend in pepper production? There are too many imponderables in this question to give an accurate answer. Demand appears to be relatively elastic. Although considerably more pepper has come onto the world market in the last three years, prices have not fallen to a level which puts production close to the break-even point. From the Sarawak growers' point of view it is an attractive industry but not sufficiently so to draw much new investment when

returns are five years away. To assess production over the next few years, one would have to have an estimate of the pepper plants planted but not yet bearing. No such estimate has been made but it is known that pepper has been planted in Johore and Sarawak in recent years.

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

Indonesia

ONE OF THE VITAL FACTORS in the pepper trade today is Indonesia where production, cut to the bone by wartime destruction or neglect, is slowly recovering. Estimates place this season's crop (harvested during the fall months) at about 42 million pounds, a striking improvement over 1953's 15 million pounds. Nature to some extent sets the pace of recovery because the pepper vines take from three to five years to come into full production and extensive new plantings had to be made after the war and postwar disruption.

In the 1930's Indonesia (then the Netherlands East Indies) dominated the pepper trade, producing about 90 per cent of the world's pepper and supplying the United States, the largest market, with 94 per cent of its needs. Lampong black pepper, grown in the Lampong district, Atjeh and Palembang in Sumatra, and Muntok white pepper, largely from the island of Banka, have long been familiar names to spice millers and dealers. In 1939, the Indonesian islands produced 157 million pounds and from 1935-39 output averaged about 134 million pounds. In fact, Indonesian production remained so consistently high that it became a factor in pushing world prices down to lows of a few cents a pound during the late 1930's.

Effect of War

When the Japanese over-ran the Netherlands East Indies, the pepper plantations felt the blow; the vines were either destroyed or uprooted to make way for the growing of food. In Sumatra, for example, it is estimated that about 75 per cent of the plantings were lost. Indonesia's ill-fortune worked to the advantage of other areas; India took over as the leading pepper producer and plantings in Sarawak also have been increased since the war ended. This shift is illustrated by the figures on Canada's pepper purchases given on page 3. Originally the bulk of Indonesian pepper exports went to the Netherlands, particularly during the 1600's and the 1700's, when pepper growing was becoming established. In the 1900's, the United States became one of the largest consumers; today the leading markets for the reduced production are the Netherlands, Singapore, and the United States.

The following were the leading buyers of the 1953 crop:

White Pepper

Country	*Volume (in thousand pounds)*	*Value (thousands of rupiahs)*
Singapore	2,727	28,975
Netherlands	1,878	22,310
United States	1,354	15,540
Germany	1,124	13,435
United Kingdom	454	5,720
Total, including other markets	9,090	

Black Pepper

United States	3,993	49,666
Netherlands	655	8,107
France	227	2,839
Singapore	223	2,599
Germany	115	1,525
Total, including other markets	6,312	

In the first six months of 1954 this export pattern changed slightly. The leading buyers of white pepper were Singapore (1,640 thousand pounds), Hong Kong (573 thousand), the United States (520 thousand) and the Netherlands (434 thousand). For black pepper, the figures were Singapore (218 thousand pounds), Czechoslovakia (192 thousand), the United States (157 thousand) and Germany (90,389).

Problems of Producers

As with other producing countries, postwar prices of Indonesian pepper have fluctuated considerably. Black pepper in 1952 reached a high of 3,031 rupiahs* per 100 kilograms and since then has fallen to a low of 1,533 rupiahs per 100 kilograms in April 1954. White pepper reached its peak of 5,427 rupiahs per 100 kilograms in 1951 and its postwar low of 1,100 rupiahs per 100 kilograms in June 1954.

Main problem facing Indonesian producers is to continue the rehabilitation of the pepper plantations and find a market, against stiff competition, for their increased production. The Government, through its Agricultural Information Service, is providing free advice about methods of improved cultivation, particularly for those who practise the less efficient "extensive" cultivation method, which uses living trees as pillars for the pepper vines and does not put much stress on fertilization and constant attention to the growing plant. ●

* One rupiah=$0·08517 cents Canadian.

GINGER

THE DRIED GINGER which figures in the international spice trade is obtained from the tuberous underground stems of the ginger plant, which is native to Asia but is cultivated also in Africa and the West Indies. The growing of ginger seems to be concentrated largely in Commonwealth countries such as Jamaica, Sierra Leone and India; China also produces large quantities which are used for preserved ginger, a confection rather than a spice.

Although it is a perennial, the ginger plant is usually treated as an annual. The planting of seed ginger (small portions of underground stems) is carried on from April to early June; the plant grows to a height of about 15 inches and is ready for harvesting between December and March.

Ginger is an expensive crop to raise because it calls for large quantities of seed material, intensive fertilizing, and a good deal of labour in tilling, weeding and harvesting. It is therefore usually a small farmer's crop—in India, for example, cultivated holdings are, as a rule, less than one acre.

India, the country with the largest ginger crop, uses the major part of it at home and sells most of the remainder in neighbouring Asian and Middle Eastern markets. The other important producers—Sierra Leone, Jamaica, and Hong Kong (re-export trade)—send most of their ginger to overseas buyers.

Today, in most parts of the world, ginger is not used as much as it was in grandmother's day. In 1935 Canada, for example, imported 538 thousand pounds of unground dried ginger; by 1953, was buying only 323 thousand pounds. Most of our supplies last year came from four countries—Jamaica, Hong Kong, the United Kingdom (through brokers and spice houses there) and Sierra Leone. Jamaica supplied 62 per cent of the total, Hong Kong 13 per cent, the United Kingdom 11 per cent, and Sierra Leone 8 per cent. Statistics for the first seven months of this year show that Sierra Leone is supplying a rather larger proportion of the imports, and Hong Kong a smaller one.

Fluctuations in price seem to mark the world ginger trade; in this, the spice resembles pepper. In 1935, the average price per pound of ginger imported was 8·9 cents; by 1939 it had fallen to 4·8 cents. Of late years, the price has generally remained higher; in 1952 it touched 28·6 cents, in 1953 it went down to 13·1 cents, and over the first seven months of this year has risen slightly to 16·9 cents.

Jamaica

GINGER is the second principal spice exported from Jamaica but it is declining in importance. It is a crop of the small farmer, grown in the hilly regions and, because the methods of cultivation lead to damaging erosion of the soil, the Government is encouraging growers to switch to other crops.

Immediately after it is harvested, Jamaican ginger is peeled, washed, and laid out on mats or wire screening to dry in the sun; the root sweats profusely and has to be turned frequently to prevent mildew. When the preparation is finished the farmer sells his ginger to licensed produce dealers, most of whom are small shopkeepers in the country districts; these dealers accumulate stocks and eventually sell to one of the large produce exporters. Ginger is classified into four grades (1, 2, 3 and ratoon) which have become well established and accepted in the trade, and it is government-inspected before being exported. Other than this there are no government controls and the crop reaches world markets through commercial channels. It is sold in bags of about 200 pounds.

Crops and Prices

Production of ginger has traditionally fluctuated between 2¼ and 4½ million pounds per year but during 1953 Jamaica exported nearly 4½ million pounds. The United States was the largest buyer, taking over 2 million pounds, the United Kingdom purchased 1·8 million pounds, and Canada 0·2 million pounds. Because many small peasant growers are involved, it is difficult to predict the size of a crop until it has been gathered. Some people in the trade estimate that the coming crop may be one-third smaller than that of last year, with growers discouraged by previous low prices and the Government's advice to curtail plantings.

During 1950 and 1951 the world price of ginger soared to record levels, approaching 400 shillings per cwt. c.i.f. London. In the next two years the price fell

drastically to well under 100 shillings, and the Jamaica Government was forced to aid the growers by a subsidy. At that time, growers were urged to switch to alternative crops, as the future of the ginger market appeared uncertain. But for the past few months ginger prices have been buoyant again, with quotations on August 31st of 240 shillings per cwt. c.i.f. London for No. 3 grade. This is more than double the price of a year ago.

—R. R. PARLOUR,
Assistant Trade Commissioner, Kingston.

India

INDIAN GINGER in the commercial dry form comes largely from the State of Travancore-Cochin, and the Malabar district of western Madras. The most favourable regions for its cultivation are the lower slopes of the Western Ghats, where the soil, shade and climate favour its growth.

The bulk of the Indian crop is marketed domestically as green ginger, which is prepared simply by washing the stems and keeping them in the sun for a day or so. Two varieties of dry ginger are prepared for export markets. The first, limed or bleached ginger, is marketed in the Middle East and the other variety, known as rough or unbleached ginger, is sold in European and American markets. The yield of dry ginger—bleached or unbleached—approximates 20 to 24 per cent of the green product. Because the quality deteriorates in storage, ginger is sold or exported immediately after curing and drying; the main marketing season is from January to the end of March.

Growers of ginger generally sell their produce in small lots to village merchants in the interior, who in turn transport and sell it to commission agents at the assembling markets, such as Alleppey, Cochin and Calicut. These agents store the ginger in their godowns and complete the final sale to shippers and exporters.

Production and Exports

Forecasts of acreage and production of the ginger crop in the various states are published regularly in India and the average annual production of dry ginger is estimated roughly at 22 million pounds. Yields vary but introduction of improved cultivation methods brings sizable increases in production. By comparison, supplies from Sierra Leone and Jamaica, India's chief competitors, normally amount to 3·5 to 6·5 million pounds and 2 to 4·5 million pounds respectively. However, because of the larger fibre content of the Indian product and its relatively higher price, the Jamaican and African types are preferred in most of the Western countries, including the United States, the United Kingdom, Canada and Australia. During 1952-1953, estimated production of ginger in India totalled 37·2 million pounds, the decline in production from the previous year's 40·8 million pounds stemming from unfavourable weather conditions during the season. The latest trade estimates place production during the present crop year at about 25 million lb.; for the coming year it is likely to be slightly larger.

From the prewar level of 4·7 million pounds valued at 1·1 million rupees, average annual exports of Indian dry ginger for 1952 rose to a maximum volume of 8·6 million pounds valued at approximately seven million rupees. However, a continuing down-trend in the value of exports has been apparent since 1951, because of a marked decline in prices.

Leading Customers

Both before and after World War II, Aden has been the leading customer for Indian ginger, taking 44 per cent by volume of total exports during 1953. Most of this consists of bleached ginger and is re-exported to neighbouring countries. Next in importance among India's markets is Saudi Arabia, which accounted for 15 per cent of dry ginger exports in '53.

From the prewar level of about Rs.9 per cwt., the average annual price of unbleached ginger at Bombay increased to a maximum of Rs.231 per cwt. in 1950-1951, declining thereafter to Rs.82 per cwt. in 1952-1953. The present market price is Rs.154 per cwt. and it is predicted that it will fall in the coming season unless export demand increases unexpectedly. According to the Spices Inquiry Committee, the trade considers present prices reasonably remunerative—price stability being the main factor in determining the extent of cultivation and the size of the plantings.

The report of the Spices Inquiry Committee suggests that production of ginger in India could be considerably increased if the cultivators had adequate credit facilities and therefore the Central and State Governments have been urged to remove restrictions hampering the provision of credit to co-operative societies. Furthermore, government financial assistance to these societies is proposed for the construction of warehouses in the important marketing centres.

The report also emphasizes the importance of gaining wider acceptance for Indian ginger in Western markets. It accordingly recommends accelerated research into the evolution of a fibre-free product, the establishment of uniform grade specifications and of standards for export packing, and fumigation of the product before export to reduce insect infestation.

—W. P. BIRMINGHAM,
Assistant Trade Commissioner, Bombay.

CLOVES

NEARLY 90 PER CENT of the world's supply of cloves comes from two beautiful tropical islands lying off the east coast of Africa a few degrees south of the equator—Zanzibar and Pemba. There the 40-foot high, evergreen clove trees flourish and produce buds which, picked before they open and dry, become the brown cloves of commerce.

Originally the clove tree grew in the Moluccas, but it soon took to travelling. The Dutch cultivated it on Amboyna and the French on Mauritius. But it is on Zanzibar and Pemba that it has grown most luxuriantly, despite recent outbreaks of fungus diseases which have affected the crop. Madagascar produces smaller quantities which go almost entirely to Malaya.

Clove trees seem to follow a regular two-year cycle, with a bumper crop one year and a smaller crop the next. In 1950-51, for example, the Zanzibar and Pemba crop equalled nearly 44·8 million pounds; in 1951-52, it was about 12 million pounds. Disease made inroads into the 1952-53 crop, which fell to less than five million pounds. In Madagascar, crops average about 16·8 million pounds. The crop year runs from July through to June.

In 1953, Canada imported 142,032 pounds of cloves, 93,100 pounds from Zanzibar and nearly 22,000 pounds from Britain—largely re-exports of African cloves. In the first seven months of 1954, imports have totalled 121,186 pounds (79,160 pounds from Zanzibar and 20,882 from Madagascar). Average cost per pound imported in 1953 was 93 cents; so far this year, the price has averaged about 41 cents. Large buyers of cloves include Malaya, which carries on a re-export trade in this spice, and Indonesia, which uses cloves in its local cigarette-making industry.

Zanzibar and Pemba

Nearly a century and a half ago, Seyyid Said, the first Sultan of Zanzibar, imported clove sprouts from Reunion and Mauritius and ordered his subjects to plant three clove trees for every coconut palm, under penalty of confiscation of their land. At that time cloves and their derivatives were being used in Europe to preserve meats and were selling for the equivalent of hundreds of dollars a pound.

As a result of this policy, clove trees on Zanzibar and Pemba grow in plantations and avenues and groves, which in June and July ring with the voices of native pickers who strip the laden branches of their aromatic pink buds and spread them out on platforms to dry.

In recent years, refrigeration has replaced cloves in the preservation of meats but other uses for the dried buds have been found. For one thing, the clove is no longer of paramount value merely as a clove but as a source of eugenol, which in turn is a source of vanillin. From that comes a vanilla that is cheaper than natural vanilla from the vanilla bean and tastes somewhat similar. In India and Indonesia the clove is used in cigarettes, as a flavouring for rice, and as a deodorant for the breath. Today more than half of Zanzibar and Pemba's annual production of cloves is shipped to these two countries. The remainder goes to Singapore, the United Kingdom, the United States and other countries.

To provide revenue for the Government, a rather high export duty is collected on clove exports. On July 3, 1954, however, the export duty was reduced from shillings 169/– ($22.82) to shillings 66/– ($8.91) per 100 pounds. This reduction should prove of great benefit to the industry which is struggling with two diseases, "dieback" and more particularly "sudden death". The latter blight began five years ago and since then thousands of trees have died. Suddenly the dark green branches fall, then gradually the whole tree becomes denuded and the silvery stems twist and wither. Scientists have been carrying on a campaign against these diseases since 1947 without much success. Some growers think the blight is merely the death from old age of trees planted some seventy or eighty years ago. One thing seems to bear this out—the oldest trees have been affected while younger ones planted near them are thriving.

—HOWARD CAMPBELL,
Assistant Trade Commissioner, Johannesburg.

95533—3

NUTMEG AND MACE

THESE TWO SPICES are the children of the same parent—an evergreen tree which looks something like a rhododendron and was first discovered growing in the Moluccas. The nutmeg itself is the seed of the fruit of the nutmeg tree and mace the dried-out covering of the kernel in which this seed is enclosed. The trees begin to bear in their sixth year and continue producing for over 50 years.

From the Moluccas the nutmeg tree travelled to other nearby islands and today half of the world's supply of nutmeg and mace comes from Indonesia. Many years ago, the tree was also transplanted to the West Indies and Grenada, one of the Windward Islands, has gradually become a major producer. It is to Grenada that Canada turns for its supplies; in 1952, out of total imports of nutmeg and mace of about 307 thousand pounds, 293 thousand came from Grenada. The United States seems to divide its purchases between the two major producers; in 1952 bought 3·6 million pounds from Grenada and 2·2 million pounds from Indonesia. Postwar exports from Indonesia have recovered to about two-thirds of the prewar average.

Canada's imports of nutmeg and mace have fluctuated only slightly in the past 25 years—from the 312 thousand pounds of 1930 to the 1945 low of 179,050 pounds; the 1953 total was 225 thousand pounds.

Grenada

Present production of nutmeg and mace in Grenada appears to be fairly constant, with an average yearly output of five million pounds of nutmeg and 450 thousand pounds of mace. New plantings are mainly replacements of old trees and there are no plans to extend cultivation.

The outlook for the next crop appears to be normal, with harvesting starting in November-December. The old crop has been sold and weather conditions will determine the extent of the new one. Prices have been improving in recent years and at the moment the price of mace shows an inclination to increase because of the present shortage.

Exports Fluctuate

Exports of nutmeg in 1952 amounted to 4,992,260 pounds valued at BWI$1,536,791. High winds blew down some of the fruit last year so that exports were lower, at 4,153,184 pounds, but prices were better so that the total value was $1,405,465. The largest buyer was the United States (BWI$590,648), followed by the United Kingdom ($306,946), and Germany ($311,066). Canada was a very small buyer of nutmeg, at BWI$1,706, (BWI statistics). However, the Grenada Co-operative Nutmeg Association, which controls the buying and selling of nutmeg and mace, has been encouraged by orders for distillation nutmegs placed by Canadian distillers.

Mace exports in 1952 amounted to 770,232 pounds valued at BWI$782,679, but rose to 840,560 pounds valued at $976,593 in 1953. The United Kingdom was the chief market ($516,312), with Germany next ($141,366), and the United States third ($126,525). Canada in 1953 purchased $55,910 worth of mace from Grenada (BWI statistics) and sales in recent years have been increasing.

The Association has a sales representative in the United States and sells through brokers in the United Kingdom and Canada. It deals direct with purchasers in other countries, as well as with brokers.

Nutmeg and mace are produced in some of the other islands but the amount entering world markets is relatively small. In 1953 St. Lucia exports of nutmeg were valued at BWI$1,267, St. Vincent $19,200, and Trinidad and Tobago $20,017.

Exports of mace from St. Lucia amounted to BWI$1,270, from St. Vincent $6,720, and Trinidad and Tobago $1,708.

—P. V. McLANE,
Trade Commissioner, Port-of-Spain.

Indonesia and Singapore

Nutmegs grown in the Indonesian islands are graded by hand into sizes which are given numbers for commercial purposes corresponding to the number contained in one pound, for example 110s (small), 85s (medium), 65s (large). Once the nutmegs have been removed from the kernel they are usually limed to protect them from weevils. (This practice is not followed in the West Indies.)

Market Methods

Macassar in the Celebes is the main collecting and exporting centre for nutmegs raised in that area. They are trans-shipped in Djakarta and Singapore from small inter-island vessels to larger freighters for overseas markets. In Singapore, Chinese commission agents receive shipments on consignment, selling them to one of the grading and packing firms (also China). Here the kernel is removed and the nutmegs cleaned, graded and packed in jute bags. They are then sold on the produce market or over the telephone to exporters—British, Dutch and Swiss firms—who buy and ship on cabled instructions from their overseas contacts.

No exports are recorded from Singapore to Canada or the United States.

Market trend: steady, there are no seasons. Little information is available on production but it is apparently constant.

Exports of Nutmeg and Mace from Singapore, 1953

	(in thousand pounds)	*M$*
To—United Kingdom	62·4	58,087
Europe	354·2	354,044
India	580·6	493,934
South Africa	20·6	15,131
Australia	176·0	145,201
New Zealand	26·4	20,327
Other	355·2	246,354
Total	1,575·4	1,333,078

MACE

Mace arrives in Singapore from the Moluccas and Sumatra, and is exported as follows (1953):

	Quantity (in thousand pounds)	*Value M$*
United Kingdom	8·8	12,100
Europe	24·2	24,583
India	95·2	184,669
Australia	53·0	71,381
New Zealand	17·0	23,176
United States	8·0	10,126
Other	49·4	57,644
Total	255·6	383,679

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

(Left) Nutmeg is the seed of the nutmeg tree, enclosed in a fruit about the size of a peach. The photograph shows the ripe fruit, which has split open to disclose the crimson-coloured mace, a lace-like seed coat that covers the shell in which the nutmeg itself is enclosed. The red mace is removed and dried and becomes the yellow mace which is widely used. Nutmegs vary in size but, generally speaking, there are about 110 Grenada nutmegs in one pound.

95533—3½

TURMERIC

THE TURMERIC PLANT is native to Asia and is cultivated today principally in India, China, and Indonesia. At the end of the growing season, the corms or underground stems of the plant are dug up and separated into "bulbs" or "fingers". They are then boiled, dried in the sun for four or five days, cleaned, and polished. In the final stage the prepared corms are ground into an orange-yellow powder.

In some eastern countries, such as India, turmeric is almost universally used to flavour many vegetable, meat and fish preparations. North Americans employ it in pickling and it is an important ingredient in curry powders. Apart from its use as a spice, the paint and varnish and textile industries find it a valuable colouring material and it goes into certain medicinal oils and ointments.

India

TURMERIC grows in India from sea level up to an altitude of 4,000 feet, usually on sandy or clayey loams. The planting season extends from April to July and harvesting takes place the following March and April. After curing, the turmeric is sorted; the "fingers" go largely to European markets, the "bulbs" to Middle Eastern buyers, and the "splits" are used locally. Then comes grading into large and small sizes, according to the requirements of particular markets.

The chief characteristics of good-quality turmeric are a deep yellow colour, hardness, metallic sound, and a pungent aroma, but there are no standard grades and grade specifications. Contract terms for export are not uniform, but may be based on those set either by the American Spice Trade Association of New York or the Producer Brokers' Association of London. The adoption of uniform grades and packing methods is considered essential to the establishment of confidence in the Indian product.

Marketing, Production, Exports

Turmeric is marketed in three ways—direct sale by growers, sales through commission agents, and sales by village merchants to wholesalers. The second method is the most widely used. The commission agents conduct auctions, supervise weighing, settle the amount due from the buyers and complete the transactions, charging both grower and buyer a commision at the rate of 1 to 2 per cent of the market value. As yet, the role of co-operative marketing societies is relatively minor.

India's production of turmeric is concentrated in the east coast states of Andhra and Orissa, and to a lesser extent in Bombay and Hyderabad. Although regular crop forecasts are not published nor are there reliable statistics of production and internal consumption, the average annual output of dry, cured turmeric in India is estimated at 269 million pounds. Unlike other spices, over 90 per cent is consumed domestically or retained as seed. Production has risen in recent years from 210 million pounds in 1948-49 to a maximum of 295 million pounds in 1950-51, when higher prices stimulated more intensive cultivation. Current production is estimated to be slightly above the average figure and prospects are for an equally good crop in the coming season.

Annual exports of dry cured turmeric averaged only about eight million pounds prewar, with a value of 1·1 million rupees.* After the war, the trend was steadily upward until 1951, when exports reached a maximum of over 25 million pounds, valued at 12·1 million rupees. After that, volume and value declined to 12 million pounds worth 5·1 million rupees in 1953.

The principal buyers of Indian turmeric are Iran, the United States, Ceylon, Kuwait, and the United Kingdom. Since 1952, exports to Pakistan, for many years the leading consumer, have fallen sharply because of that country's foreign exchange position. On the other hand, exports to the United States, Ceylon, Iran, and Kuwait have risen. The demand from the United Kingdom, however, has remained almost constant since the prewar period. Canada is a comparative newcomer among India's customers; her postwar imports have increased nearly fourfold from the prewar average of 42,560 pounds (Indian figures) and the value of Indian turmeric exports to Canada in recent years has averaged about 70,000 rupees per year.

* One rupee=approx. 20·8 cents Canadian.

The trend in prices of turmeric in the principal distributing markets—Calcutta and Bombay—since the war has been generally upward. From the prewar level of Rs.14 per cwt. average annual prices rose to a maximum of Rs.66 per cwt. in 1949-1950. Then followed a decline to about Rs.30 cwt. at Calcutta and Rs.38 per cwt. at Bombay in 1952-1953; this was attributed partly to the larger supplies received during this period and partly to decreased demand from abroad. Subsequently, market prices have shown signs of recovery, rising from Rs.60 per cwt. at the beginning of the current year to Rs.87 per cwt. at present. There is no marked seasonal variation in turmeric prices, although from April to November they generally remain below normal because of the larger supplies and from November to March rise, the effect of reduced stocks and larger exports.

—W. P. BIRMINGHAM,
Assistant Trade Commissioner, Bombay.

CASSIA

CASSIA might be called a second cousin to cinnamon; it is the bark of a tree belonging to the same family and is used mainly as a substitute for its better known relative. The cassia tree was first discovered in the province of Kwangsi, China, and today it still flourishes largely in South China. But it is also grown in Indonesia and a good deal of cassia from Sumatra goes to Penang and is re-exported. Last year, for example, about 800 thousand pounds of Indonesian cassia were shipped to Penang and re-exported to Hong Kong (400 thousand pounds), Africa (142 thousand), India (90,000) and Thailand (40,000).

Before the cassia bark can be harvested, a tree must be about ten years old, but once in production it will yield every year. The bark is loosened and stripped from February to April and, when it is dry, it curls up in quill-like form. These "quills" are then cut in lengths of about one foot and tied in small bundles. The difference between "cassia" and "cassia lignea" is slight. Cassia lignea comes from the branches of the younger trees and is finer in the grain, thinner, and less pungent than cassia. In general practice, the term cassia lignea refers to the grade which was in whole pieces before being press-packed; it is considered of better quality. Cassia covers all broken grades.

Hong Kong

BECAUSE THE CASSIA-PRODUCING AREA of China lies close to Hong Kong, this port has always been the natural export outlet. Junks which ply the Canton River bring it to the Colony in matting-wrapped bales; it is then sorted and prepared for export. In the trade, whole cassia is referred to as "cassia lignea whole selected" while broken cassia is either "cassia extra selected broken" or "cassia selected broken". Bales of 112 pounds, wrapped in matting, are made up and press-packed. In this form the cassia is ready for shipment.

Although no figures from China are available, it is believed that the amount of cassia coming on the market each year is relatively constant because the cassia trees are not unduly affected by climatic conditions. Demand too is inelastic, with the result that prices do not fluctuate more than about 10 per cent during the year. Actually the Government of China maintains floor prices and these are said to be stable.

Price fluctuations are largely confined to the Hong Kong market. Current quotations, f.o.b. Hong Kong, are as follows:

	Hong Kong dollars per bale of 112 lb.
Cassia lignea,whole, selected	$50.00
Cassia, extra selected, broken	45.00
Cassia, selected, broken	40.00

The major market for cassia is India, as might be expected because the Indian people consume large quantities of spices of all kinds. Before the embargo on trade with China, the United States was an important outlet but Canada is not a big buyer. In 1953 exports to Canada from Hong Kong amounted to only 375 thousand pounds out of total exports of about 21 million pounds. To the end of August this year, Canada has bought 360 thousand pounds; exports to all destinations total 9·4 million pounds.

—M. B. BLACKWOOD,
Assistant Trade Commissioner, Hong Kong.

ALLSPICE

FIRST COUSIN to the clove is a spice native to the West Indies which today comes almost exclusively from the island of Jamaica. There it is called Jamaican pimento or sometimes Jamaican pepper, but Canadians know it as "allspice"—because it seems to combine in subtle fashion the flavour of cloves, cinnamon, and nutmeg. The largest portion of the crop goes to the United Kingdom, which in 1952 bought nearly two million pounds, followed by the United States, with about 1½ million pounds. The Jamaican crop has varied within the past 15 years from the 8·6 million pounds of 1938 to the 4·5 million of 1952.

Jamaica

ALLSPICE is the principal spice exported from Jamaica and the island enjoys a virtual world monopoly of its production. Much smaller amounts are grown in Mexico and other West Indian islands. Perhaps the reason for this concentration in one spot is that the seed has never been successfully propagated by man. The pimento tree grows in scattered patches in the upland grazing country, supposedly from the droppings of birds feeding on the ripe berries. Maturing in seven years, the full-grown pimento tree is 30 feet tall and bears annually for 60 to 70 years. The number of producing trees thus remains constant over the years but yields vary with changing growing conditions and crop fluctuations are difficult to predict.

The gathering of pimento takes place in July and August. When ripe, the fruit is a dark purple berry with a sweet aromatic pulp covering a seed the size of a small pea. The berries, which grow in clusters, are broken from the tree, separated from the stems, and spread out to cure on platforms called "barbecues". They are allowed to ferment for 48 hours and are then dried in the sun.

Marketing Methods

During the war, when markets disappeared, the Jamaican Government was obliged to buy all the crop and undertake the marketing of it. The Government continues this function today but for a different reason —to ensure fair distribution when the crop is too small to meet world requirements. Under the present system, the Government fixes the prices which the growers and dealers will receive and all pimento is sold to the Government and delivered to the Government Pimento Clearing House. Here the pimento is cleaned, put in bags of 150 pounds, and stored before export. Actual sales abroad are made through commercial channels under government supervision. An official export price is announced each year.

Export Sales

Sales are made to some 20 countries and out of 6·8 million pounds of pimento exported in 1953, the United Kingdom took 2·9 million, Germany 1·5 million, and the United States 1·2 million. Canada bought 137,200 pounds valued at £12,248 f.o.b. The crop now coming in is smaller than that of last year and is not expected to reach four million pounds. In past years it was customary to have a carry-over, but more recently crops have been smaller than world demand and stocks have been exhausted each year.

Price Trends

The price of allspice has shown a steady rise over the past twenty years and the Government of Jamaica is now attempting to maintain it at a reasonable level and prevent the product from being priced out of the market. Last year, the official export price was set at just over £200 per long ton, f.o.b.; in October of this year, it was raised to £300 per long ton because of the keen demand. Under the present system, the Government purchases all the allspice grown on the island and sells it abroad through a number of merchants in Kingston who act as its agents.

This year, each of these merchants will be allocated allspice on a quota, based on his export performance in past years. The actual distribution of the spice among buyers abroad is left to the discretion of the agent and the Government does not interfere. Canadian buyers of allspice, if they are unable to purchase their urgent requirements through normal commercial channels, should apply to the Department of Trade and Commerce for assistance in procurement.

—R. R. PARLOUR,
Assistant Trade Commissioner, Kingston.

PAPRIKA

PAPRIKA—or "El Pimento" as it is known in Spanish —is the skin of a variety of sweet pepper, dehydrated and ground. The Murcia zone of Spain is famous for a paprika which is rather sweet and free from harsh or pungent flavour. The soil in the area is credited with the high quality of the product because efforts to transplant Murcia seed elsewhere have invariably resulted in a fruit with the sharp taste found in the hot varieties we know as "chili".

Spain

"EL PIMENTO" plays an important role in Spain's export trade, particularly as a dollar earner. In 1953, 4,546 metric tons were exported with a value of 7,465,192 gold pesetas. Of this total the United States bought over 2,000 tons valued at approximately 5 million gold pesetas and Canada imported just under 100 tons valued at approximately 218 thousand gold pesetas. The following table lists the main markets for this product by value and weight for 1953.

Country	*Kilos*	*Gold Pesetas*
United States	2,110,574	4,939,914
France	874,803	750,961
Tunisia	482,567	346,016
Algiers	322,756	255,632
French West African Colonies	155,834	154,219
Germany	132,553	178,219
Cuba	98,533	185,307
CANADA	93,950	217,862
Great Britain	79,180	93,800
Switzerland	55,700	132,296
I.Z. of Morocco	40,624	56,686
Egypt	40,000	34,498
Andorra	17,192	37,890
Mexico	12,680	21,744
Panama	7,550	13,935
Venezuela	7,053	14,728
Santo Domingo	5,490	9,627
Colombia	4,140	9,852
Sweden	2,200	5,578
South Africa	150	471
Norway	15	56
Other countries	2,870	5,901
	4,546,394	7,465,192

The table shows clearly that the most important markets in '53 were the United States and the franc zone. The former takes 47·8 per cent of total exports and the latter the important quantity of 1,829,710 kilos.

Exports in recent years have been:

	Kilos	*Gold Pesetas*
1947	2,447,960	5,694,589
1948	2,743,240	6,443,393
1949	2,544,510	5,489,045
1950	3,312,620	7,670,312
1951	3,263,410	6,455,130
1952	5,189,000	7,606,819

It is estimated that the present crop will be about the same as last year's and perhaps somewhat larger; harvesting began in late August. This year the crop will be sufficient to meet local demand and export requirements of approximately 4,500 metric tons.

Paprika is mainly exported in bags of 50 kilos (approximately 110 pounds), and sometimes in bags of 25 kilos (approximately 55 pounds), or in tins. Shipment ports named under the new paprika export regulations are Cartagena and Alicante for Murcia crops, and Seville and Bilbao, as well as the Irun frontier, for the Estremadura product.

Export prices have already been fixed for the whole year and will only be altered if there is a wide variation in the normal export demand. These prices for the United States and Canada for the four grades of paprika are as follows:

Grade

1—$0·37 per lb. equals $0·8140 per kilo
2—$0·34 " " " $0·7480 " "
3—$0·31 " " " $0·6843 " "
4—$0·28 " " " $0·6181 " "

Prices for sacks, net weight, f.o.b. Spanish port. Packed in tins, net weight, the following are the increases per pound:

100 lb.	$0·003
50 "	$0·003
25 "	$0·005
10 "	$0·008
5 "	$0·010
less than 5 "	$0·012

For exchange purposes, paprika is classed for export in Group III of the regulations of the Spanish Institute for Foreign Exchange. The rates are formed from the combinations of the special and free market rates in different proportions, according to the percentage granted to each product and its inclusion in one of the five groups established. As a result paprika obtains a rate of 30·95 pesetas to the U.S. dollar.

—B. I. RANKIN,
Commercial Secretary, Madrid.

THE SPICE MARKETS

United Kingdom

BEFORE THE FIRST WORLD WAR, the United Kingdom was the unrivalled centre of the world's spice trade. To many people the name "Mincing Lane" is still synonymous with the trade in produce and, in particular, the exotic spices that originated in the Far and Middle East.

The returns from spice trading today are not nearly so handsome as they were in the days of the sailing ships—though there are those who would suggest that the hazards are comparable, if only because of the ups and downs in prices which have marked postwar spice markets. Spices still earn important amounts of foreign exchange for Britain, thanks to brokerage fees and to the considerable profits reaped from the entrepôt trade.

The entrepôt trade, however, is not what it used to be. Before the 1914-18 war, the bulk of the world's spice needs was shipped through London. Even New York bought from London before 1914. The submarine blockade interfered with this business and started the trend toward direct imports from the country of origin which is the pattern today.

Nevertheless, the intimate London connection with the producing areas has enabled the London dealers to handle a large share of this trade. These brokers do not import: they place orders for customers' requirements and arrange for direct shipment from the point of origin to the consuming area. It is impossible to say what percentage of the world's spice trade is booked through London, but it is large. One firm, for example, is known to handle 30 per cent of the world's pepper business.

Sources of Supply

The following paragraphs indicate the origin and quantities of the major spices imported into the United Kingdom.

Most of the countries in South and Southeast Asia supply Britain with pepper, cinnamon and ginger. The chief sources of cloves are Zanzibar and Madagascar; Jamaica and Sierra Leone and India are large exporters of ginger and allspice; Grenada is famous for its nutmeg and the Seychelles and Ceylon for cinnamon.

Pepper

The United Kingdom imports the bulk of its pepper from India and most of the remainder from Malaya. Other sources are Sarawak, West Africa and Indonesia. Imports since the small shipments of the war years have shown a steady rise.

United Kingdom Imports of Pepper

1951	47,000 cwt. (112 lb.)
1952	57,000 "
1953	68,000 "

Of this quantity the following was re-exported:

1951	10,000 cwt.
1952	27,000 "
1953	25,000 "

Britain consumed about 90,000 tons of pepper a year before the war but meat rationing reduced the demand. The restoration of free trade in meat is expected to double pepper consumption, largely because of its use in making sausages.

Cloves

Britain's sole sources of cloves are Zanzibar and Madagascar and no cloves have been re-exported since 1949. During recent years the Zanzibar crop has been seriously threatened by disease and in 1952-53 was only one-tenth of that of 1950-51. The Madagascan crop has also fallen sharply since 1950.

United Kingdom Imports of Cloves

('000 cwt.)

	1951	*1952*	*1953*
Zanzibar	12	5	10
Madagascar	1	....	....
Total	13	5	10

Cloves have always been an important source of vanillin in the United Kingdom, but the development in Canada of a process for recovering vanillin from waste pulp mill liquors has meant the diversion of some of this trade.

Ginger

Almost all the world's supply of spice ginger comes from Commonwealth countries; Sierra Leone and the British West Indies are the principal exporters to the United Kingdom. It is also produced in Nigeria and India but in 1952 a world surplus developed and resulted in a cutback in acreage which was reflected in British imports.

United Kingdom Imports of Ginger

1951	58,000 cwt.
1952	26,000 "
1953	32,000 "

Of these imports, the following quantities were re-exported:

1951	21,000 cwt.
1952	17,000 "
1953	10,000 "

A wide range of other spices are imported into the United Kingdom, mainly from the sterling area. Nutmeg and mace are bought chiefly from the West Indies, cinnamon from Ceylon (also from the Seychelles and Indo-China) and allspice from Jamaica. British imports and re-exports of these spices have declined over the past few years.

United Kingdom Imports and Re-exports of Other Spices

Imports	1951	143,000 cwt.
	1952	91,000 "
	1953	85,000 "
Re-exports	1951	32,000 "
	1952	44,000 "
	1953	25,000 "

The following table shows the volume and value of United Kingdom spice exports to Canada for the three years ended December 31, 1953.

United Kingdom Spice Exports to Canada

('000 lb. and $'000)

	1951		*1952*		*1953*	
	lb.	*$*	*lb.*	*$*	*lb.*	*$*
Cloves, unground	61·6	32·2	34·4	35·3	21·9	30·3
Ginger, unground	51·2	19·4	83·6	17·7	35·5	4·4
Mustard, ground	370·5	171·6	493·8	218·6	518·4	217·6
Nutmeg and mace, unground	1·4	1·7	2·9	1·5	.....	.....
Pepper, unground	70·6	68·4	41·3	29·3	104·1	67·2
Spices, n.o.p., unground	34·4	7·8	1·6	·7	15·5	2·2
Ginger and spices n.o.p., ground	11·8	9·4	17·9	12·3	23·9	16·3
Total	601·8	310·9	675·8	315·8	719·6	338·3

These totals are not sensational but it should be remembered that they are only a part of the picture. The brokerage fees and commissions paid to the London merchants represent an important and steady invisible export.

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

The Netherlands

FROM THE BEGINNING of the 17th century—when the Dutch took possession of the East Indies—until 1939, the Netherlands was an important market for all types of spices. Throughout this period a wide variety of spices were imported, processed and re-exported to various parts of the world. Since the end of the last war and the establishment of Indonesia as an independent state, however, spices have been imported into the Netherlands mainly for home consumption, although some foreign shipments are still being made.

Price Movements

The trend in prices of those spices which enter into Netherlands trade has been downward since 1949. During the period quotations for white pepper have dropped from Fl.2,500 in 1949 to Fl.500 per 220 pounds in September 1954 and the price of black pepper from Fl.1,700 to Fl.400 per 220 pounds at the date of writing. Zanzibar No. 2 cloves are being offered to local importers at 4/6 sterling per pound; the Netherlands, however, does only a limited business in this spice. The price of nutmeg has been Fl.270 per 220 pounds for some time, and the trade does not anticipate any important change in the near future.

Spices entering the Netherlands must pay a duty of 15 per cent ad valorem, plus a sales tax of 4 per cent levied on the duty-paid value of the merchandise. No distinction is made between spices in bulk or packed.

The principal users of spices in the Netherlands are the producers of canned meat and other foodstuffs. Of late years, however, a new outlet has appeared—the Chinese and Indonesian restaurants which cater to the large number of people who have recently returned to the fatherland from the Far East.

Exports

The principal market for the Netherlands' reduced exports of processed spices is Belgium. A certain volume continues to move to other parts of the world and during 1953 Canada imported spices valued at $21,274 from this country. The main spice re-exported is cinnamon. During 1953 sales abroad amounted to about 82,000 pounds, slightly more than 10 per cent of total imports. Other spices exported included white and black pepper, nutmeg, mace, and cloves.

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

How to Sell *through New York*

Many Canadian companies are finding it possible to sell to third countries through the medium of foreign buying agencies located in New York. In the first of three articles on making use of these channels, the author discusses dealing with organizations purchasing in the United States for foreign governments.

C. E. BUTTERWORTH, *Vice-Consul and Assistant Trade Commissioner, New York.*

SOME CANADIAN FIRMS which cannot sell *to* the United States can sell *in* the United States—and especially in New York City. This rather startling statement holds true because New York has become the headquarters for hundreds of purchasing organizations which buy for foreign governments, for foreign companies which use large quantities of dollar goods, and for United States companies carrying on big enterprises abroad. In New York too, many businesses have sprung up whose sole concern is foreign trade—the export commission house, the manufacturers' agent, the export merchant, and so on. These "New York buyers for export" provide a useful medium through which Canadian goods may find a market in third countries.

Advantages for Canadian Exporters

Selling through these channels offers certain attractive features. First of all, the customer is in New York City, almost on Canada's doorstep. Second, the Canadian exporter is assured of payment in dollars and the credit risk is low. Third, the seller does not have to cope with the problem of import licences for foreign countries. But there is one drawback—competition with well-known United States suppliers is keen.

What, in brief, are the functions of these New York buyers for export and how can Canadian firms best do business with them? This article will discuss dealing with foreign government purchasing agents located in New York; a second article will deal with purchasing offices for overseas companies, and a third with the export and import houses.

Buying for Foreign Governments

Some thirty-five purchasing agents in New York buy for foreign government accounts. The countries covered are:

Afghanistan
Argentina
Australia
Bolivia
Brazil
Chile
China (Nationalist)
Colombia
Ecuador
Ethiopia
France and French Colonies
Haiti
Indonesia
Israel
Netherlands
Philippines
South Africa
Syria
Thailand
Turkey
Venezuela
Yugoslavia

Primarily, these offices, on receiving instructions from their home governments, investigate sources of supply for the goods in demand and either make recommendations to their governments or carry through the purchases themselves. Usually the New York offices are authorized to cover Canada as well as the United States. But because their staffs are limited and the services of U.S. businesses so close at hand, Canadian firms are not considered as possible suppliers as often as they might be.

If Canadian suppliers maintained more direct and frequent contact with the New York buying organizations, the story could be different. As a first step, interested Canadian companies should obtain a list of foreign government purchasing agencies in New York, plus the names of their purchasing officers, from the Department of Trade and Commerce in Ottawa.* They should then write to these agents, giving details about their products and, if possible, enclosing catalogues. If this initial contact works out well, a personal selling trip to New York should follow. Sometimes this proves unnecessary: certain of the countries in the list given above have agents in Canada; others purchase through the Canadian Commercial Corporation.

Three Examples

The opportunities for and the scope of business vary considerably with the different agencies. One office may only buy dollar goods for the use of various departments of its home government. Another may act in the same capacity as a Canadian Crown company and purchase all the dollar goods needed for a national five-year industrialization plan. The three examples which follow should make these variations clearer.

* If you wish a copy of this list, write to *Foreign Trade*, Department of Trade and Commerce, Ottawa.

• Example one—This New York office represents a government body engaged in modernizing agriculture in its home country. It buys all kinds of products used in agriculture to be distributed, on easy credit terms, to farmers and ranchers. It purchases usually by tender and firms who wish to quote should make certain that they are on the mailing list to receive specifications and tender forms. All Canadian firms are eligible to be placed on this mailing list and the agent would like to hear from those interested.

Once the agency receives the completed tenders, they are sent over to headquarters for decision. Terms of payment are usually sight draft, date draft or letter of credit, depending upon the type of goods shipped, and the home organization pays.

• Example two—A New York office purchases for a large foreign government corporation which, as much as possible, uses the dollar earnings of its home country for industrialization. This agency has, over the last ten years, bought $160 million worth of goods and services. The home corporation has erected a hydro-electric plant and a steel mill, and at present is engaged in building an oil refinery and in carrying out further drilling operations and a program of agricultural mechanization. In this case the New York office sends out inquiry forms to firms on its mailing list requesting quotations on an f.a.s. basis. Terms of payment are usually cash against documents payable by the New York purchasing office.

• Example three—The New York office of a third country buys not only for its different departments of government at home, but also dollar goods required by the entire country. In 1952, business amounted to $100 million worth of goods under the Foreign Operations Administration program and $25 to $30 million worth of goods bought with free dollars which the country had earned from exports. Tenders are submitted to the home office and payment is made there, usually on a letter of credit basis.

Products in Demand

These are only three examples but they do illustrate the variety of activities in which New York foreign government purchasing agencies engage. It is not possible to list here all the commodities and products that they are interested in buying from time to time, but they have mentioned the following: agricultural machinery, fertilizers, insecticides; automobiles, trucks, automotive parts, tires and tubes; aluminum, asbestos; aeroplanes, locomotives; foodstuffs, milk powder; fish; mining equipment, electrical equipment, batteries, industrial machinery, pipe, wire and cable; newsprint, paper, and pharmaceuticals.

The 35 foreign government purchasing agents together make up an interesting group of buyers. Their presence in New York means that some of the business from foreign countries such as Afghanistan, Indonesia and Yugoslavia is literally brought to Canada's front door and the frequent troubles with import licences and dollar payments eliminated. Many of the offices are large purchasers but so far their direct connections with Canadian suppliers are few. For those Canadian firms who already have agents abroad, these foreign government buyers may offer additional business which a local agent cannot reach. The agent may or may not be covered with his usual commission, depending upon individual circumstances. For those Canadian companies that do not have agents abroad, the group provides a convenient way of testing out some foreign accounts, without travelling farther than New York. And for both groups it means, strangely enough, selling in the United States without encountering the difficulties of selling to the United States.

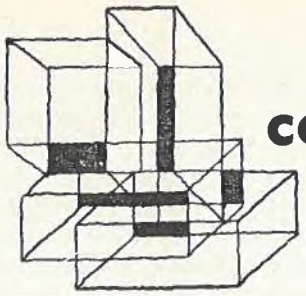
Selling Dutch Agricultural Products

Netherlands agricultural exports in July this year were 15 per cent higher than in July 1953, and totalled 270 million guilders compared with 235 million guilders a year earlier. Total agricultural exports from January to July this year advanced to 1,844 million guilders from 1,716 million the previous year.

Compared with 1953, the volume of field crop exports in July this year declined by 14,000 metric tons to 108 thousand but the value increased from 84 to 89 million guilders. Larger exports of straw and straw products, seeds, dextrine and pulses contributed substantially to the higher total value. Grain exports fell from 7,000 to 4,000 metric tons.

Livestock product exports were higher in both volume and value in July this year, at 68,000 metric tons (58,000 in July 1953), valued at 140 million guilders (115 million guilders); live animal exports jumped in value 75 per cent in July this year to 4·2 million guilders in value (2·4 million guilders). Most of this gain stemmed from heavier shipments abroad of dairy cattle, valued at over one million guilders (481 thousand guilders). Exports of meat products advanced 60 per cent to 16 million guilders (10 million guilders); dairy product exports rose to 68 million guilders (62 million guilders) and eggs to 19 million guilders (13 million guilders).

The volume of horticultural exports in July this year was 9 per cent lower, at 51,000 metric tons (56,000), but the total value was 11 per cent higher at 40 million guilders (36 million guilders). Rising prices for fruits, bulbs and ornamental products were responsible for this development.



commodity notes

Argentina

DIESEL ENGINES—The Argentine Government has approved a contract between the official company Industrias Aeronauticas y Mecanicas del Estado (IAME) and Carl F. W. Borgward of Bremen, Germany, to establish a factory to make diesel engines. Initial production will be the diesel D4M of 1·8 litres and 42 h.p., later extending into engines of 60 h.p. and 95 h.p. for trucks. Until complete production is possible locally, components will be imported from Germany—Buenos Aires, Oct. 21.

Australia

NICKEL—Extensive nickel deposits, which may prove to be Australia's first source of nickel with commercial possibilities, have been found in the remote northwest area of South Australia. The company which announced the find says the occurrences of the nickel appear to be persistent and rich; outcrops over an area of 16 miles offer prospects of important developments—Melbourne, Nov. 1.

Brazil

TIRES AND TUBES—Brazil's tire and tube production has increased fourfold in the last ten years; 1944 production was 490,594 tires and 372,813 tubes, compared with 1,968,016 and 1,073,344, respectively, in 1953. A steady annual rate of increase has been shown in each of the ten years—São Paulo, Oct. 25.

Federation of Rhodesia and Nyasaland

COTTON GOODS—Shipments of cotton goods to the new Central African Federation in the first five months of this year increased by £800 thousand to £2·5 million as compared with the same period last year. The reason given is that the standard of living of the large African population is rising steadily and it is expected that the market will show a steady growth—Cape Town, Oct. 18.

Greece

MILK PRODUCTS—The Greek Government has given permission for the import from the United States of capital in the form of machinery worth $210 thousand, plus working capital of $80,000, to equip and operate the first evaporated and condensed milk factory in Greece. The project is sponsored by Greek-Americans in the U.S. and special customs duty exemption on equipment for ten years has been granted. The factory, to be built in the Athens area, will have a capacity of 5,000 tons a year and is expected to reduce annual expenditure of foreign currency for these milk products by over $1·5 million. Imports of canned milk in 1953, mostly from Holland and Denmark, amounted to 8,500 tons and cost almost $2 million—Athens, Oct. 25.

India

TYPEWRITERS—To ensure speedy establishment of the typewriter industry, the Indian Government invited all firms interested in their manufacture to submit a detailed manufacturing program before the end of August. Two leading Calcutta concerns which assemble imported typewriter parts have submitted a scheme for the manufacture of up to 20,000 typewriters a year. The annual demand is for about 30,000 typewriters, mainly with English keyboard, but Hindi typewriters find a good market and keyboards for the other important Indian scripts are being standardized. Local manufacture of typewriter ribbons and carbon paper is sufficient to meet demand, and complete duplicators, entirely Indian-made, are already being manufactured—New Delhi, Oct. 18.

Israel

CORRUGATED CARDBOARD AND CONTAINERS—A new plant with a Canadian controlling interest was established recently in Israel to make corrugated cardboard and containers. The plant, with specially-designed German machinery, has a production capacity of 20,000 tons a year. Prospective customers for the finished product include shippers of citrus fruit, melons, peanuts and beer. An interesting development will be the first trial exports to Europe of oranges in cartons next winter. Later it is hoped to enter the export field directly with finished cardboard cartons in competition with Finland—Athens, Oct. 21.

Netherlands

TEA—The Amsterdam tea auction on October 7th was characterized by rising prices for all grades. Lower grades were about 20 Dutch cents per half kilogram higher than previously; the better grades were as much as 30 cents per ½ kg. higher. Prices ranged between 294 cents and 343 cents per ½ kg. compared with previous prices of 272 and 315 cents per ½ kg. A total of 1,461 chests of Sumatra tea and 2,645 chests of Java tea were sold, all of it for domestic consumption. Rising consumption, disappointing production, delay in arrival of supplies, and higher consumption in the tea-growing countries are all factors in the rising prices—The Hague, Oct. 28.

SEED POTATOES—The Bank of Brazil has released 900 thousand Netherlands "clearing" dollars for the import of Dutch seed potatoes. It is expected that about 300 thousand crates of seed potatoes will be shipped from the Netherlands to Brazil this year—The Hague, Oct. 27.

South Africa

PETROLEUM—South African consumption of petroleum products in 1953 rose by 4·4 per cent over the previous year to double the prewar level. Total consumption reached 351·9 million gallons compared with 338·2 million gallons in 1952. Steady sales of motor vehicles of all kinds up to the maximum allowed by import quota should result in a continuing increase—Cape Town, Oct. 19.

Turkey

CHROME—High prices for Turkish chrome ore have brought a serious decline in exports and 43 out of the 50 chrome mines in Turkey have closed down; the remaining seven are working part-time. Chrome miners and exporters have asked the Government to grant an export premium but there is no evidence that the demand will be met. Exports in 1953 amounted to 678 thousand metric tons, mostly to Western Germany and the United States; Canada took 2,000 metric tons compared with 15,200 metric tons in 1952—Athens, Oct. 22.

DRIED FRUIT—During the normal export season, September 15, 1953, to May 15, 1954, Turkey exported 34,600 metric tons of sultana raisins, worth about $7·5 million, through the port of Izmir, the country's leading export centre. Principal purchasers were Finland, the United Kingdom, the Netherlands, West Germany and Italy. This was the first crop to come under the export subsidy scheme by which premiums are paid on certain staple export products. In the same period, 7,770 tons of industrial figs valued at $4·2 million were exported to Italy, West Germany, Austria, Sweden and Switzerland. Leading buyers of the 3,000 tons of fig-paste shipped during the export season were the United States and the United Kingdom—Athens, Oct. 13.

United Kingdom

COAL—The Minister of Fuel and Power has announced that plans are being made to import a total of four million tons of coal, twice the amount fixed earlier in the year. About one million tons are expected to be bought from the United States. Larger imports are necessary because U.K. production is likely to be four million tons short of the estimated winter safety level.

Distributed stocks of coal in the United Kingdom totalled 15·8 million tons at the end of September, nearly one million tons less than at the end of September 1953. Although coal production so far this year has run 1·25 million tons higher than in the comparable period in 1953, coal consumption has increased by 4·7 million tons because of greater demands from industry and the British Electricity Authority. In the first nine months of this year imports of coal reached 1·4 million tons, compared with only 270,500 tons in the same period of 1953—London, Nov. 4.

OIL—The United Kingdom is now exporting oil valued at over £8 million a year, well above the value of its coal exports. British oil-refining capacity has been increased from 2·5 million tons to 29 million tons in the last six years, at a capital cost of £190 million. The United Kingdom now has the third largest refining capacity in the world—London, Nov. 4.

SHIPS—Output of British shipyards for the year ended September 30th was over 1·5 million gross tons of merchant vessels, a postwar peak. Though this rate of completions is encouraging, the inflow of new orders continues at a low level; this reduced rate of new business is shared by the shipbuilding industry throughout the world. Total merchant tonnage on order from British shipyards on September 30th was 4·4 million tons, compared with 5·8 million tons a year earlier and the peak of seven million tons in mid-1952.

The British industry, however, feels that this reduction in outstanding orders, combined with increasing production rates because of improved steel supplies, will place them in a better position to compete successfully with European yards, many of which can now quote firm delivery dates and fixed prices—London, Nov. 4.

STEEL—British steel production in the first nine months of this year reached 13,740,000 tons, compared with 13,041,000 tons in the same period of 1953. The prospects are good that production for the full year will reach the target of 18·5 million tons, about 900 thousand tons higher than last year's record output. Domestic demand continues to rise, particularly for sheet, tinplate, certain sizes of girders, and wire rods.

The motor car industry, operating at an exceptionally high level, has created a demand for sheet which has been satisfied only by large-scale imports, which are expected to reach 200 thousand tons by the end of 1954. Imports have been necessary in spite of a sharp upward movement in domestic production of sheet steel, which totalled 1,034,000 tons in the first half of 1954, compared with 888 thousand tons in the same period last year—London, Nov. 4.

United States

IMPULSE-DURATION TELEMETER—A Massachusetts firm has developed a new impulse-duration telemetering system which transmits and receives long distance measurements of process flow, pressure, liquid level, temperature and other variable factors. The system can handle distances up to 150 miles by wire or may be operated over radio link or microwave channels. Particular applications would be measurement of reservoir level, natural gas line flow and pressure and factory control systems —Boston, Nov. 5.

LUMBER—Recent reports indicate that the southern lumber market continues buoyant in response to the steady construction demands. This is in keeping with national reports which show expenditures in construction during the first nine months of this year were $27·4 billion—4 per cent above the level at the same time last year—New Orleans, Nov. 8.

trade commissioners on tour

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

K. F. NOBLE, Canadian Government Trade Commissioner in Johannesburg, South Africa, began his Canadian tour in St. Hyacinthe on September 7th, and completes it in Vancouver, November 25-30.

J. C. BRITTON, Commercial Counsellor in Tokyo, Japan, will begin his Canadian tour in Vancouver on November 26th. His itinerary is:

Vancouver: Victoria—Nov. 26-Dec. 11
Edmonton—Dec. 13
Saskatoon—Dec. 14
Winnipeg—Dec. 16-17

W. J. MILLYARD, Commercial Secretary in Bogotá, Colombia, began his Canadian tour in Ottawa on September 20th. His itinerary is:

London—Nov. 29-30
Windsor—Dec. 1
Sarnia—Dec. 2
Winnipeg—Dec. 7
Calgary—Dec. 9
Vancouver—Dec. 13-17
Welland—Jan. 3
Kitchener—Jan. 4
Guelph—Jan. 5

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

Board of Trade—Guelph, Saskatoon.

Chamber of Commerce—Calgary, Kitchener, London, Sarnia, Welland, Windsor.

Canadian Manufacturers Association—Edmonton, Winnipeg.

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

Department of Trade and Industry—Victoria.

Israel Steps Up Its Export Drive

Determined to reduce the country's trading deficit, Israeli producers upped export sales this year by 60 per cent.

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

ISRAEL REALIZES that economic aid from foreign governments and financial support from Jewish communities abroad cannot continue on the scale of recent years, and that eventually her trading deficit must be covered in large part through her own efforts. With this end in view, there has been heavy investment in agriculture and industry and the results are becoming apparent. Much economic development is still required and much is being planned, but the essential groundwork has been laid. The rate of imports, which rose rapidly following the heavy immigration and the industrial development of the last few years, has now levelled off and Israeli producers are setting records in their all-out export drive.

Under the impetus of this drive, the value of exports for the first five months of this year rose by 60 per cent—to $50·2 million above 1953's five-month figure of $31·3 million. Imports, on the other hand, showed an increase of only $5·5 million over last year's $117·5 million. Thus, export earnings appear to have covered 42 per cent of imports during January-May 1954, compared with 27 per cent in the same period of 1953; the adverse balance of trade dropped to $72·8 million. This is the highest ratio of exports to imports in any comparable period since the establishment of the State in 1948.

The main reason for the improvement in exports was the record foreign sales of citrus; the crop was the heaviest in postwar years and the Spanish citrus industry offered less competition. Citrus normally comprises about half of Israel's entire exports. But exports of manufactures played their part too, rising by 72 per cent over the corresponding period in 1953. Their growth was more rapid but their importance is still relatively small.

Main Export Commodities

The most significant increases during the period January-May were registered by the following products, according to Israeli statistics (an accurate comparison is difficult to make because of various changes in exchange rates during this period):

Principal Israeli Exports

	1954	*1953*
	(000's U.S.$)	
Citrus fruit	30,030	18,821
Polished diamonds	5,734	4,633
Motor vehicles and spares	3,953	1,277
Cement	652	344
Tires and tubes	540	42
Plywood	487	87
Drugs and medicines	412	137
Peanuts	361	.....
Preserved fruits	322	78
Watches and clocks	300	25
Chemical fertilizer	258	.....
Bananas	190	62
Wines and spirits	185	53
Paints and lacquers	131	56
Electric refrigerators	120	90
Cocoa	118	.....
Razor blades	103	81

Israel's agricultural and industrial products were shipped to more than 70 countries but the bulk went to comparatively few. The most important markets were the United Kingdom, which took 31·2 per cent of total exports; Turkey, 11 per cent; the United States, 10·7 per cent; Finland, 6·8 per cent; Sweden, 4·6 per cent; Russia, 4·5 per cent; Holland, 4 per cent; Belgium, 3·8 per cent, and Norway, 3·7 per cent. Except for Turkey and the United States, these same countries were the leading buyers of Israel's citrus fruit. During this period, Canada purchased from Israel goods to the value of $493 thousand ($521 thousand in 1953), less than 1 per cent of total exports, and the principal commodity was polished diamonds.

About 60 per cent of exports were sold for sterling and dollars, 32 per cent against blocked clearing accounts in various currencies, and the remainder were bartered.

If Israel can keep her export prices competitive through the maintenance of realistic exchange rates, further streamlining of production costs and methods, and realistic wage levels, the prospects are good for continued reduction of the trading deficit to a more reasonable level in the coming years.●

Banking Abroad

INDIA

RICHARD GREW, *Commercial Counsellor, New Delhi.*

THE BANKING SYSTEM of India may be divided into three broad categories—scheduled banks, non-scheduled banks, and indigenous or unit banks. Since neither non-scheduled nor indigenous banks handle foreign exchange, they are not discussed in this article.

Scheduled banks are the most important category and all scheduled banks are members of the reserve system. A scheduled bank must have an aggregate paid-up capital and reserve of Rs.500 thousand (approximately $100 thousand) and must be an incorporated company. Most scheduled banks have much greater paid-up capital and reserve than the minimum. Generally speaking, scheduled banks perform most of the services rendered by modern banks in other parts of the world, although they follow British banking methods more closely than American. This is to be expected, because branches of British banks have been established in India for generations and at present there are eight British banks operating in India, compared with one American bank and one American institution doing banking business.

Categories of Scheduled Banks

The scheduled banks can be divided into three different groups—the Imperial Bank of India, exchange banks and other scheduled banks. Exchange banks can be further divided into those which are members of the Exchange Banks' Association and other scheduled banks which are authorized dealers in foreign exchange. Members of the Association are all foreign-owned banks and are listed below, together with the number of branches throughout India.

The National Bank of India Limited (12)
Lloyds Bank Limited (11)
The Chartered Bank of India, Australia and China (10)
Grindlays Bank Limited (7)
The Mercantile Bank of India Limited (5)
Eastern Bank Limited (4)
Hong Kong and Shanghai Banking Corporation (2)
The British Bank of the Middle East (2)
National City Bank of New York (2)
The American Express Co. Inc. (1)
Netherlands India Commercial Bank (2)
Netherlands Trading Society (2)
The Comptoir National d'Escompte de Paris (2)
The Bank of Tokyo (2)
The Bank of China (2)

The exchange banks which are members of the Association are mainly concentrated in the principal ports—Calcutta, Bombay and Madras. Since partition, Delhi and New Delhi have become increasingly important and at present five British banks have a total of nine branches in this area. In addition, Kanpur, Amritsar, Simla, Darjeeling, Cochin, Bangalore and Tuticorin have one or more branches.

Foreign Exchange Dealers

With a few exceptions, other authorized dealers in foreign exchange are Indian banks. Their names, and the location of the Head Office, are:

Allahabad Bank Ltd., Calcutta.
Bank of Baroda Limited, Baroda.
Bank of India Limited, Bombay.
Bank of Mysore Limited, Bangalore.
Central Bank of India Limited, Bombay.
Dvkaran Nanji Banking Co. Limited, Bombay.
Comilla Banking Corporation, Calcutta.
Comilla Union Bank Limited, Calcutta.
Canara Bank Limited, Bombay.
Hind Bank Limited, Calcutta.
Hyderabad State Bank, Bombay.
Imperial Bank of India, Calcutta and Bombay.
Indian Bank Limited, Madras.
Indian Overseas Bank Limited, Madras.
Punjab National Bank Limited, Delhi.
Travancore Bank Limited, Trivandrum.
United Bank of India Limited, Calcutta.
United Commercial Bank Limited, Calcutta.
Thos. Cook & Son (Continental & Overseas) Ltd. (British).
American Express Company Inc., Calcutta. (American).
Habib Bank Limited, Bombay. (Pakistan).
National Bank of Pakistan, Calcutta. (Pakistan).
Bank of Communications, Calcutta. (Chinese).

The larger Indian banks that are authorized foreign exchange dealers have branches in many more centres throughout India than do the foreign banks.

British banks handle by far the largest proportion of India's foreign trade, as the following estimate indicates:—

	Indian Import Trade	*Indian Export Trade*
British banks	65 per cent	53 per cent
Indian banks	25 " "	30 " "
Dutch banks	4 " "	12 " "
American banks	4 " "	3 " "
Other banks	2 " "	2 " "

Overseas Business

All banks that deal in foreign exchange are anxious to obtain business with overseas countries. There is some variation in the policies followed in establishing credits: some banks are more cautious than others in

granting margins. Margins are fixed in accordance with the financial strength and integrity of the individual firm and after considering the saleability of the goods covered by the credit. In some cases, 100 per cent margin may be required; in others, a first-class firm of undoubted standing may obtain credit without any margin. Other firms have to put up margins of 25, 50 or 75 per cent, depending on the bank's estimate of the firm concerned. Each bank has its own scale of margins and these scales vary according to the policy adopted by individual banks.

Because a large proportion of the import trade of India is covered by import licences, there is generally little difficulty in handling documents under credits and other collections and remittances. A bank will not open a credit until the Exchange Control copy of the relative import licence is produced and found to be in order. In the case of simple collections, no remittance can be made until the Exchange Control copy of the import licence is produced.

In many places in India, there is no branch of a bank which is authorized to deal in foreign exchange or it may happen that the bank in a particular place may not have agents or correspondents in the country from which the goods are to be shipped. In such cases, the local firm would probably deal direct with the nearest authorized bank. When these conditions obtain, the presentation of bills is effected by post.

Procedure in Collecting Bills

The procedure in collecting bills is more or less similar throughout India. There are two broad methods in general use, one of which covers sight bills and the other usance bills. Each method applies to both simple bills and bills drawn under letters of credit.

For sight bills, an advice only of the collection is sent to the drawee. In the event of non-payment after seven days, the actual Bill of Exchange is *shown* to the drawee. If payment is still not forthcoming, the drawer is informed and is asked for instructions about the protection of the goods.

According to government regulations, the proceeds of bills may not be remitted until the bank is satisfied that the goods in question have actually been imported. Either satisfactory evidence must be produced or the drawee may give an undertaking to produce the customs copy of the Bill of Entry within three months. Failure to produce this copy within the prescribed period brings liability to penalty. The bank may or may not accept such an undertaking, depending upon the standing of the drawee.

Bills which are drawn at usance, such as 30 days sight, are subject to an ad valorem stamp duty which does not apply in the case of sight bills. Usance bills are immediately presented personally to the drawee for acceptance by a member of the bank staff and the bills are brought back to the bank either accepted or dishonoured. In the event of non-acceptance, the reason for refusal is requested in writing and is communicated to the foreign bank.

Some banks, as a matter of courtesy, make it a practice to send a reminder to the drawee a few days before the due date of the bill. If payment is not made on the due date, the foreign bank is advised and its instructions obtained for the clearing and storing of the goods.

Terms of Collection

It is generally the custom in India when reckoning the due date of a usance bill to allow three days of grace. Thus a 30-day sight bill accepted payable on October 15th falls due on October 18th.

In India it is more usual for bills to be drawn on D/P terms—documents deliverable on payment—rather than D/A—documents deliverable on acceptance—and most banks when opening a credit insist on D/P terms, unless the importer has a particularly high standing. The same procedure is generally followed when bills are not drawn under credit, except when the shipper has complete confidence in the importer.

Approximately 75 per cent of India's import trade and 70 per cent of its export trade is handled by branches of foreign banks, all of which also have branches in many other parts of the world as well. In most cases these banks have their established connections with Canadian banks, as do the more important Indian banks dealing in foreign business.

Transportation

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

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

general notes

Australia

SEARCH FOR OIL—A new company with American backing has been formed to search for oil in the 1,400 square miles of country along the Gippsland coast of Victoria. This will be the first large-scale attempt to find oil in Victoria and present plans call for drilling to a depth of almost 6,000 feet. American experts are expected to arrive in Victoria shortly to begin the search—Melbourne, Oct. 30.

Austria

BALANCE OF PAYMENTS—Austria's balance of payments for the first half of 1954 showed a surplus of US$52·9 million. During the same period of 1953 there was a deficit of US$10·8 million, but for the entire year there was a surplus of US$121 million. Both trade and tourism were in favourable balance. Developments during the third quarter of 1954 gave the assurance that, despite the ending this year of foreign aid, Austria will have a surplus on balance of payments during 1954—Berne, Nov. 3.

IMPORTS FROM OEEC COUNTRIES—Austria's Minister of Finance, Dr. Illig, has announced that, before or on December 1st, imports from OEEC countries will be liberalized by another 7 or 8 per cent, thus bringing the total liberalization to 82 or 83 per cent. Although this will not directly influence trade relations with Canada, it nevertheless reflects Austria's improved balance of trade and foreign exchange position—Berne, Nov. 3.

Finland

EXPORT SURPLUS—The value of Finland's exports during the first eight months of this year was 95·17 billion marks. The value of imports was 90·91 billion, and therefore the export surplus amounted to over four billion marks. For the corresponding period last year, the export value was 81·43, the import value 80·28, and the export surplus 1·15 billion marks—Stockholm, Oct. 30.

Greece

IRRIGATION—Completion of three dams on the Aliskmon, Axios, and Acheloos Rivers in northern and western Greece, begun in September, will make possible the irrigation of 125 thousand hectares of land expected eventually to yield annual crops valued at more than $15 million. The importance of these dams is readily recognized from the fact that only 200 thousand hectares, or 5·9 per cent, of the total area under cultivation in Greece is irrigated, chiefly with small irrigation ditches. All three dams are scheduled for completion by the end of 1955—Athens, Nov. 1.

India

POWER SUPPLY—An agreement has been concluded between the interested state governments for the supply of 11,500 kilowatts of electricity from the Jog hydro-electric project in Mysore State to neighbouring districts of southern Bombay State. Electrification is scheduled to begin immediately in some areas, and to be extended gradually throughout the local grid system completed recently by the Bombay Government. The implementation of the program should encourage establishment of industries in this region—Bombay, Oct. 27.

Israel

NEW FODDER SPECIES—A new species of green fodder, known as sass, has been successfully grown in Israel through the experimental cross-breeding of autumn fodder (probably sorghum) with corn. Yields of 60 tons of sass per acre of irrigated soil and 28 tons per acre of unirrigated ground twice a year, in April and October, are believed possible. This new species is said to be sweet and juicy after blossoming and is reported to have grown to a height of 13 feet or more in all types of soil—Athens, Oct. 26.

Italy

JOLLY HOTELS—The first six of the 44 "Jolly Hotels" to be erected throughout Italy, especially in the south and in Sicily where the need of good hotels is keenly felt, were completed at the beginning of April. The remainder should be finished and in operation by the end of 1955. The result of the private initiative of one of Italy's outstanding industrialists, this hotel chain is being financed to the extent of 40 per cent by loans from the "Cass del Mezzogiorno" and the High Commissioner for Tourism. These hotels will provide a total of 3,000 rooms and will be in four categories, with moderate prices according to local standards—Rome, Oct. 25.

Switzerland

FIRE INSURANCE COMPANY FOR CANADA—The Basle Fire Insurance Company (Basler Versicherungs-Gessellschaft gegen Feurerschaden) has founded a Canadian branch company under the name of Baloise Fire Insurance Company of Canada that will start operating on January 1, 1955, in Toronto. This company was established with a capital of Can.$1 million, paid-up to Can.$500 thousand, with possible additional reserves of Can.$500 thousand. Apart from life insurance, all types of insurance may be handled by the new Canadian company—Berne, Nov. 3.

United Kingdom

BALANCE OF PAYMENTS—The United Kingdom has recorded a surplus of £154 million on the current account of its balance of payments in the first half of 1954. A Treasury White Paper indicates that this surplus is nearly one-and-a-half times the surplus earned over the whole of 1953. Although the value of Britain's imports, at £1,471 million, in the first half of 1954 was higher than in either the first or second half of last year, the value of exports rose much more sharply, with the result that the deficit on visible trade fell from £151 million in the first half of 1953 to £60 million in the second half and to £46 million in the first six months of this year. Of the invisible items, shipping returns showed the greatest improvement compared with last year—London, Nov. 12.

GOLD AND DOLLAR RESERVES—After falling in July, August and September, the gold and dollar reserves of the sterling area rose again in October by $35 million; the total reserves now stand at $2,936 million. This increase included $17 million received as defence aid from the United States and an $8 million surplus achieved with the European Payments Union during October, reduced by a payment of $2 million to European Payments Union creditors. The ordinary gold and dollar surplus therefore stood at $12 million, in marked contrast to the deficit of $12 million recorded in September—London, Nov. 10.

INDUSTRIAL PRODUCTION—The index of industrial production in the United Kingdom stood at 132 in September (basis 1948=100). This is only one point lower than the all-time peak reached in November 1953, and compares with 112 in August and 125 in September last year. In the first three quarters of this year, British industrial output has run about 6·2 per cent higher than in the comparable period of last year. The industries which have shown the greatest gains include cement, sulphuric acid, cars and trucks, gas and electricity and domestic electric appliances—London, Nov. 10.

United States

CREDIT DEVELOPMENT—The Connecticut Credit Development Corporation opened for business recently in Berlin, Connecticut. Subscription to capital stock has been on a broad basis and included industrial firms, commercial firms and individual purchasers, with utility companies among the principal subscribers. The purpose is to give industries in the State financial help that is unavailable through usual credit channels; normally the Corporation will accept applications only from companies that have been refused long-term credit by the banks. The lending limit of the Corporation is fixed by charter at ten times the amount of capital stock which, at present, is approaching $100 thousand.

The Connecticut Corporation is the result of a close study of two operating organizations, the first of which was established in Maine in 1949 and set the pattern for this type of credit development corporation; two years later New Hampshire followed suit—New York, Nov. 12.

Venezuela

TEXTILE MILL—Newspapers report the early establishment of a textile mill for the manufacture of cotton and rayon fabrics. A Japanese textile company is subscribing the capital and the employees will be Venezuelans, with the exception of some Japanese technicians. Expansion plans for the domestic textile industry have resulted from the increased duties on imports in July of this year—Caracas, Nov. 5.

West Germany

INDUSTRIAL PRODUCTION—The index of German industrial production reached 185·3 (1936=100) at the end of September, exceeding last year's production volume by 9·8 per cent—proof that industrial expansion has continued. Compared with production during August 1954, output of finished producer goods increased by more than 16 per cent, this increase being mainly the result of higher production of motor vehicles (31·0 per cent) and optical and precision instruments (28·9 per cent). Total increase in consumer goods production amounted to 10·9 per cent, with the increase in textiles and shoes alone as high as 13·0 per cent. Production of basic manufacturing industries was 3·4 per cent above August—Bonn, Nov. 1.

Colombia's Livestock Industry

Although Colombian production and consumption of livestock and dairy products are low and techniques relatively inefficient, interest in improved methods and cattle strains is increasing, opening up new opportunities for Canadian cattle breeders and for producers of various types of feed.

D. B. LAUGHTON, *Acting Agricultural Secretary, Caracas.*

THE LIVESTOCK INDUSTRY in Colombia dates back some 400 years to the time of the Spaniards who found the long fertile valleys were natural sites for livestock ranges. Even now much of the richest land in the level valleys is used for cattle grazing while farmers struggle to raise crops on the surrounding hillsides, often too steep for mechanization and subject to erosion. This inherited land-use pattern is rightly cited as one of the principal factors in the low overall productivity of Colombian agriculture.

The livestock industry is still based almost entirely on pasture grazing; the limited corn and wheat production is used only for human food and the brewing industry absorbs all the barley. However, the by-products are fully utilized for animal feeds and several firms are producing concentrates to meet a gradually increasing demand.

In 1951 the country's livestock population was estimated at 15 million head of cattle, 2·5 million horses, mules and donkeys, 2·5 million hogs, 1·5 million sheep and goats, and some 20 millions of various poultry. Since then Colombia's 12-million population has maintained its self-sufficiency in both dairy products and meat and herds have increased by some 3 per cent a year. The level of consumption is extremely low, however, and production costs are high. All groups recognize the need for a larger and more efficient livestock industry and steady development is going forward.

The Beef Industry

There were approximately 13·5 million head of beef-type cattle in Colombia in 1951 and allowing 10 per cent a year for commercial slaughter, the annual increase is estimated to average 3 per cent. Live cattle exports remain small—about 10,000 head a year, most of which go to nearby islands of the Netherlands Antilles.

Three distinct types of "criollo", or native Colombian cattle, have been developed by natural selection over the years. They are described as "black-eared whites", which are popular in the cool, high-altitude areas; "flat-nosed Sinu" and "horned coastals" which are usually associated with the hot, humid regions. The Colombian Government operates several livestock stations which are selecting and breeding to improve these local strains but greater progress is being made through cross-breeding with Cebu, Santa Gertrudis and Gyr, imported principally from the southern United States.

During 1952, approximately 600 head of cattle were imported of which 30 per cent were East Indian beef types, 60 per cent were dairy animals, and 10 per cent were various strains developed for the bullfight ring. Later statistics are not yet available, but it is certain that imports have been stepped up by both the Government and private breeders. There is practically no demand for standard North American beef breeds which usually fail to maintain their feed efficiency and health when tick-ridden pastures are substituted for grain and concentrates.

One of the most pressing problems of the Colombian beef industry is the lack of transportation to markets. Neither the railroads nor the highways are adequate for prompt and dependable delivery of livestock and consequently many market animals arrive on foot. One cattleman of the Sinu Valley, who drives his animals for 200 kilometres to the stock sales in Medellin, estimates that the average weight loss per mature animal is 150 pounds. He claims that it takes four and sometimes five years of pasturing to produce an animal that will have a satisfactory dressed-market weight under these conditions.

The industry hopes that crossing with imported blood lines will help to produce a faster-maturing animal that will reach market weight in three years on pastures and will "dress-out" at higher percentages. The use of Brahman cattle strains, the introduction of new grasses and legumes, and the irrigation of pasture are all contributing to this and present high prices are providing the incentive for prompt action.

Other Livestock

Hogs and poultry are the only other livestock commercially important to Colombia. It was estimated in 1951 that there were some 2·5 million hogs in the

country, but statistics are difficult to obtain as there are few commercial farms. The common practice is to rely on pasture grass for feeding, although some whey is used in the post-weaning period. The feeding of grain is generally considered much too expensive even though by present pasture-feed methods it takes at least a year to produce a market weight pig. Berkshires, Duroc Jerseys and Poland Chinas are most popular and the "lard-hog" strains of these breeds are preferred.

Most of Colombia's poultry production comes from the small general farmer and the specialized producer with a large flock is still rare. This picture is gradually changing, however, and as an indication of the trend, it is estimated that in 1954 day-old chick imports will exceed one million as compared with 137 thousand in 1952. With this expansion, demand is rising for specialized poultry feeds and several firms are now starting to produce chick and laying rations. This sudden increased interest in poultry has no doubt been fostered by recent high prices but there appears to be a generally stronger demand for poultry products and the long-term outlook is bright.

Hides and Leather

There is a fairly large domestic tanning industry in Colombia which absorbs probably 75 per cent of the available hides and produces a wide range of leathers. Although some of the heavier hides are exported, this is partially offset by imports of certain specialties such as calfskins, grained and split leathers. In 1952 these imports totalled US$530 thousand compared with exports of US$1,150,000.

The Dairy Industry

Dairying in Colombia is still in the early stages. Some 750 of the country's 900 municipalities produce only minute quantities of milk for infants and the tables of persons of means. Only one area has an occasional surplus and this is readily absorbed by a processing plant. A study of nutritional standards in Colombia as reported by the International Bank for Reconstruction and Development states that in 1947 per capita consumption of milk amounted only to 100 grams (¼ lb.) per day. There has been some improvement but consumption remains extremely low by Canadian standards. Average milk production is estimated at three to four pounds per day per milking animal.

In contrast to the picture for the country as a whole, there are several areas efficiently producing milk and some farms which are completely modern. In the fertile valleys that surround the cities of Bogotá and Medellin, the climate is cool enough for imported pure-bred herds, twice a day milking is common, and pasture feeding is often supplemented by a protein dairy ration proportionate to milk production.

Although "criollos" or native cattle predominate in numbers there have been many imports in recent years and Holsteins, Brown Swiss, Normandy, and Red Polls (in that order) are growing in importance. The Colombian Holstein-Friesian Association, for example, now has about 200 members and registers some 16,000 of the estimated 20,000 head of Holsteins in the country. Each of the three prominent dairying areas holds annual cattle fairs, with trophies for each breed and three-day milk and butterfat production contests which bring spirited competition.

Many of Colombia's best livestock breeders have independent incomes and can afford to select, usually from North America, the particular blood lines which best fit into their herd improvement plans. Even with currency restrictions, in recent years imports of pure-bred animals have amounted to about 300 head per year. In most cases purchases are for U.S. dollars c.i.f. Florida, from whence it is convenient to trans-ship by air to the principal Colombian milk-producing areas. Ocean transport is avoided because of the heat en route and the difficulties of inland transportation from the ports, except by air.

Canadian Interest in Market

Viewed as a whole, the livestock industry in Colombia is developing steadily. New grasses and legumes are being introduced, irrigation is reducing seasonal production cycles, and herds are being improved by selection and cross-breeding with imported stock.

Although the bulk of cattle imports is supplied by the United States, local cattlemen hold Canadian pure-breds in high regard and these are moving in growing volume to this important market. Imports of pure-bred cattle from Canada in the first eight months of this year had a value of $40,890, compared with $21,275 during the same period of last year. There is a definite interest in supplementary feeding and an increased demand for both imported and locally manufactured concentrated feeds is expected.

Because of the present low rate of consumption of both meat and dairy products, it can be assumed that the domestic market will absorb any production increase, particularly if prices are lower, and there is little prospect of an export surplus for many years to come.

Tour of Territory

L. S. GLASS, Commercial Counsellor in Wellington, New Zealand, will visit Auckland from December 13th to 18th. Businessmen who wish Mr. Glass to undertake assignments in this city should get in touch with him at Wellington as soon as possible.

trade and tariff regulations

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade and Industries announced on October 22nd that it has received the following representations respecting the tariff:

Increase in duty on—

1. (*a*) Three-phase electric motors from 1 to 1,500 h.p., both squirrel cage and slipring types, in the protected, drip-proof, totally enclosed and totally-enclosed fan cooled enclosures, from duty-free (minimum rate) and 5 per cent ad valorem (intermediate rate) to 25 per cent and 30 per cent ad valorem, respectively; and

(*b*) all component parts for the above imported for local assembly, from duty-free (minimum rate) and 5 per cent ad valorem (intermediate rate) to 25 per cent and 30 per cent ad valorem, respectively.

2. Paint brushes, from 15 per cent plus a suspended duty of 10 per cent ad valorem to 30 per cent ad valorem;

3. Bedspreads; bed covers; quilts, padded and unpadded; quilt covers, cot quilts, padded and unpadded; cot covers; pillows; bolsters; and cushions filled and unfilled, from various rates of duty to 35 per cent ad valorem in each case.

4. Bags for flour, grain, manure, sugar, wool, coal and minerals, and for local produce or manufacture—

(*a*) of cotton, from 15 per cent (intermediate rate) and 25 per cent (maximum rate) to 30 per cent and 50 per cent ad valorem, respectively; and

(*b*) other, from free (intermediate rate) and 5 per cent (maximum rate) to 30 per cent and 50 per cent ad valorem, respectively.

5. Builders' hardware, including shelf hardware and metal window fittings, from various rates of duty to 20 per cent ad valorem.

6. Motor car tire pumps, barrel pumps and bore cylinder pumps, from various rates of duty to 50 per cent ad valorem.

Bringing into operation of the suspended duty on—

1. Lined or unlined jute, hemp or hessian bags, to the extent of the whole suspended duty.

The suspended duty, if brought into effect, would be additional to any existing duties.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of making representations would be for such firms to request their representatives in South Africa to act on their behalf before the Board. Since these matters are normally taken under review soon after the announcements are made it is advisable that interested Canadian firms take action as soon as possible.

United Kingdom

LICENSING ARRANGEMENTS FOR SEEDS AND OILS—The Board of Trade, in Notice to Importers No. 682, announced that, effective October 25th, imports of seeds, with specified exceptions, have been added to the list of goods admissible into the United Kingdom from any source without individual licence. The exceptions include: barley, beans, clover, grass, maize, oats, pea, rape, rye, sunflower, tobacco, tree, wheat, and a few others.

(Individual licences are available for dollar imports of some of the excepted varieties; some others are on Open Individual Licence from any country.)

In another Notice, No. 681, issued October 22, the Board announced the extension to June 30, 1955, of the validity of Open Individual Licences issued earlier this year for imports of certain oilseeds, oils and fats, including soya beans and rapeseed; herring, pilchard, seal, maize and soya bean oils; margarine and compound cooking fat; premier jus and oleo stock.

BUILDING BOARDS FREED FROM IMPORT CONTROL—Effective December 1st, imports of fibre building boards will be admissible into the United Kingdom from any source without individual licence. The building boards in question comprise: insulation board (homogeneous) including acoustic tiles; laminated wallboard; hardboard, including tempered and coated hardboard.

The announcement was made in Notice to Importers No. 685, November 1, 1954.

LICENSING ARRANGEMENTS FOR SYNTHETIC RUBBER—Notice to Importers No. 683, issued by the Board of Trade on October 22nd, announced that applications would be considered for imports of synthetic rubber from dollar sources during the six months ending June 30, 1955.

Western Germany

MANY DOLLAR IMPORTS LIBERALIZED—Effective November 9, Western Germany freed from quantitative restrictions many imports from Canada and from other dollar countries. This step is additional to the liberalization of an extensive list of dollar goods on February 17, 1954, which was reported in *Foreign Trade* of March 6.

Individual import licences are no longer required for liberalized dollar imports. Such goods are admitted on the basis of import declarations which the German importer presents to the central bank of his province (Land). Upon presenting the declaration, the importer may pay for the goods in dollars. Some goods, however, remain subject to special conditions, and importers of such goods must obtain a certificate from the competent German authorities before concluding an import contract. Such goods are marked on the list below with an asterisk.

The country of purchase and the country of origin of liberalized goods need not be the same, provided both these countries are in the dollar area. Liberalized goods may only be re-exported from Germany for payment in a freely convertible currency, or if they have been further processed or manufactured in Germany.

The second group of liberalized dollar imports comprises some 1,800 items in the German foreign trade statistical nomenclature. Together with the first group of roughly the same number of items freed last February, over half of the approximately 6,000 items in the German statistical nomenclature may thus enter Germany from the dollar area free from quantitative restrictions. While the first list comprised mainly raw materials and machinery, the second group includes many manufactured consumer goods. It is expected that the new liberalization measure will present new trade opportunities in some categories of imports for which licences have not been granted freely in the past and in which Canada is competitive—for example, raw furs and chemicals. However, some important Canadian export products, including the following, remain subject to German import licensing requirements: cereals, most foodstuffs, primary base metals other than nickel or metal scrap, synthetic rubber and various grades of wood pulp.

Among the commodities liberalized on November 9, the following appear to be of interest to Canadian exporters: newsprint paper, certain grades of paper for printing periodicals, bleached sulphate (kraft) and soda wood pulp; flaxseed; hair and bristles; premier jus and refined lard for technical purposes; fish liver oils, including pharmaceutical cod liver oil, sperm oil.

Asbestos waste; natural barium sulphate, crude; feldspar and fluorspar; crude sulphur; artificial iron oxides containing less than 70 per cent of iron oxide; iron ore of kinds not previously freed; nickel ore; ilmenite; cobalt ore; ores and concentrates of silver, gold and platinum; paraffin*; petroleum coke*; (subject to monopoly permit).

Various chemicals including calcium carbide, propyl alcohol, acetic acid and anhydride, phthalic acid and anhydride, hexamethylenetetramine, and various fertilizers; prepared paints, including bronze colours, oil paints, lacquers, aluminum paste, etc., not put up for retail sale; various cosmetics and soaps, washing preparations; certain lubricants; unexposed photographic films, exposed and developed cinematograph films; vulcanized fibre; celluloid.

Raw hides and skins of cattle and calves, dried or dry salted*, raw sheepskins*; various kinds of leather excluding calf and cattle leather; undressed fur skins*, dressed fur skins, not dyed, bleached or glossed; railway sleepers, not impregnated, veneers and plywood; wool waste; boots with leather uppers, special sports shoes, certain parts of footwear.

Various kinds of iron and steel bars, rods, strips and sheets; cables, cordage, ropes, wire, nails and bolts of iron and steel; needles, including machine needles; copper rods, bars, wire, foil, powder, pipes and cables (not insulated); zinc powder and dust; various manufactures of copper, nickel, aluminum, lead, zinc and precious metals; fancy imitation jewellery; hand tools, including those for agriculture and industry; cutlery; locks; metal lamps; lawn mowers.

Domestic electric washing machines*, vacuum cleaners and floor polishers*; sparkplugs*; various types of electrical apparatus for vehicles, electric ranges, irons and toasters*; trucks and delivery vans, ambulances; various parts of automobile chassis; radio receivers*; ships and boats; dolls and toys; articles and apparatus for sports and gymnastics; hunting and fishing equipment excluding firearms—Bonn, November 9.

Information regarding the status of other goods relative to Germany's dollar import liberalization may be obtained from the International Trade Relations Branch of the Department.

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 1·03192.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 12	Notes (See below)
Argentina	Peso	Preferential buying	·1292	
		Basic buying	·1938	
		Preferential selling	·1938	(1)
		Basic selling	·1292	
		Free	·06976	
Austria	Schilling		·03727	
Australia	Pound		2·1695	
Belgium Luxembourg & Belgian Dependencies	Franc		·01937	
Bolivia	Boliviano	Official	·00510	
British West Indies	Dollar		·5650	(3)
	Pound		2·7119	(4)
	Dollar	Brit. Honduras	·6780	
Brazil	Cruzeiro	Official selling	·05149	tax 8%
		Official buying, coffee	·04148	(2)
		Official buying, other	·03417	(5)
		Free	·01346	
Burma	Kyat		·2035	
Ceylon	Rupee		·2034	
Chile	Peso	Official		(1)
Colombia	Peso	Basic	·3876	
Costa Rica	Colon	Official	·1726	(6)
		Controlled free	·1459	
Cuba	Peso		·9691	tax 2%
Czechoslovakia	Koruna		·1346	
Denmark	Krone		·1403	
Dominican Republic	Peso		·9691	
Ecuador	Sucre	Official	·06460	
		Free	·05579	
Egypt	Pound		2·7827	
Fiji	Pound		2·4431	
Finland	Markka		·00421	
France	Franc		·00277	(7)
French Africa	Franc		·00554	(8)
French Pacific	Franc		·01522	(9)
Germany	D Mark		·2037	
Greece	Drachma		·03230	
Guatemala	Quetzal		·9691	
Haiti	Gourde		·1938	
Honduras	Lempira		·4845	
Hong Kong	Dollar	Free	·1645	*Oct. 29
Iceland	Krona	Official	·05950	
		Special buying	·04582	
		Special selling	·03692	
India	Rupee		·2034	
Indonesia	Rupiah	Basic	·08501	(10)
Iran	Rial	Certificate	·01164	
Iraq	Dinar		2·7134	

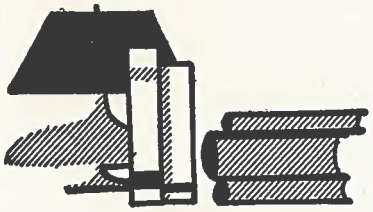
* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 12	Notes (See below)
Ireland	Pound		2·7119	
Israel	Pound	Official	·9691	
		Premium	·5384	
Italy	Lira		·00156	
Japan	Yen		·00269	
Lebanon	Pound	Free	·3005	
Mexico	Peso		·07753	
Netherlands	Guilder		·2550	
Netherlands Antilles	Guilder		·5139	
New Zealand	Pound		2·7119	
Nicaragua	Cordoba	Effective buying	·1468	(11)
		Official selling	·1374	
		With Surcharge I	·1204	
		With Surcharge II	·09642	
Norway	Krone		·1357	
Pakistan	Rupee		·2929	
Panama	Balboa		·9691	
Paraguay	Guarani	Basic	·04615	(1)
		With Surcharge I	·03589	
		With Surcharge II	·02692	(12)
Peru	Sol	Certificate	·05100	
Philippines	Peso		·4845	tax 17% (2)
Portugal	Escudo		·03382	
El Salvador	Colon		·3876	
Singapore & Malaya	Straits dollar		·3164	
South Africa (Union of)	Pound		2·7119	
Spain & Dependencies	Peseta	Basic buying	·04425	
		Basic selling	·08637	
		Basic commercial selling	·05900	(1)
		Free	·02488	
Sweden	Krona		·1873	
Switzerland	Franc		·2260	
Syria	Pound	Free	·2716	*Oct. 12
Thailand	Baht	Official	·07753	(1)
		Free	·04395	*Sept. 27
Turkey	Lira		·3461	
United Kingdom	Pound		2·7119	
United States	Dollar		·9691	
Uruguay	Peso	Official	·6380	
		Basic buying	·5444	
		Special buying	·4124	(1)
		Basic selling	·5100	
		Special selling	·3955	
Venezuela	Bolivar		·2893	(12)
Yugoslavia	Dinar		·00323	

* 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 selling is official plus auction price of certificates. Effective buying is 80 per cent at official, 20 per cent at free.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guateloupe, 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 33⅓ 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 provisions for special rates for exports of petroleum, cocoa and coffee, not at present in effect for cocoa and coffee.



businessman's bookshelf

Made in Europe

H. E. Reisner Publications. Monthly, about 52 pages. $10.00 a year.

DESIGNED PARTICULARLY for North American buyers of department store merchandise, this periodical is admirably concise and carefully arranged. Each issue carries one or two leading articles, pictures and descriptions of new products, and a detailed buyers' guide, with the types of merchandise classified as they would be in an American department store, floor by floor. Under each product appears in bold face type the names of potential suppliers and, in lighter type, the Canadian, United States or Mexican firms already handling it. The publishers also operate an efficient inquiry service.

Order from: Circulation Department, "Made in Europe", 11 Bahnhofquai, Zurich, Switzerland.

Nigeria Handbook of Commerce and Industry

127 pages and appendices. $1.00. Department of Commerce and Industries, Lagos.

LAST YEAR Canada sold to Nigeria goods worth £959 thousand and bought from her goods worth £460 thousand (largely cocoa beans), according to this official handbook. Businessmen who participated in this two-way trade or those who wish to enter this West African market will find here pertinent information concisely and attractively presented. It gives advice on such matters as advertising in a country where illiteracy is high, plus data on banking practices, shipping services, customs and excise, etc. Those who plan to visit Nigeria will want to read the special section provided for them.

Order from: Crown Agents' Representative, 1800 K Street, N.W., Washington 6, D.C.

Aid, Trade, and Tariffs

Edited by Clifton H. Kreps Jr. and Juanita Morris Kreps. 202 pages. $1.75.

THIS LITTLE VOLUME, the senior editor of which is the chief of the Public Information Division of the Federal Reserve Bank of New York, should interest all Canadians who follow the debate in the United States on the trade policies which are appropriate to that country's dominant position in free-world economic affairs.

The editors have brought together contributions from a great number of sources, including official United States Government publications, trade union and bank reviews, academic journals, and magazines like *Fortune* and the *Reporter*. The articles present a wide range of diagnoses of the current international balance of payments situation and an even wider range of remedies. The book does not represent an attempt to convince the reader of the accuracy of any particular point of view. It rather tries to make him aware of the diversity of the thinking on the subject, and to give him a basis for evaluating the various viewpoints. As a compilation of opinions on its topic, *Aid, Trade, and Tariffs* succeeds admirably.

Order from: The H. W. Wilson Company, 950-72 University Avenue, New York 52, New York.

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By Harold Osborne. 135 pages. $2.50. The Royal Institute of International Affairs.

HERE IS A CONCISE STUDY of the past and present of one of the Latin American republics least known to Canadians. The author's treatment should appeal both to the businessman wishing to understand this important international trader better and to the reader anxious to learn about the Andean countries.

Mr. Osborne is well qualified for the job he has undertaken. He served in La Paz as First Secretary (Commercial) in the British Embassy, and there acquired a first-hand knowledge of his subject as well as a sympathetic understanding of Bolivia's problems.

He discusses Bolivia under three headings—"The Country", "The History and the People", and "The National Economy". The result is a readable and informative book.

Order from: Oxford University Press, 480 University Avenue, Toronto 2.