CANADA

foreign trade

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cover The bagging of raw cotton goes forward on a cotton plantation in Sao Paulo, Brazil. Cotton proved to be one of the products benefiting from the introduction of measures designed to make Brazilian exports more competitive. For a story about these measures and the revival in foreign trade that followed them, turn to page two.

Brazilian Business Revives . . .

"Aranha Plan", introduced ten months ago, has alleviated Brazil's trade problems, stimulated exports, and permitted reduction of commercial arrears. Domestic inflation continues to be serious.

C. J. VAN TIGHEM, *Commercial Secretary, Rio de Janeiro.*

THE LAST HALF OF 1953 brought about a complete change in the economic situation in Brazil. Soaring exports, combined with contracted imports, produced a favourable trade balance, the first since 1950 and the largest in Brazilian history. Steps were taken to settle the large commercial backlog which had been accumulating since late in 1951 and importers were granted a measure of freedom that they had not known for several years. Although the trade position for the immediate future appears encouraging, the country still faces the major problems of inflation and unbalanced domestic finances, for which a solution will have to be found. On balance, however, there was a definite improvement which caused observers to view the economic situation with optimism.

Financial and Economic Measures

Inflation, combined with an unrealistic rate of exchange, in 1952 priced most of Brazil's export products out of international markets. Exports dropped as a consequence and Brazil found herself unable to pay for her imports and acquiring large commercial debts. The year closed with a record trade deficit of over 11 billion cruzeiros (approximately $600 million) and a commercial backlog of 11,328 million cruzeiros (approximately $612·3 million).

Beginning in February 1953, various measures were introduced to make Brazilian products more competitive, culminating in the introduction in October of a new system of exchange control by Sr. Aranha, the Minister of Finance. The chief features of the Aranha Plan were, in the first place, that all foreign exchange earned by exports had to be sold at the official exchange rate to the Bank of Brazil, thus virtually eliminating the free exchange rate for commercial transactions. Second, to stimulate exports the Bank was authorized to pay a bonus in cruzeiros of Cr.$5.00 per dollar for exports of coffee and Cr.$10.00 per dollar of other products, to enable all Brazilian products to compete freely on world markets. On the import side, the vital part of the new system was the introduction of currency auctions, whereby importers purchased exchange certificates for the various currencies at auction. This system ensured that imports were kept within the country's ability to pay because import licences were issued only after the exchange certificates had been purchased. At the same time, it provided the Government with funds with which to pay off its commercial arrears. Of equal importance, it abolished the arbitrary control over imports which the exchange control authorities had exercised and left the decision to individual importers.

Foreign Trade in 1953

The following table showing foreign trade in 1952 and 1953 illustrates the radical change which took place:

1953 Foreign Trade of Brazil

	Imports		*Exports*	
	1952	1953	1952	1953
	(In thousands of dollars)			
January	205,405	100,486	138,270	97,676
February	210,200	92,108	128,919	96,324
March	212,650	89,892	136,054	117,784
April	183,243	99,946	94,865	113,351
May	174,703	138,324	97,351	90,378
June	226,811	112,432	100,865	103,298
July	165,839	109,351	94,919	105,676
August	145,351	120,000	122,919	155,351
September	130,262	107,135	132,324	188,162
October	121,838	121,838	119,298	199,567
November	103,905	124,378	120,054	232,162
December	129,352	143,676	123,622	232,000
Total	2,009,559	1,359,566	1,409,460	1,731,729

The year 1953 closed with a favourable balance of 6,895 million cruzeiros (approximately $373 million) compared with a deficit of 11,114 million cruzeiros (approximately $600 million) in 1952. This was achieved by reducing imports by 30 per cent ($650 million) as compared with 1952, and increasing exports by 20 per cent ($323 million).

Import and Export Values

The reduction in the value of imports was brought about, in part, through the strict control which the Brazilian authorities exercised throughout most of the year to make certain that only the most essential requirements were met. Essential merchandise represented 92·7 per cent of total imports in 1953, slightly more than in 1952 when the figure was 90·7 per cent.

The principal factor, however, was a decline in world prices. The average price per ton imported in 1953 was Cr.$2,133.00 (approximately $115.00) compared with Cr.$3,263.00 (approximately $176.00) in 1952.

The increase in the value of exports resulted from two principal factors—larger exports of a number of products and a tremendous jump in the price of coffee. The effect of these two measures was about equal. Products such as raw cotton and raw wool, which had been practically unsaleable before the introduction of the Aranha Plan, entered into export once again. Other products, such as Parana pine and cacao, barely able to compete previously, became more competitive and moved in much larger quantities. Coffee exports were actually lower than in the preceding year but this was more than compensated by the increase in price. The following table shows the importance of these changes:

Principal Exports in 1953 Compared with 1952

	1953		*Compared with* 1952	
	Tons	$1,000	*Tons*	$1,000
Coffee	933,732	1,172,775	− 15,530	+134,250
Raw cotton	139,515	120,993	+111,385	+ 85,920
Cacao	108,688	82,836	+ 50,446	+ 43,048
Parana pine	563,838	51,192	+177,489	+ 18,977
Raw wool	9,976	26,499	+ 9,976	+ 26,400
Total		1,454,295		+308,694

The importance of the increases in these five products becomes evident when one considers the fact that total exports increased by $323,367 thousand and the increase resulting from these five products alone represented $308,694 thousand.

Coffee to the Rescue

The favourable trade balance can be attributed as much to the increase in coffee prices as to increased exports of other products. Coffee accounted for $134·2 million more than in 1952, or 42 per cent of the total increase in value of all exports. The volume of coffee exported was the lowest in several years but the increase in price resulted in a record value, as the following table shows:

EXPORTS OF COFFEE

	Tons 1,000	*$ million*	*Percentage of total exports*
1951	981	997,189	57
1952	949	1,038,541	73
1953	934	1,172,751	68

The severe frost experienced in the principal coffee-producing areas in Brazil in July 1953, though it did not affect the volume of coffee available for shipment in 1953, resulted in a 22 per cent drop in the 1954-55 crop estimates. At the same time that the results of the frost were appraised, it became apparent that the 1953-54 crop would not live up to earlier forecasts but might be 14 per cent smaller. In response to these two factors, coffee prices started to climb, rising from 55·1/2 cents per pound in May on the New York exchange to 65·1/2 cents in December. Coffee exports responded to the higher prices and 148 thousand more bags were shipped in the last six months of 1953 than in the first six.

Payment of Commercial Arrears

The improvement in the exchange situation permitted Brazil to attack the problem of her commercial arrears and considerable progress was made. At the end of May 1953, Brazil owed $472·5 million in convertible currencies. By December 31st, she had reduced this to $30·2 million. Of the $442·3 million paid, $435 million was received by United States creditors and this payment liquidated Brazil's indebtedness to U.S. exporters. It left Brazil with a debt of $300 million, representing the amount of the loan which she had obtained from the Export-Import Bank to supplement the $135 million which she paid out of her own resources. Payment of debts to Canadian exporters has also progressed satisfactorily.

Payment of commercial arrears in inconvertible currencies also started. All of Brazil's accounts with Swedish and Danish exporters, amounting to approximately $5 million, were paid. An agreement was signed with the United Kingdom for the settlement of her arrears and an initial payment of £10 million, borrowed from the International Monetary Fund, was made. In addition, a special arrangement was entered into in the last quarter of 1953 whereby sales of cotton were linked to retirement of the backlog of debts. British importers paid 85 per cent of the world price for cotton and the proceeds were applied to the backlog, regardless of chronological order. British creditors who did not wish to wait their turn could receive payment from these earmarked proceeds and take a 15 per cent loss. The arrangement was accepted by many British creditors and resulted in a substantial reduction in the backlog. By the end of February 1954, accumulated debt with Great Britain had been reduced from £63 million to £42 million as the result of these two measures.

The total backlog—i.e., convertible and inconvertible currencies—was reduced from an equivalent of $612·3 million at December 31st, 1952, to $206·6 million at December 31st, 1953.

Markets for Brazilian Exports

The United States continued to be the principal market for Brazilian products; exports to that country represented approximately 48 per cent of Brazil's total

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exports. Germany moved into second position, replacing Argentina, which slipped into fifth place. The following table shows the twelve most important outlets for Brazilian exports in 1953:

Exports from Brazil, 1953

	$1,000
United States	827,875
Germany	166,555
France	103,440
United Kingdom	86,680
Argentina	84,759
Sweden	58,570
Japan	54,525
Italy	50,624
Netherlands	43,758
Denmark	29,471
CANADA	27,616
Benelux	26,307

On the import side, the United States remained in the number one position though the volume fell sharply and the value was only 44 per cent of U.S. sales to Brazil in 1952. Argentina occupied second place. The following table shows the respective position of the twelve most important sources of supply:

Imports into Brazil, 1953

	$1,000
United States	375,915
Argentina	188,064
France	125,163
Germany	111,388
Dutch West Indies	103,784
Venezuela	94,532
Sweden	58,377
Great Britain	50,634
CANADA	41,716
Denmark	31,067
Italy	27,569
Netherlands	16,614

Trade Agreements

Brazil adopted bilateral trade agreements as a means of moving some of her export products which were suffering because of high prices, and also as a means of diverting imports from the dollar area to relieve pressure on her foreign exchange supplies. The agreements, by limiting the volume of imports to that of exports, were also designed to prevent the building-up of commercial backlogs. This measure has helped to bring about a re-distribution in trade with the two currency areas, resulting in a decreasing percentage for the convertible currency areas, as the following table shows:

Foreign Trade of Brazil, by Currency Areas

		1951	1952	1953
Exports	convertibile	54%	55·8%	49%
	non-convertible	46	44·2	51
Imports	convertible	56	58	47
	non-convertible	44	42	53

This trend, in so far as imports are concerned, will undoubtedly continue, because the high premium being paid for U.S. dollars in the exchange auctions provides incentive for importers to import from other currency areas where the premium is lower.

Inflationary Factors Persist

Inflation, in conjunction with the unrealistic rate of exchange for the cruzeiro, kept Brazilian products out of the international markets in 1952, bringing about a serious drop in exports which was one of the principal causes for the commercial backlog. The exchange measures adopted in 1953 brought Brazilian export products back into a competitive position and allowed the stocks of cotton, wool and other problem goods to be sold abroad. However, the inflationary factors have not been checked and may cause further economic and financial difficulties.

Serious domestic inflation is continuing. In 1953, the money supply increased 19 per cent in contrast to 14 and 16 per cent in 1952 and 1951. At the same time, bank credit increased by 23 per cent over 1952. Adding to the inflationary pressure were the deficits experienced by all Governments—federal, state and municipal. A total deficit of 7·3 billion cruzeiros was registered in 1953.

The prospects for 1954 are not encouraging and it is anticipated that an even greater deficit will be realized. At the same time, there does not seem to be a definite prospect of stricter control over bank credit and new currency issues.

In spite of the fact that no solution for the related problems of unbalanced budgets and inflation has appeared, there is a general feeling locally that considerable progress was made in the course of the past year. Export products were competitive, prices for the principal exports were at new highs, current business was being paid for promptly, the commercial backlog was being retired, and importers were free from the bothersome controls of the previous three years. All this represents a real advance.

Hong Kong Income Tax

Canadian exporters to Hong Kong should bear in mind that where goods are being shipped there on consignment the Hong Kong authorities may rule that the Canadian firms transacting the business are subject to income tax in the colony. However, it is understood that Canadian exporters will not be subject to such taxation if they are selling outright to Hong Kong firms.

The Case of the Groundfish Fillets

Early in July, the President of the United States rejected the Tariff Commission's recommendation for increased protection for the domestic fishing industry. This report discusses some of the reasons for his decision and the probable effects.

R. G. C. SMITH, *Commercial Counsellor, Washington.*

ON JULY 2 the President of the United States, in releasing the Tariff Commission's report on its investigation into the groundfish fillet industry, announced that he would not accept the Commission's recommendation for increased protection against imports.

This decision came on the heels of the third investigation into the industry carried out by the Tariff Commission in recent years. The first came in 1949, when Congress requested the Commission to make an immediate study of the effect on the domestic industry of increasing imports of fresh and frozen fish. This was more of a fact-finding assignment and, though the Tariff Commission did not make any recommendations, it did report that imports of groundfish fillets had increased much more than imports of other types of fish, and that the basic factor in this development was the demand—a vigorous and expanding one.

The Tariff Commission made its second investigation in the fall of 1951 and found, by a three to two vote, that there was no cause for further protection of the local industry against imports. However, the case was again brought before the Commission on May 27, 1953, under Section 7 of the Trade Agreements Extension Act of 1951. The Commission was charged with determining whether groundfish fillets "are, as a result, in whole or in part, of the customs treatment reflecting the concession granted thereon in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products".

What the Commission Recommended

This time the Commission, by a three to two vote (one Commissioner was absent and did not vote), held that there *was* serious injury and recommended additional protection for the industry. The recommendations were:

- That a duty of 2½ cents per pound be imposed on all imports of groundfish fillets (i.e., fresh or frozen fillets of cod, haddock, hake, pollock, cusk and rosefish).
- That imports be limited to a quota of 37 per cent of the average annual consumption in the United States during the five years immediately preceding.
- That the quota on imports be divided according to the average supplied by different countries during the years 1949-53 inclusive. (The countries thus allocated quotas were Canada, Iceland and Norway; a small quota was reserved for "others".)

These recommendations were made to cover the existing situation where there is no outright quota and where the duties on fillets are those established by the Canada-U.S. trade agreement at 1⅞ cents per pound on a minimum of 15 million pounds of fillets imported each year, or on 15 per cent of the amount that the annual consumption exceeds 100 million pounds for the three years immediately preceding, whichever is higher. The duty on any fillets imported over this basic amount was established at 2½ cents per pound. On the basis of 1953 imports, these recommendations, if the President had accepted them, would have raised the duty on 34 million pounds of fillets and reduced total imports by 13 million pounds in 1954, compared with 1953.

The President's Views

In rejecting the Tariff Commission's recommendation, the President pointed out that there were factors other than imports causing difficulties in the industry—such as first, depletion of the fishing banks close to the New England coast, involving longer voyages, increased costs and need for more intensive fishing, and second, labour-management difficulties. In the main, however, the President emphasized that the industry is suffering from a static market and low per capita consumption of fish that has remained more or less constant at 10-12 pounds a year for almost fifty years. He emphasized the need to find better ways of marketing, distributing, packaging and preparing fish, without increasing prices to the point where fish could not compete with other foods.

The minority report of the Tariff Commission stressed that the consumption of conventional fillets had expanded considerably in recent years, asserting that this could only have occurred "with the availability of reasonably priced foreign supplies to supplement the domestic output". It then pointed to the advent and spectacular growth of the fish-stick trade, which first became significant in the latter part of 1953 when the consumption reached 7½ million pounds. Consumption during the first quarter of 1954 has already touched nine million pounds and the Fish and Wildlife Service estimates that it may total 30 million pounds for the year. Although the fish sticks were to some extent replacing conventional fillets, the minority report continued, they were also supplying a previously untapped market and there was evidence to suggest that considerable expansion in the overall consumption of fish was possible.

In making his decision, the President also referred to the importance of the fish-stick development (United States processors of sticks are reported to be hard pressed to meet the demand and offering employment on a year-round basis) and suggested that the per capita consumption of fish might be increased by 50 per cent within a few years as a result of their introduction. He therefore felt it was possible that the basic difficulty of the industry, static markets, was on the way to a solution.

Aid to Domestic Fisheries

Recognizing the industry's need for technological development, better conservation methods and more knowledge of the movement of fish, the President referred to his signature on July 1, 1954, of Bill S.2802 which provides funds for research and development of fisheries resources and for marketing of fisheries products.

For some time 30 per cent of the total customs revenue has been made available to the Secretary of Agriculture to encourage the export and domestic consumption of agricultural products. Since 1939 the Secretary of Agriculture has been authorized to transfer to the Secretary of the Interior $75,000 a year for a fisheries educational service to promote the commerce in domestic fish products. Some $100 thousand was also set aside for the development of markets for domestic fish.

The new bill considerably increases the amounts made available by the Secretary of Agriculture to the Secretary of the Interior and broadens the use of the funds. For the next three fiscal years (i.e., ending June 30, 1957) 30 per cent of the gross receipts coming from duties collected on imports of fisheries products will be turned over to the Secretary of the Interior each year to be used for what might be termed a fisheries extension program. However, there is a top limit of $3 million on expenditures in any one year and the fund's balance may not exceed $5 million at the end of any fiscal year.

This money may be used for a fisheries educational service and technical and biological research programs for the benefit of the fishing industry. To further these purposes, the funds may be spent on the purchase or construction, operation or maintenance of vessels and facilities needed for research. The money will also be available for the development of markets. In addition, any agency of the United States Government is authorized to transfer without reimbursement any vessels or equipment in excess of its needs to the Secretary of the Interior for these purposes.

It is, of course, too early to know what program will be developed to use these funds. However, only $1½ million of the money supplied may be used for relief programs in any one year.

The Market for Fillets

Consumption of groundfish fillets has been increasing steadily in recent years, as the following table shows:

Year	*Production*	*Imports* (*in million lb.*)	*Consumption**
1939	100	9·4	106
1945-49 av.	129	46	172
1950	137	65	194
1951	149	88	238
1952	133	107	224
1953	112	90	216

* The difference between consumption and production plus imports represents changes in cold storage holdings.

Some of the difficulties of the United States industry are illustrated by the make-up of U.S. production, which has been tending towards a higher percentage of the cheaper and small-size rosefish, with its attendant higher cost of processing. In 1939 percentage production was as follows: cod 19 per cent, haddock 38 per cent, rosefish 25 per cent, and cusk, hake, etc., 18 per cent. For 1951, the year of greatest production, the division was cod 9 per cent, haddock 34 per cent, rosefish, 50 per cent, and cusk 7 per cent.

Canada has always been the principal source of supply for fillets going to the United States market, as the following table shows:

Year	*Canada*	*Iceland* (*1,000 lbs.*)	*Norway*	*Total**
1939	9,413	13	....	9,426
1945-49	41,781	3,797	181	45,750
1950	49,212	12,767	1,809	64,893
1951	57,585	24,518	4,240	87,639
1952	56,427	35,157	8,622	107,416
1953	59,180	23,596	4,161	89,706

* Denmark, the U.K., West Germany, the Netherlands and Ireland have supplied small quantities during the last few years.

The Bahamas and Its Trade in 1952

Imports to the Bahamas rose in 1952, with Britain, the United States and Canada each increasing their sales. Purchases from dollar area still restricted but some products now under Open General Licence.

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

THE YEAR 1952 saw the Bahamas achieve an increase in its foreign trade. Imports rose by £1·17 million over those for 1951 and exports increased by £197 thousand. The three main suppliers—the United States, the United Kingdom and Canada, in that order—each increased their sales to the Bahamas. Imports from New Zealand went up from £56 thousand to £198 thousand, but those from Australia dropped sharply. The table below gives the details:

Foreign Trade of the Bahamas

(Bahamas Statistics)

	Imports (£ c.i.f.)		Domestic Exports (£ c.i.f.)	
	1952	1951	1952	1951
United States	3,923,594	3,179,996	208,738	196,207
United Kingdom	2,247,384	2,040,657	416,262	70,598
CANADA	919,568	777,200	75,472	95,059
Aruba	387,354	368,614	—	—
New Zealand	197,638	55,562	—	—
Australia	123,499	319,247	—	—
France	120,729	119,313	—	—
Jamaica	109,754	146,177	32,540	113,475
Total, including parcel post	8,823,786	7,649,643	926,275	729,012

The figures illustrate the sharp drop in imports from Australia but otherwise the principal suppliers more or less maintained their relative positions. Imports from Aruba consisted entirely of fuel oils; Jamaica sold sugar to the Bahamas and bought lumber from her. Canada continued to supply 10 per cent of the Bahamas imports, but our share of total exports from this source fell 5 per cent below 1951.

Analyzing Imports

Among the goods imported into the Bahamas in 1952, machinery takes first place, followed by hardware, wearing apparel, fresh meats, provisions, and flour. Canada ranks as the leading supplier of only one of these main commodities—flour; in all other cases, the United States holds the major share of the market. The table sets out the 27 leading imports by value and also gives the chief supplier and Canada's share of the trade.

Certain smaller imports are not included in the table above; Canada was the principal source of supply for five of them (value of imports in parentheses): canned fish (£9,052), oats (£10,058), cured meats except ham and bacon (£45,431), sweetened condensed milk (£38,484) and newsprint (£4,397).

Suppliers and Markets

Of the 27 commodities listed in the table on page 8, the United States was the leading supplier of 17; Canada, four; the United Kingdom, three; New Zealand, two and the Netherlands, one. The list also points up the continuing restrictions on imports from hard currency countries; nearly all the commodities included rank as essential.

The B.W.I. Trade Liberalization Plan, of course, accounts for a certain percentage of the Canadian and United States imports, but this value is lost in the overall picture. The Plan does permit expenditure for products which otherwise could not be imported but there is no practical way of finding out how much the Plan, in itself, was worth in trade with the Bahamas. It is estimated by the control authorities that 90 per cent of the import licences issued against Plan vouchers are taken up.

Early in 1954, the following products were placed on Open General Licence: onions, potatoes, split peas; dried, smoked, pickled, salted and canned fish; meat; powdered and canned milk, cheese; animal feeding-

Imports into the Bahamas, 1952

(Bahamas Statistics)

Commodity	*Total Imports* £	*Canada* £	*Principal Sources*	£
Machinery	554,480	19,578	United States	443,183
Hardware	307,452	4,907	" "	200,511
Apparel	306,080	2,872	" "	223,893
Meats, fresh	266,397	16,317	" "	133,285
Provisions	244,176	29,711	" "	149,956
Flour	240,340	226,013*	Canada	
Electrical apparatus and appliances	225,094	2,480	United States	170,492
Furniture	217,285	3,715	" "	159,929
Lumber	182,777	84,903	" "	93,159
Chicken and dairy feed	140,156	10,284	" "	129,872
Boots and shoes, excluding rubber	126,159	1,139	" "	79,795
Milk, evaporated	111,116	107,625	" "	2,427
Beer	106,265	10,431	Holland	33,960
Whisky	97,651	35,147	United Kingdom	55,321
Cotton piece goods	93,884	4,882	United States	64,520
Hams and bacon	91,238	26,670	" "	53,178
Paints	83,352	9,984	" "	41,649
Butter	81,663	31	New Zealand	62,227
Paper	80,883	10,109	United States	62,782
Medicines and drugs	79,248	9,652	" "	51,040
Toilet preparations including toilet soaps	78,520	4,919	United Kingdom	37,750
Meats, canned	77,653	474	New Zealand	36,181
Beef and pork, pickled or salted	61,787	7,399	United States	29,449
Other cured meats	60,406	45,431*	Canada	
Potatoes, Irish	59,570	37,132*	Canada	
Milk, sweetened condensed	58,658	38,484*	Canada	
Confectionery	50,342	6,911	United Kingdom	31,852

* Canada chief supplier

stuffs; newsprint and kraft paper. This should give a boost to Canadian exports of these commodities, particularly meat.

U.S. Has Advantage

Under normal trading conditions, Canadian goods must compete with United States products and the U.S. exporters possess a certain competitive advantage because of the short haul and the many shipping opportunities from Miami. This means low freight charges and lower duties, because the latter are levied on c.i.f. values. The merchants in the Bahamas prefer small shipments at frequent intervals because they make financing easier and simplify the stock position. Few wish to buy in bulk, as they must to obtain best prices from Canada.

The trade has other reasons to put forward for not buying more from Canada. It contends that Canada does not produce in any variety of grades, qualities and styling suitable for the tropics, and that salesmen and export representatives show little interest in actually visiting the market.

From the point of view of the exporter, the absence of any definite criteria about the issuing of licences means using the "trial and error" method of developing sales and this is bound to lessen the incentive. Nevertheless, the Bahamas is a good quality outlet, catering to the tourist trade which forms the backbone of the colony's economy.

The export trade of the Bahamas is concentrated upon a few products—fish and seafoods, fruits and vegetables, and lumber—but total exports equal in value only about 10 per cent of imports, with the United Kingdom by far the best customer. The following were the twelve leading exports in 1952:

Exports from Bahamas, 1952 (£)

Products	*Total Exports*	*To Canada*
Pitprops	239,867	—
Lumber	166,508	—
Canned Prunes	129,717	—
Crawfish	99,649	—
Salt	76,705	30,085
Fresh Tomatoes	60,790	19,001
Tomato Juice	20,902	—
Beach Shells	18,483	181
Straw and Shell Work	17,631	471
Canned Tomatoes	15,813	6,588
Okras	11,041	11,041
Scale Fish	10,656	
Total, including other products	926,275	75,472

Lumber exports went mainly to Cuba and the British West Indies; the pitprops, canned prunes, and most of the tomato juice to Britain. The prunes were processed in the Bahamas under the Industries Encouragement Law enacted in 1951 and appeared on the export list for the first time. After Canada, the salt went mainly to Japan; the United States took the fish and most of the fresh tomatoes. ●

British Plastics . . . *a growing industry*

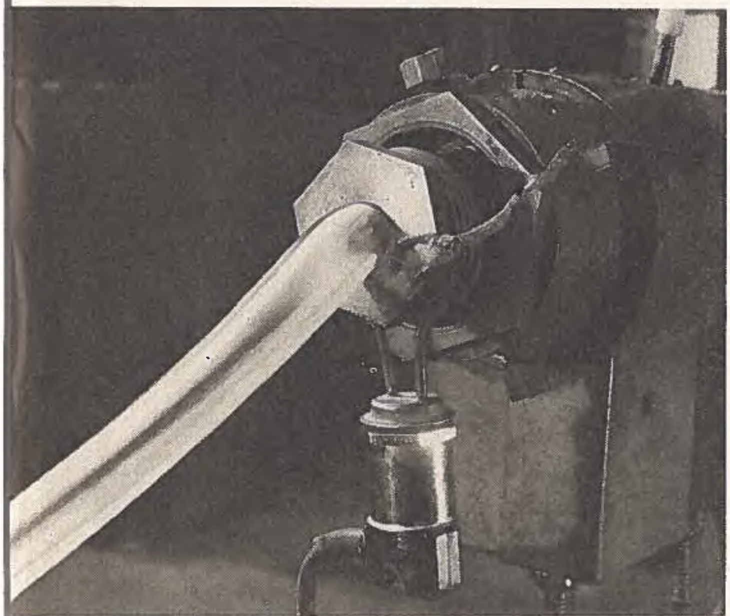
Higher production plus expansion plans now under way have cut U.K. plastics imports and permitted record exports in 1952. Volume of Canadian sales to this market has dropped sharply.

T. M. BURNS, *Assistant Commercial Secretary, London.*

CANADA RANKED THIRD among suppliers of plastic materials to Britain in 1953, according to United Kingdom trade statistics. However, Canadian sales of 876 tons, valued at £242,775, were substantially lower than the 1951 total of 3,935 tons worth £906,614. This reduction reflects the increasingly competitive nature of this market, the result both of the rapidly expanding domestic industry and the greater capacity of European suppliers. A recent report issued by the Association of British Chemical Manufacturers indicates that at the end of 1952 the domestic plastics industry had 33 expansion schemes in progress, calling for capital of an estimated £17,-714,000. The evidence is that the local industry is maintaining this rate of progress.

Exports Rising

The importance of the plastics industry in the United Kingdom may be gauged by record 1953 exports, valued at £16·1 million and representing over 22 per cent of total British chemical sales abroad. These exports, at 56,456 tons, surpassed in volume the previous peak year, 1951, by some 3,000 tons.



During 1953, exports of synthetic resins of all sorts, including vinyl resins, amounted to 27,250 tons. The corresponding figures for moulding powders and sheet, rod, tube and foil were 21,250 tons and 7,950 tons respectively. A comparison of some of the individual products in 1953 with those in the previous record year shows that exports of moulding powders—excluding cellulose acetate, phenol and urea formaldehyde—increased by 7,600 tons, and unplasticized vinyl resins by 3,300 tons. Exports of other moulding powders were all substantially lower than in 1951.

The following table summarizes the most important plastic materials exported by the United Kingdom:

Exports of Plastic Material

Type	1952	1953
	(long tons)	
Unplasticized vinyl resins	3,135	6,600
Urea formaldehyde	2,967	3,817
Plasticized vinyl resins	2,921	3,099
Non-laminated acrylic sheet, rod, tube, film and foil	2,702	2,902

Leading Markets

Australia is the most important market for United Kingdom plastics; shipments to that country in 1953 reached 8,500 tons, recovering from the low figure of 3,500 tons in 1952 which resulted from Australian import restrictions. Other important markets in 1953 were the Netherlands, India, South Africa, Sweden, Denmark and Belgium, which each bought between 2,750 tons and 3,350 tons.

Imports Decline

In the last two years United Kingdom imports of plastic materials have declined. From a postwar peak in 1951 of 16,970 tons valued at £7·8 million, imports dropped in 1953 to 11,320 tons worth £6·5 million. This reduction resulted chiefly from new

(Left) This transparent perspex rod has been formed out of thermosetting plastic by forcing the raw material through a nozzle. British plastics makers are now selling to a variety of markets abroad and are keeping pace with progress.

production capacity built up at home. For example, imports of vinyl resins in 1953 were only half the volume of shipments in 1952.

The recent announcement by three large companies that they plan to build synthetic rubber plants in the United Kingdom is a significant example of this growing capacity. These plants will have two results: first, the establishment of local supplies of synthetic rubber for the first time, and second, an increase in the production of raw materials for making other types of plastics. When the plants go into operation in two to three years' time, annual production will average about 16,000 tons. The greater part of the output will probably consist of high styrene rubber for footwear and similar purposes, oil-resisting rubbers, and latex for use in the emulsion paint industry.

The United States was the largest exporter of plastics to Great Britain in 1953, with 4,400 tons. Western Germany overtook Canada as the second most important supplier in 1952 and last year retained that position, although its shipments dropped sharply from 3,850 to 2,350 tons. Canada's exports declined from 3,935 tons in 1951 to 1,260 tons in 1952 and to 875 tons in 1953. Canadian exporters have been hampered by British import licensing restrictions which have been more severe than those affecting suppliers from the EPU area.

Pulp and Paper . . . *Bulwark of the South*

The pulp and paper industry has gained new importance in the South during the last 25 years, but the problem of supply of raw materials makes future growth uncertain.

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

PAPER AND ITS PRODUCTS has become one of the five industrial giants in the southern United States. In the past 25 years, in fact, this industry—with textiles, foodstuffs, chemicals and lumber—has broken the grip of the one-crop agricultural economy. Such has been the growth of the pulp and paper industry in the South that in 1952 it represented about 6·9 per cent of the total manufacturing output in twelve Southern States. In 1951 it provided direct employment for 120 thousand workers with an annual payroll of $212 million. Its output was valued at over $2 billion, close to the $2·9 billion worth of cotton produced in that same year.

New Phase of Production

The pulp and paper industry reaches deep into the southern economy. Every state in the South except Oklahoma, Tennessee and Arkansas consumes over a million cords of pulpwood a year. In 1952, 63 mills used over 14·5 million cords of pulpwood, largely drawn from within a radius of 150 miles. More than half of this supply came from an estimated 1,652,000 suppliers whose tracts averaged about 62 acres each, and this fact illustrates how the demands of the industry have helped to strengthen the rural areas. The remainder came from company-controlled areas.

Before 1936, Southern commercial forests, which comprise over 40 per cent of the total U.S. commercial forest area, had been cleared of most of their virgin timber. Mills were relying on second and third-growth trees and were meeting increasing competition from the United States Northwest. Since 1936, however, technological improvements in the production of sulphate pulp have enabled the South to support a large-scale paper industry. In 1952, 82 per cent of the national output of wood pulp by the sulphate process came from this area. The paper industry makes possible intensive utilization of small growth trees and provides a good market for quick-growth trees from reforestation projects.

Pulpwood Consumption

As conditions now stand, the Southern States turn out more than half of the national production of wood pulp—in 1952, 9·05 million short tons. In the same year, the South consumed 14·5 million cords of pulp wood. Some 12·7 million cords were from pine, 1·6 million from hardwood and ·0911 million from dead chestnut. The cut of southern pulpwood about equals one-half the volume of saw logs produced in this region and about one-quarter of the total timber cut for all products, including firewood.

The South also makes more than half the paper and paper board produced from virgin wood pulp. In 1952, production totalled 8·681 million short tons, 35·5 per cent of the United States output. This area has become the country's main source of unbleached kraft paper, used mainly by the wrapping, bag and converting industries.

Demand for Newsprint Growing

The introduction of newsprint mills in the South has received considerable publicity. Since 1940 three mills have been built, but their total production of 350 thousand tons a year is not too significant when compared with the nine million tons of kraft and paper board produced annually. However, the number of newspapers in the South is increasing and circulation is going up; recent reports indicate that many of the Southern newspaper publishers are planning or actually building new plants. This should mean a greater demand for newsprint.

Outlook for the Industry

The rapid expansion in the production of wood pulp and paper in the last 25 years raises the problem of future supply of raw material. It is reported that in the lumber trade, the depletion of saw timber exceeds growth by 16 to 20 per cent; this is particularly apparent in the softwoods which the paper industry prefers. It is also reported that the production of pulpwood is making increasing inroads into those softwood stands that are potential sources of lumber. Consequently there is some confict of interest between the lumber mills, forced to use smaller and smaller trees, and the paper mills, which must expand their supplies of pulpwood. To offset this problem in softwood supply, increasing attention is being paid to reforestation, and to greater use of the more readily available hardwoods, and of wood and mill waste. One of the latest announcements, for example, is that it may be possible to use southern hardwoods to produce newsprint. A serious difficulty in reforestation planning and education is the large number of small owners of woodland properties whose support must be enlisted, assuming that the mills will continue to look to this source for at least 50 per cent of their supplies.

These facts seem to raise doubts whether the rapid expansion of paper production in the past 25 years can be continued. The time is approaching when a levelling-off of production may be necessary, especially in those plants which rely on softwoods. ●

Israel's Hot-Climate Housing

AFTER SEVEN YEARS' STUDY, scientists of the Israel Institute of Technology believe they have exploded the popular belief that thick walls are best for maintaining low indoor temperatures during the day in hot climates. Instead, they recommend homes with double walls—a permanent thin wall and a thick outer wall that can be "peeled" or folded back at night when extra insulation against heat is not required or, alternatively, an insulated wall below and thin wall above. The first working models of the double-walled homes have already been built and successfully tested in Israel.

Tested in Jordan Valley

Tests were carried out during the long summer in the Jordan Valley, where day temperatures reach 105 degrees Fahrenheit with appreciable drops at night. These tests studied the effect on indoor temperature of material, thickness and structure of walls, orientation of the building, solar radiation, winds, texture of plaster, colour, ventilation, shape of roof, etc. The ideal solution for hot-climate housing was found to include the following features:

Features Recommended

- The walls of the house should be built in two parts—a permanent thin inner wall and a movable outer wall constructed from insulating panels.

- By day both parts of the wall will protect the interior of the rooms, acting as a thick wall. At night the outer insulating panels will be removed and the thin permanent wall will permit rapid cooling.

A second type of house has been designed for the hot climate of Elath, Israel's pioneering town on the shores of the Red Sea, where the temperature does not drop much at night. This house will have thick insulated walls to protect the living rooms on the ground floor, which receive more hours of direct sunshine than the sleeping section in the thin-walled upper storey which is shaded by a wide overhanging roof. No final decision has been taken on the building material to be used, but it is possible that local plaster mixed with sand may replace concrete. The flat roofs will be cooled by evaporation of salt water stored there under a peaked glass cover.

—C. SWIFT
Office of the Commercial Secretary, Athens.

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Cuba's Postwar Commercial Policy

Extension of concessions under the GATT and subsequent agreements which Cuba has made with certain countries have influenced volume of Canadian imports and afforded scope for expansion.

G. A. BROWNE, *Commercial Secretary, Havana.*

SINCE CUBA BECAME A REPUBLIC fifty years ago, her foreign commercial policy has been largely influenced by the Commercial Reciprocity Treaty of 1902. Under this, Cuba accorded the United States a general tariff preference of 20 per cent, together with preferences of up to 40 per cent on certain specified commodities in exchange for U.S. preferences on sugar and tobacco. In 1927, 1934 and 1941, important revisions were made in Cuba's tariff although they had little effect on the general preference which the United States enjoyed.

Tariff Negotiations

In 1947, however, under the General Agreement on Tariffs and Trade (GATT), the scope of the U.S. preference was somewhat reduced by Cuban concessions to other contracting parties. Though the previous bilateral Cuban treaties with the United States were suspended, nevertheless an exclusive U.S.-Cuban agreement, which in large degree preserved the U.S. preferences, was appended to the General Agreement.

One of Cuba's principal aims in extending the concessions under the GATT and in subsequent tariff negotiations—especially with the United Kingdom and the Federal Republic of Germany—was to ensure the marketing of her main export crops, sugar and tobacco. (The former, in particular, was beginning to meet increasingly serious world competition.)

At Geneva in the fall of 1947, apart from the exclusive agreement with the U.S. which preserved most of the latter's preferred position in the Cuban market, Cuba entered into extensive tariff negotiations with other GATT countries, including Canada, and modified her tariff or extended most-favoured-nation (MFN) treatment on over 400 items. Of the tariff concessions granted by Cuba, those of chief interest to Canada were: wheat, wheat flour; newsprint; seed potatoes; cod liver oil; crate shooks, broom handles; agricultural implements and machinery; sewing machine needles; codfish, herring; aluminum bars, sheets and wire, aluminum foil; malt, rolled oats and oatmeal; calcium carbide; woollen felt; industrial machinery, motors of all kinds, engines and windmills; electrical machinery and apparatus; games and toys; pure-bred cattle; certain pharmaceuticals and chemicals.

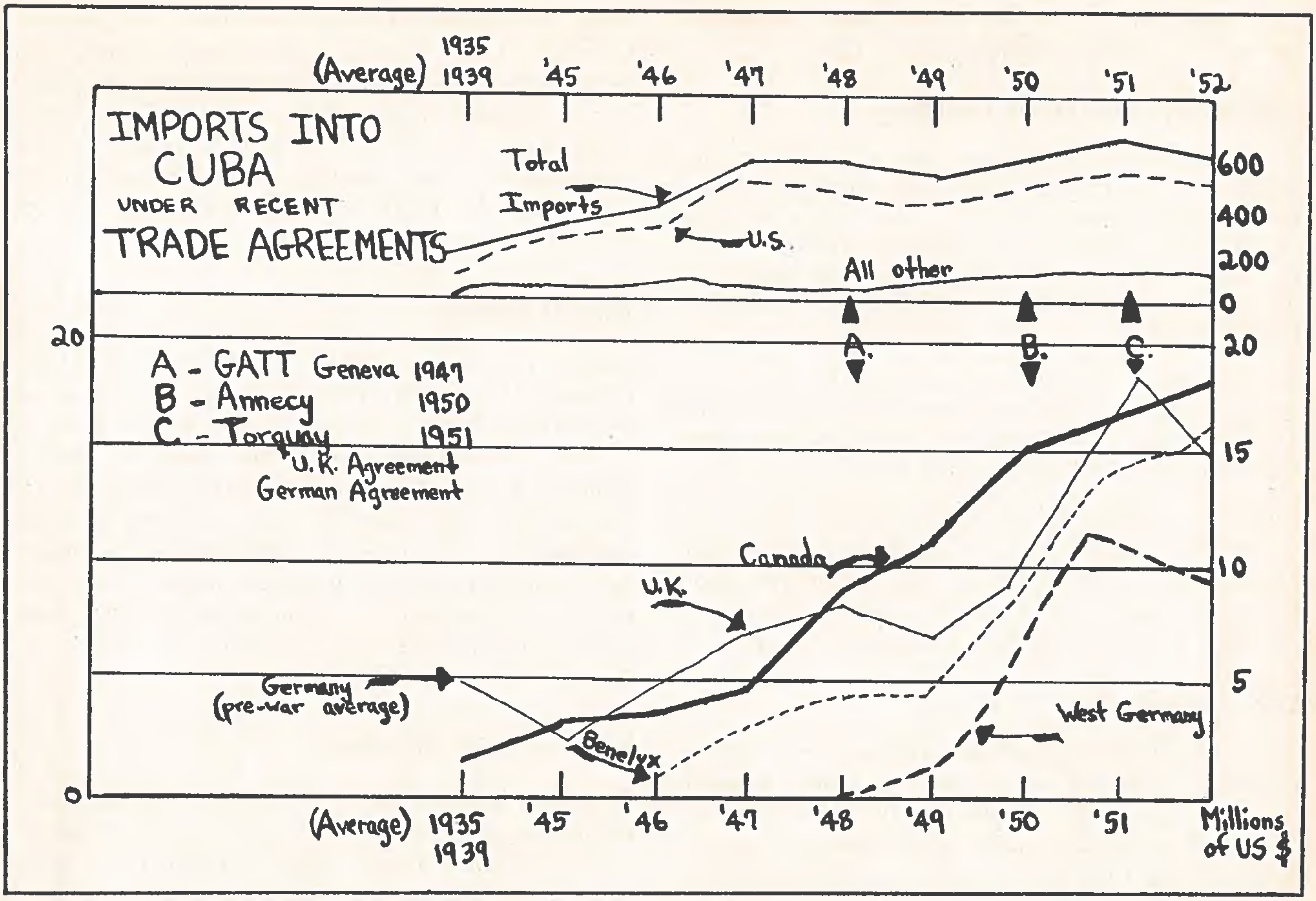
Agreements with Germany and U.K.

In the conference at Torquay in the spring of 1951, Cuba renewed practically all of the previous concessions of the Geneva and Annecy schedules. Canada agreed to a special arrangement for the purchase of Cuban raw sugar in the three years 1951-1953. Of particular interest to Canadians were the subsequent agreements between Cuba and the United Kingdom and the Federal Republic of Germany which took

Imports into Cuba

(Millions of U.S. dollars)

Country	*Average* 1935-39	1945	1947	1949	1950	1951	1952	*% of Total* (1952)
Argentina	·3	4·7	2·5	·6	·5	·4	·4	....
Austria	....	....	....	....	·2	·2	....	....
Belgium	1·2	....	2·1	3·7	5·5	9·9	10·0	1·6
CANADA	1·0	3·1	4·6	11·1	15·4	16·8	18·2	2·9
Chile	·9	5·2	5·1	4·2	3·0	3·0	3·6	·6
France	2·6	....	1·4	1·7	2·7	4·5	4·0	·6
Germany	4·6	....	....	·7	4·8	10·8	9·6	1·5
Italy	·6	....	1·4	2·4	2·6	4·1	3·8	·6
Japan	·9	....	....	·2	·9	1·6	....	....
Mexico	1·0	8·2	6·9	6·0	6·5	5·0	7·4	1·2
Netherlands	·9	....	·6	1·1	2·0	3·8	6·0	·9
Spain	2·6	3·5	7·5	6·9	6·5	12·6	9·6	1·5
United Kingdom	4·6	2·7	6·9	6·5	8·5	19·2	15·5	2·5
United States	72·9	177·8	436·4	375·6	407·1	492·2	462·0	74·5
All Countries	108·0	238·9	519·9	451·4	515·0	640·2	618·3	....



effect in September and October of 1951. Cuban concessions in these agreements extended to Canada as well, under the provisions of the GATT.

In the U.K. agreement, in exchange for British purchases of sugar and tobacco, Cuba undertook to eliminate the U.S. preference on approximately 80 items in her tariff. Although the U.S. preferential margin was eliminated, the emergency surtax of 20 per cent on duties—imposed on most imported goods other than U.S.—still remained in effect, thus retaining for U.S. exporters a substantial preference.

What Agreements Provide

Items of interest to Canada in this agreement included wire cable, tools and implements, forged nuts and bolts, cutlery and surgical instruments, enamelled kitchenware, copper wire gauze, aluminum foil, cardboard, radio and TV sets and parts, electric motors, office appliances and machines, automobiles, trucks and parts and tractors, canned sardines, certain vegetables and soups, jams, jellies and marmalades, ammunition, oilcloth, and toys.

One month later Cuba signed an agreement with West Germany reducing duties on about 100 items of German production in exchange for certain German purchase guarantees. About one-third of the items in the German agreement were included in the prior agreement with Britain. Of the remainder, those of main interest to Canada were new reductions on iron or steel wire or gauze; pipes, including pipes of zinc or lead; shot; aluminum sheets not corrugated; unmounted optical crystals; electric lamp bulbs, carbon electrodes; writing, cigarette, and wall paper.

Since then both the British and German agreements, with certain modifications, have been renewed (March 11 and December 18, 1953, respectively). Separate similar agreements were signed in 1952 with Chile (March 21), France and Spain (September 5) and, on December 22, 1953, with Austria. These agreements are of somewhat less importance to Canada.

Further, at the session of the GATT in October 1953, Cuba joined most other GATT countries in renewing the assured life of all her GATT tariff concessions for an 18-month period, until July 1, 1955.

Conventions with Other Countries

In the convention with Chile, also a member of the GATT, Cuba extended tariff concessions on certain items including malt, chickpeas, beans, and nitrates; in that with Austria, Cuba accorded MFN treatment to Austria in return for certain purchase guarantees on sugar, tobacco, and some other less important Cuban products.

The agreements with France and Spain in 1952 were payments conventions; the one signed with Spain in 1953 extended to the latter the 1927 tariff treatment which had been terminated earlier in 1952.

Cuba is currently studying proposals for commercial agreements with Swtizerland, Argentina, Japan, and Mexico; those with Switzerland and Japan will be of particular interest to Canadian manufacturers and exporters to this already highly competitive market.

Effect on Imports

The table and the graph indicate the effect of the postwar commercial agreements on Cuba's imports from her principal suppliers. The rising curves of volume in terms of dollar value reflect, of course, inflation since 1945 which, for lack of relevant wholesale price indices in Cuba before 1952, cannot be accurately measured. It is believed, however, that of the increase in dollar value, the actual volume increase is at least equal to and probably exceeds the increase caused by higher prices.

The graph also illustrates the marked rise in Canada's exports to Cuba since 1947. That there is scope for a further expansion of Canadian sales is evident from the table on page 12.

U.S. Share of Market

United States sales to Cuba in 1952, according to unofficial U.S. figures, totalled US$516 million, of which approximately 33 per cent was in manufactures of metal of all classes, including machinery and vehicles, principally automobiles, trucks, buses, parts and accessories, valued at US$53 million. Of this 33 per cent, electrical apparatus and machinery and industrial machines comprised $36 and $33 million respectively. Food products contributed $148 million, important items being rice ($50 million), fruits and vegetables ($30 million), lard and other pork products ($31 million), flour ($11 million) and dried beans ($9 million). Textiles—principally cotton manufactures, grey and semi-finished goods, and synthetic fibres and manufactures—contributed $58 million. Chemicals ($35 million), pharmaceuticals and medicinal preparations ($14 million), industrial reagents, paints, varnishes and fertilizers ($11 million) comprised about seven per cent of U.S. exports. Chief commodities in the remaining 20 per cent were petroleum products ($20 million) and paper and its products, $18 million.

Time of Decision

Cuba's commercial policy, which has long been influenced by her Law-Decree No. 14 concerning the bilateral balancing of trade, may now be said to be at a point calling for review and decision. Where formerly it seemed desirable, to ensure the marketing of her great sugar crop, to make a variety of trade concessions, the present diversification-of-industry policy forced by the sugar cutback implies some concern for the protection of infant industries which may, in the light of recent press comment, be expected to increase.

Will Protection Increase?

Moreover, as in all but a few large, highly organized economies, customs duties form an important part of Cuba's revenues. In this period of international study of tariff policies, however, Cuba's future course must be set either towards further reduction of preferences and a general lowering of rates, or towards increased protection. The decision will certainly be influenced by world trade developments.

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.

Michigan Business Slows Down

Adjustment to lower levels of business activity common throughout the United States has proved particularly difficult in Michigan, because of special factors.

J. H. BAILEY, *Vice-Consul and Assistant Trade Commissioner, Detroit.*

MICHIGAN has been affected more directly than most other states by the adjustment to lower levels of business activity that began about the middle of last year. Reasons for this adverse trend are not hard to find. The most significant declines in production and sales in the past twelve months have occurred in the automotive and defence goods industries, and in both these fields Michigan is prominent.

For the first half of 1954, the number of cars and trucks produced was 10·7 per cent less than in the same period last year. Sales of motor vehicles for the first six months are also running behind last year's figures by about the same amount as production. The month of June by itself, however, has been the highlight of the season: an estimated 550 thousand motor vehicles were sold, to achieve the best monthly figure in four years. The ability of the automobile industry to maintain high output and sales in the next few months will be vital to Michigan cities.

Defence Orders Drop

Federal Government spending on military supplies, both for U.S. forces and the Allied nations, has been running at about $800 million per month, or 20 per cent less than last year. This cutback has involved numerous cancellations and cutting down of contracts already let, and a much slower placing of new orders. All these have adversely affected the heavy industries in the state. The current flow of arms spending is below the budgeted rate so that some step-up in ordering may occur. Even so, many local business men feel that the greatest impact of the defence cutback is over and that business in this particular sector will not decline any further.

Employment in Michigan during the spring and early summer was 7 per cent below last year, in contrast to a national decline of about three per cent. The drop in this state was entirely accounted for by the manufacturing industries, principally the automotive industry. Non-manufacturing lines actually employed more people than last year. Apparently many of these firms had not been able to hire sufficient numbers of workers during the automotive boom of the early 1950's.

Unemployment in Michigan in April was estimated at 213 thousand—five times the figure in April of 1953 and well above the number for the month in any recent year. There is little hope that these persons will be absorbed in the near future. The unemployment problem has been aggravated by the influx of job-seekers from other states a year or so ago.

Not all Michigan cities have been affected in the same way. Detroit, with its 135 thousand unemployed, probably has a higher proportion of jobless than any other large city in the United States. Battle Creek and Muskegon, with about 11 per cent unemployed, are among the nation's "distressed areas". On the other hand, Flint is one of the most prosperous cities in the country and employment there has risen substantially since last year. Other cities such as Grand Rapids, Saginaw, Lansing and Kalamazoo have experienced some sag in employment but continue to enjoy a large measure of stability.

Employment in construction has been the most buoyant factor in the economy and this industry appears to be heading for a record year in 1954. Contract awards in the southern peninsula of the state up to the end of May were 15 per cent above last year. Housing permits issued in the Detroit area for the first four months of 1954 exceeded last year's total for the same period.

Other Indicators Show Decline

During the January-April period, cash receipts of Michigan farmers declined three per cent from last year—about the same as the national trend. Smaller income from sales of livestock products, principally dairy items, poultry and eggs, has been responsible. It is expected that this year's fruit crops, badly hurt by late spring frosts, will not measure up to 1953.

Department store sales have reflected the general reduction in income and employment throughout the state. Sales at Detroit department stores, for example, were running 8 per cent behind last year's figures at the end of June. In the United States as a whole, the comparable data showed a 3 per cent drop. As the general slowdown of industry seems to be halted, retailers are hopeful that a splurge of consumer buying in the fall will at least bring the state's retail sales figures more in line with the national average. ●

(Above) The gendarme stands at the entrance to Canada's first exhibit in many years at the Foire de Paris. The displays on the Canadian stand this year highlighted the opportunities for French products in the Canadian market, and a special section was devoted to Canadian furs, both garments and pelts. Attendance at the Paris Fair reached 3·6 million.

Below is a section of the Canadian exhibit at the 1954 Milan International Trade Fair, one of the world's largest. Using the theme, "Canada Can Supply Essential Materials for Italian Industry", the display featured wheat, fish, metals, wood, chemicals, mineral and furs. Some 36 foreign countries sent exhibits to Milan and over four million visitors toured the Fair.

Promoting Trade through Trade Fairs

TRADE FAIRS have long been recognized, especially in Europe, as one of the excellent media for the promotion of trade, whether in exploring the sales possibilities for a new line or in developing greater demand for goods already established. For many years, the Department of Trade and Commerce has exhibited at selected trade fairs abroad as part of a program of developing Canadian exports in general and of assisting overseas sales of specific types of Canadian goods.

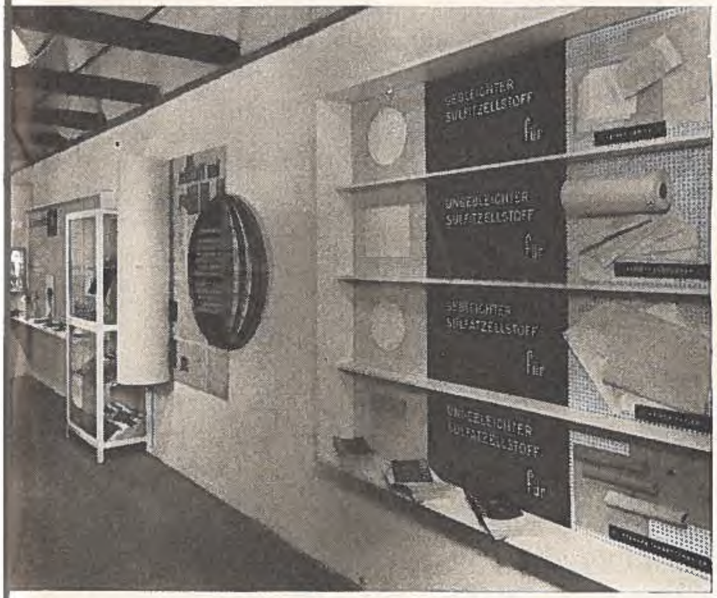
Plans for overseas exhibits during the coming twelve months are now being drawn up in the Department. Present trade fair plans have the objective of developing business in markets such as the United Kingdom, Belgium, Italy, West Germany and the Netherlands. Interested Canadian firms wishing to ascertain market prospects may find it advantageous to discuss matters with the Department.

Firms already selling in one of the markets may well receive good value from taking their own space or from exhibiting through their overseas agents. Such firms could usefully consult with the Canadian Government Exhibition Commission, 479 Bank St., Ottawa, about making application for space and arranging for an exhibit.

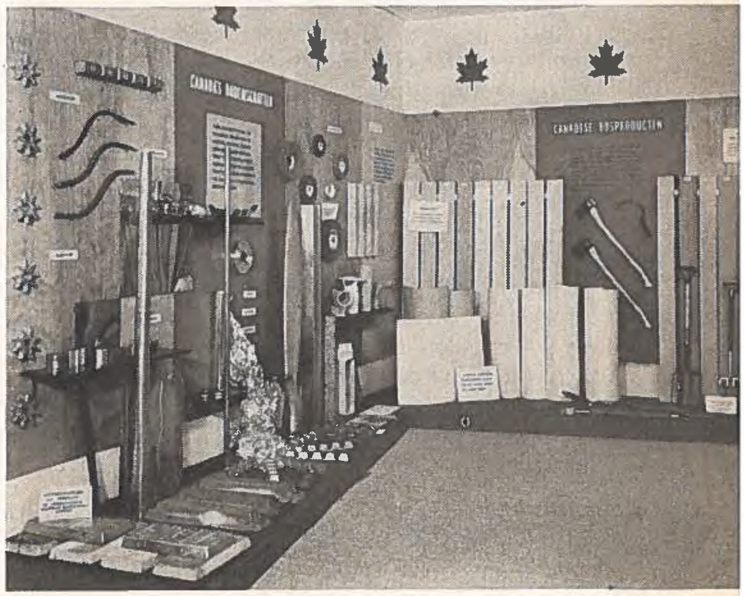
Canadian firms new to any of these markets may wish to talk over the prospects of doing business and the value of exhibiting with the Director of the Commodities Branch or the Director of the Agriculture and Fisheries Branch in Ottawa. Space on the Canadian Government stand may be available for displaying products new to a market and the Department will be happy to collaborate in every possible way. The exhibitor might well plan to have a representative in attendance to deal with inquiries and follow them up. This year the Department sent official exhibits to six major European trade fairs. The photographs on these two pages show portions of the Canadian stands at Brussels, Hanover, London, Milan, Paris, and Utrecht.

Furs valued at £45,000—mink, fox, beaver, muskrat and squirrel—were much admired by visitors to the Canadian exhibit at the 1954 British Industries Fair, Earls Court, London (above). Four of the fox garments were designed by Norman Hartnell of London. The exhibit's general section included displays of canned goods, metals, and chemicals, etc.

At the Hanover International Heavy Industries Fair this spring, Canada's stand (below) concentrated on promotion of raw materials needed by German industry—pulp and paper, synthetic rubber, asbestos, timber, aluminum, etc.—and a number of semi-finished products. A scale model of the cobalt beam therapy unit attracted much attention.



(Below) Brussels representatives of Canadian firms again supplied commodities for display in the official Canadian Government exhibit at the 1954 Brussels International Trade Fair; maple syrup was one of the most popular items. Some agents took individual booths to show Canadian products. Fair exhibits totalled 4,111; foreign visitors, 16,542.



(Above) In the Pavilion of Nations at the Royal Netherlands Industries Fair, Utrecht, this spring, Canada's exhibit illustrated the increasing opportunities for trade between the Netherlands and our country. Samples of Canadian commodities and raw materials were displayed and the Canadian way of life was illustrated with attractive colour transparencies.

The Market in Mozambique

Shortage of hard currency limits purchases from dollar area but capital goods and consumer durables stand good chance. Goods from Portugal and its overseas provinces receive tariff preference in this African territory.

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

THE TERRITORY OF PORTUGUESE EAST AFRICA, or Mozambique, is situated on the east coast of Africa, and is bounded on the north by Tanganyika, the Nyasaland Protectorate, and Northern Rhodesia, on the west by Southern Rhodesia, and on the south by South Africa and Swaziland. The population totals 5·7 million (1950 census), including 92,000 "civilized inhabitants", 47,000 of whom are European.

Mozambique's strategic position on the African east coast means that her ports of Lourenço Marques, Nacala, Beira and Port Mozambique are of major importance to the import and export trade of territories as far afield as the Belgian Congo and Bechuanaland. The trans-shipment and entrepôt trade, in fact, is more than twice as large as the country's total domestic imports and exports.

Mozambique is essentially an agricultural country and the mining, processing and manufacturing industries still remain in the elementary stages of development. Principal exports include cotton, sugar, unshelled cashew nuts, sisal, copra, tea, maize, hardwood logs, vegetable oils, beeswax, ivory, mangrove bark, cottonseed oil, and columbite, beryllium ore and graphite.

Purchases Abroad

The territory has a permanent deficit on its visible trade but important invisible credits come from harbour and railway charges on transit cargo, the earnings of the 80 or 90 thousand contract labourers in South African goldfields, remittances from a further 100 thousand natives working outside the country, and from spending by tourists.

Domestic imports and exports in 1952 were valued at \$214·0 million—\$122·7 million worth of imports and \$91·3 million worth of exports. From Portugal and its overseas provinces came 32·3 per cent of imports, British Commonwealth (other than South Africa), 16·9; South Africa, 11·1; United States, 11; West Germany, 6·5; all other sources, 22·2. Canada supplied about 1·5 per cent.

Major commodity imports were:

Commodity	1951	1952
	(in \$1,000)	
Rolling stock and parts	5,034	5,656
Industrial machinery	3,046	3,825
Iron and steel	2,600	2,485
Wheat	2,534	439
Passenger vehicles	1,886	1,690
Medical preparations	1,048	1,168
Condensed, evaporated and powdered milk	842	668
Bicycles	882	757
Tire cases	850	1,216
Presses	683	673
Office equipment of iron and steel	630	470
Wheat flour	601	1,484
Olive oil	556	483
Newsprint	531	365
Meat	527	439
Butter	514	339
Electric refrigerators	488	439

The breakdown of Canada's 1952 exports to Mozambique, worth \$1,387,772, is not available but the 1953 total of \$1,794,000 included lumber to the value of \$1,014,000; wheat and flour, \$338 thousand, and automobiles and parts, \$99,000. The Dominion Bureau of Statistics breakdown also shows exports in lesser amounts of newsprint paper, milk powder, asbestos products, and refrigerators. During the first quarter of 1954 Canada's exports to the area totalled \$829,189, with wheat leading (\$436,333) and Douglas fir planks and boards in second place (\$284,144). Similar figures for the first quarter of 1953 were \$348,841, \$101,360 and \$69,019, respectively.

Control over Commodity Trade

Imports and exports are both subject to exchange control. As an overseas province of Portugal, Mozambique belongs to the European Payments Union and because of Portugal's creditor position in EPU favours procurement from other EPU countries. There is no shortage of sterling and import control is liberal to the extent of automatic allocation of funds.

The hard currency position is serious because the sole source of funds is proceeds from exports. Importers who require dollars must establish the essentiality of the commodities they wish to bring in and also the fact that these goods cannot be bought from EPU and sterling sources. Generally, hard currencies are allotted for imports of capital goods and durable consumers' goods, but rarely for any other purpose. There is, however, a free dollar market and import licences are issued on an "ad hoc" basis when dollars are available from private sources. As a result, cosmetics, fountain pens, household gadgets, and such foodstuffs as canned salmon and Swiss cherries appear on retailers' shelves.

The tariff, which is generally "ad valorem", is based on invoiced prices plus freight and insurance to port of delivery, but with a remission of 20 per cent when the goods have been "nationalized"—that is, carried from Lisbon by Portuguese vessels. Products of Portugal and the overseas colonies receive preferential rates which, unless otherwise specified, are 50 per cent of the general tariff.

Imports from EPU countries were freed from quantitative restrictions in 1951 but a series of measures imposed from 1947 on ensure the sale of 27 groups of Portuguese products, including those of the overseas provinces, by fixing import quotas for non-Portuguese products as a percentage of national purchases. The quota list was reduced to seven items in 1953 and consists of: coffee, 20 per cent; water paints, 25 per cent; electric lamps, 40 per cent; toys, 50 per cent; perfumes, 50 per cent; cotton textiles, 30-50 per cent; flatirons, 70 per cent; confectionery, 80 per cent. All other commodities may be purchased freely from EPU-sterling sources.

The Congo Pushes Power Development

NATURE HAS ENDOWED the Belgian Congo with rich waterpower resources. The swift-moving Congo River and its tributaries, which wind for thousands of miles, help to give the Congo a potential estimated capacity of over 130 million kw. (about 174·2 million h.p.) of which about 8¼ million kw. (or about 11 million h.p.) are commercially practicable. By way of comparison, the recorded waterpower resources of Canada represent a feasible turbine installation of 66 million h.p.

Progress with Projects

The harnessing of the Belgian Congo's waterpower over the past ten years has advanced impressively, with the Government and private enterprise sharing equally in the electrification program. The initial hydro-electric station, with 5,000 kw. capacity, was opened by the Katanga Cement Co. in 1923. This was followed by the first Soleniama station of the Kilo Moto gold mines (1928) and the larger Francqui station which was built by the Union Minière du Haut-Katanga in 1930.

Today the Belgian Congo boasts of an installed hydro-electric production of over 1,000 million kwh., including about 102 million kwh., of thermal production. With the completion of the large 52,500 kw. hydro-electric station at Zongo on the Inkisi River—a tributary of the Congo in the Bas-Congo—and the Tshopo Falls project near Stanleyville, as well as other smaller hydro schemes, the country will have an estimated total of about 1,500 million kwh. of hydro-electric power in 1956. Present consumption totals a little better than one billion kwh.

The most important power consumer is the mining industry itself, including the mineral extraction plants. Between them, they use more than 95 per cent of the total energy. These electrification programs have already begun to improve communications and are continuing to attract important financial investment.

The Congo's economy—based, in the past, principally on the export of raw materials—is, in common with other countries, now being strengthened by encouraging the manufacture of finished and semi-finished products from some of the materials within the colony. As previously reported in *Foreign Trade,* many new industries have been set up in the Belgian Congo during the last five years and there is every indication that this expansion will continue in order to meet the growing needs of the 14 million Africans.

Present Program

Apart from the present shortage of power in Leopoldville, the supply of power in the Congo has, by and large, kept ahead of industrial expansion. For the moment Leopoldville is renting some power from the Djoué site in French Equatorial Africa—across the Congo River—but this will probably be discontinued in a year's time when two of the five units of the Zongo station are scheduled to be in production.

The main construction power projects falling within the Belgian Congo Ten-Year Plan are: Kujmbi (Albertville), the Ruzizi Valley (for Bukavu and Usumbura), Tshopo (for Stanleyville) and Zongo (for Leopoldville). These developments are intended to supplement the privately-owned power stations and not to replace them.

Until the present costly hydro-electric program has been carried out, it is unlikely that any new power sites will be harnessed. When the time comes to tap new power resources, the Belgian Congo authorities will have little difficulty in finding the locations.●

A. B. BRODIE, *Trade Commissioner, Leopoldville.*

General notes

Australia

CAPITAL NEEDED FOR OIL DEVELOPMENT—The Secretary of the Department of National Development recently stated that it appeared certain overseas capital would be required if oil exploration and development in Australia was to proceed at a satisfactory rate. When the Australian refineries were in full production, Australia would need to import 7·7 million tons of crude oil a year, but if the refinery needs could be supplied from Australian sources, £70 to £80 million a year in overseas funds would be saved. This saving would represent 14 to 16 per cent of the total value of imports in 1952-53—Sydney, June 30.

RESTRICTIONS ON TRAVELLERS' CURRENCY EASED—Relaxation of travellers' currency restrictions was announced recently by the Australian Federal Treasurer. Any person visiting or travelling through North America may obtain $200 in any twelve months. Under compassionate circumstances (for instance, serious illness of a near relative) an additional allocation will be considered.

The Federal Treasurer said, "Although the provision of $200 will be available to everyone, it will not be sufficient to enable Australians to travel in North America for ordinary tourist purposes. While dollar stringency continues, it would not be right to make any general relaxation in the availability of dollars for these purposes. There is no alteration in the amount of dollars which may be obtained for business visits to North America".

In addition, increased allocations were announced for business visits to sterling area countries and also to countries outside both the sterling and dollar areas—Melbourne, June 28.

Cuba

FAVOURABLE TRADE BALANCE—The Cuban Ministry of Finance reports that in trade with all countries Cuba ended 1953 with a favourable balance of US$150,610,772. The value of exports for the year was US$640,344,050, and of imports, US$489,733,278. For the first time in five years Cuba had a favourable balance with her best customer and principal supplier, the United States. Exports to the United States were valued at US$392,283,725; imports from the U.S. totalled US$370,151,840. Trade with Canada showed an unfavourable balance of US$104,816. Exports to Canada were valued at US$10,103,176, and imports from Canada at US$10,207,992. Noteworthy are Cuba's substantial favourable balances with the United Kingdom (US$65·2 million), Japan (US$36·5 million), and West Germany (US$7·3 million)—Havana, July 9.

Egypt

RICE EXPORTS BANNED—The Egyptian Government's final estimate of the 1953-54 rice crop is 690 thousand daribas, which amounts to approximately 460 thousand tons of decorticated rice. This is a 25 per cent increase over the previous year's crop. The Government has placed a ban on any further exports of rice in order to keep sufficient supplies for the domestic market—Cairo, June 30.

Indonesia

NEW PORCELAIN FACTORY—The biggest porcelain factory in Indonesia is being built on a one-square-kilometre site at Tjimahi, nine kilometres from Bandung. Rupiahs 3·5 million have been set aside for the building of the factory and Japanese experts are training the factory workers. Experiments in manufacturing chinaware from materials available in this country have been successful. It is reported that when the factory goes into operation, before the end of 1954, Indonesia will no longer have to spend foreign exchange for imports of chinaware—Djakarta, June 30.

Philippines

GOLD MINE INCOME—A new Philippine law guarantees "marginal" gold mines an income of United States $55.86 per fine ounce, including a subsidy of United States $20.86 when production is sold to the Central Bank of the Philippines at the official U.S. price of $35 an ounce. However, gold mines may continue to sell in the local market at prevailing prices without a subsidy. Above-marginal mines selling to the Central Bank of the Philippines will be paid the official prices, plus a subsidy of US$17.70 an ounce—Manila, July 2.

South Africa

OIL-FROM-COAL PLANT—South Africa's new plant to produce gasoline from coal will be in operation by the end of the year, according to an announcement by the Minister of Economic Affairs. Its full production of 55 million gallons a year will do much to conserve foreign exchange—Cape Town, July 10.

EXCHANGE RESERVES INCREASE—In the eighteen weeks to June 4th, gold and foreign credit holdings of the South African Reserve Bank increased by 43 per cent to £118·2 million, despite a mounting value of imports and during a period when reserves usually decline. In the first five months of 1953, for instance, Reserve Bank credits and foreign holdings declined by £21 million; in the same period of 1952, the drop was £6·7 million. Gold reserve holdings at £64·9 million are the highest in 24 months—Johannesburg, July 6.

Sweden

FOREIGN TRADE—Sweden's foreign trade for the first five months of 1954 was higher, both in volume and value, than for the same period in 1953. The total import value for the whole period was 3,677 million kronor (3,331 last year); the export value reached 3,067 million (2,774). The net result for the five-month period was therefore a deficit in the balance of trade of 610 million kronor, compared with 557 for the same period in 1953.

Pulp exports during the period reached 878 thousand tons against 727 thousand for the same period in 1953, but the export of sawn and planed wood products decreased from 1·3 million to 919 thousand cubic metres. The quantity of paper exported increased from 327,500 to 399,600 tons, and the value of wheat and rye exports rose from 27·4 to 80·8 million kronor—Stockholm, July 20.

Turkey

OIL LEGISLATION—The new petroleum law passed by the Turkish Parliament in March, and the new foreign capital investment law are already showing results. Together the laws provide for the re-export in foreign exchange of foreign capital and profits earned, and delimit State rights in oil concessions, providing for reasonable royalties. Three foreign oil companies have already obtained permits for oil prospecting and the applications of three others are awaiting processing. The new law is based on the oil legislation of Canada, Venezuela, and Israel, and was prepared with the help of American consultants. Oil reserves at the moment have been roughly estimated at 50 million tons—Athens, July 15.

United Kingdom

FOOD RATIONING ENDS—After 14½ years, all food rationing in the U.K. ended on July 3rd. Five hundred food offices throughout the country were closed and staff numbers were reduced by over 5,000. To give effect to the end of rationing the Minister of Food has revoked 34 orders. The Ministry, however, will continue to operate, with a number of functions, the most important of which are the administration of price guarantees, deficiency payments, and food and welfare subsidies. In addition, the Ministry will continue to be responsible for the remaining long-term food contracts, supervision of import programs for balance-of-payments reasons, and food standards, food and drugs and slaughterhouse legislation—London, July 19.

GOLD AND DOLLAR RESERVES—With a surplus of $32 million in June, the sterling area's gold and dollar reserves have now risen to $3,017 million, the highest point reached since September 1951 when the reserve was $3,269 million. The reserve has risen in the first half of 1954 by almost $500 million. The June surplus was small, compared with those in the previous two months when large movements of short-term capital were coming into London. On the June surplus, defence aid from the United States accounted for only $3 million, and $15 million was received from the European Payments Union—London, July 19.

Uganda

FREEZING PLANT AT LAKE GEORGE—The daily catch at Lake George is about 15 tons of fish of the haddock type. There is a good market for this output but the problem has been to preserve the fish during transport. Formerly the fish was spread out to dry, salted, and sold either in Kampala, the capital of Uganda, or sent to the Belgian Congo. Now the entire catch, with the exception of a small amount required for local consumption, will be quick frozen by the blast process and marketed in that form—Johannesburg, July 1.

United States

INDUSTRIAL INVESTMENT—Investment in industrial plants in the Chicago area totalled $14·4 million in May, compared with $10·6 million in May 1953. Total investment for the first five months of 1954 stood at $98·6 million, compared with $63·2 million in the same period of 1953. These figures include expenditures for the construction of new industrial plants, expansion of existing buildings, and the acquisition of land or buildings for industrial purposes—Chicago, July 26.

trade and tariff regulations

Denmark

CAR IMPORTS REDUCED—The Danish Government has decided to reduce the number of automobiles which may be imported into that country by about 8,000 a year. This reduction applies only to those vehicles imported for sale under normal conditions, i.e., those requiring the eventual customer to have a purchasing licence, and will constitute a 50 per cent cut in such vehicles. Motor cars imported under the dollar award export scheme will not be affected—July 9.

Greece

MOTOR VEHICLES IMPORT RESTRICTIONS LIFTED—By a decision of the Foreign Trade Board of the Greek Government, and effective June 23, 1954, import restrictions on motor vehicles have been completely lifted. Previously, only new passenger cars of a value up to $1,800 f.o.b. factory were allowed to be imported. The new decision permits import of new or used cars of any value—Athens, July 2.

India

IMPORT CONTROL POLICY FOR JULY-DECEMBER 1954—The Government of India on June 30 announced the import control program for the licensing period July-December 1954.

The new policy makes the following changes in the licensing of imports from the dollar currency area, including Canada:

Items formerly prohibited and now permitted import are as follows: Woodworking tools, such as machine-worked saws, hacksaw blades, tube expanders, handsaws other than fret or piercing saws; belt cement; fractional horsepower motors; building and engineering materials, such as iron cement (smooth-on cement); precious stones, unset and imported uncut, excluding diamonds in all forms; wireless instruments and apparatus, including wireless transmission apparatus; personal weighing machines; polyvinyl chloride plastic sheets, polydichlorstyrene; polystyrene, polyvinyl acetate, polyvinyl butyral, polyvinyl moulding powders.

On the following items, the quota has been increased: brass, bronze and similar alloys, unwrought and in the form of ingot and scrap whether ingotted or otherwise and the following manufactures—perforated sheets; aluminum in any crude form, including ingots, bars, blocks, slabs, billets, shots and pellets; industrial exhaust fans and blowers; centrifugal pumps and/or pumping sets with horizontal spindle, having delivery outlets above 6″ in diameter; component parts of machinery for the jute, hemp and tea industries, iron and steel production work, electric supply undertakings, mines and quarries, and roadmaking and haulage; machine cloth; printer's ink; spare parts of power-driven duplicators; unspecified optical instruments, apparatus and appliances; microscopes and accessories, slides and cover glasses.

The quotas for the current licensing period have been reduced on the following commodities: ball bearings; steel belt lacing (alligator type); streptomycin and its salts; certain bottled penicillin; liver extract, injectible; typewriters, complete; breakfast foods (such as wheat flakes, corn flakes, processed oats and shredded wheat) and pearl barley; scientific glassware.

The following items have been removed from the schedule of permissible imports: iron or steel buffers for locomotives, wagons and carriages, whether for railways or tramways; cellulose acetate butyrate.

A complete list of licensable imports from the dollar area may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Ireland

IMPORT CONTROLS ON TIRES AND TUBES—By four Orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts, 1934 and 1937, further quotas and quota periods have been announced as follows:

Pneumatic tires for motor vehicles: 30,000 articles for the period August 1, 1954 to January 31, 1955, as against 8,000 articles for previous six months' period.

Pneumatic tires for bicycles: 50,000 articles for the period August 1, 1954 to January 31, 1955, as against 23,000 articles for previous six months' quota.

Inner tubes for motor vehicle tires: 20,000 articles, as against 6,000 articles for previous six months. The quota period fixed extends from August 1, 1954 to January 31, 1955.

Inner tubes for bicycle tires: 25,000 articles for the period August 1, 1954, to January 31, 1955, as against 12,000 articles for previous six months' period—Dublin, July 14.

Pakistan

EXPORT INDUCEMENT SCHEME INTRODUCED —The Government of Pakistan recently announced details of a scheme designed to stimulate the export of certain primary commodities and locally manufactured articles. Under this scheme, the exporter of certain commodities will receive an import licence equivalent to 30 per cent of his foreign exchange earnings and which may be used to import a limited number of commodities.

The primary commodities and manufactured goods to which the scheme applies are: rock salt; crushed bones; rosin and turpentine; saltpetre; tobacco; castor seeds; tamarind seeds; feathers of domestic birds; ephedra; medicinal plants and herbs; firewood and timber; honey and beeswax; betelnuts and dates; pottery and earthenware; cane and bamboo manufactures; brass and copper wares; glass bangles; ladies' handbags; embroidered sandals; imitation jewellery; embroidered goods; badges and regalia; conch shell products; novelties and curios; toys; buttons made of horn; plastic manufactures; canned and bottled provisions; beverages, and machinery.

Items for which import licences are available under the scheme are: secondhand clothing; cement; household electrical fittings, (except banned items); mustard oil and seeds; coconut oil and copra; photographic films, plates and paper; onions; spices; art silk fabrics; cotton piecegoods; fents; karakuli cloth; bidi leaves; cycles, part and accessories; scooters and motor rickshaws; sanitary fittings; construction materials; domestic hardware; coir fibre and yarn; washing soap flakes; optical lenses and frames, and jeeps and trucks.

The scheme is effective until March 31, 1955, and both import and export lists may be amended from time to time. Import licences will not be issued where the 30 per cent entitlement under this scheme is less than Rs.5,000. Where the entitlement is more than Rs.50,000, the exporter cannot apply the total value of his import licence to one import commodity but will have to apply for at least four of the items listed.

It is doubtful whether this export inducement scheme will benefit Canadian-Pakistan trade to any extent. Only one or two of the export items to which the scheme applies have ever been imported into Canada from Pakistan, and then in negligible quantities. Most of the export items included in the scheme will be of little interest to Canadian importers because of high prices, indifferent quality or limited demand. However, if Canadian importers and exporters consider that there may be some hope of achieving mutually profitable trade under this scheme and wish to contact Pakistan firms, the office of the Commercial Secretary for Canada in Karachi will be very glad to assist in forming connections—Karachi, June 22.

IMPORT CONTROL POLICY FOR JULY-DECEMBER 1954—In *The Gazette of Pakistan* of July 10, the Chief Controller of Imports and Exports announced the import policy for the shipping period July-December 1954. The new program provides for the import from the dollar area (which includes Canada) of some 18 items for which licences were not available in the previous licensing period January-June 1954. It also provides for the withdrawal of some six types of commodities from the dollar-licensable category.

Commodities not licensable in the shipping period January-June 1954 but to be permitted import during July-December 1954 are as follows: Asbestos sheets, asbestos manufactures; wireless reception instruments and parts and accessories thereof, including aerials; unspecified office equipment; packing for engines and boilers; ball, roller and taper bearings; cotton-ginning machinery and parts and accessories thereof; boilers and parts and accessories thereof; horizontal stationary type slow-speed oil engines up to 50 b.h.p. and 500 r.p.m., stationary-type vertical oil engines up to 20 b.h.p. and 500 r.p.m., oil engines not otherwise specified, parts and accessories of oil engines; electrical motors and component parts thereof; road rollers, all types and component parts thereof; mineral oils; tobacco, unmanufactured; motor cars and station wagons, new; second-hand clothing.

The following commodities are removed from the schedule of permissible imports for the shipping period July-December 1954: electric lamps and tubes specially designed for use in electro-medical appliances; parts of domestic refrigerators; marine diesel engines and parts and accessories thereof; internal combustion engines of road vehicle type, and parts and accessories thereof; fountain pens; ships and vessels and parts and accessories thereof.

A summary of cabled information regarding the import control policy for July-December 1954 was published in *Foreign Trade* of July 24, 1954, page 28.

A complete list of goods for which licences are proposed to be issued for imports from the dollar area may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Rhodesia and Nyasaland Federation

IMPORT CONTROLS—A notice was published in *Foreign Trade* of July 24th which provided some of the details on the relaxation of import controls in the Federation for the second half year, 1954. That notice was based upon cabled information. Further official information has now been received and this notice provides a consolidation of the current import control situation in the Federation.

The following products may be imported into the Federation from Canada without restriction, although import licences are still required for individual shipments.

Animal charcoal
Animal feeding stuffs
Condensed milk
Dried milk
Edible nuts (excluding peanuts)
Glue
Infants' food (milk based only)
Hog and other sausage casing
Molasses for industrial use
Olive oil
Olives in brine in bulk
Plants, trees, bulbs and seeds for planting
Raw chicory
Raw coffee
Seeds and spices edible unprocessed (excluding pepper)
Canned fish
Brandy stock for blending
Spirituous perfume compounds for industry
All raw materials for blanket manufactures
All yarns other than cotton for industry
Fibres for brush making
Tapestry and ticking for furniture manufacturers
Aluminum ingot
Ball and roller bearings
Garage workshop equipment and specialized maintenance tools
Graphite electrodes
Hand tools
Lead, mercury, zinc
Mining and industrial equipment as approved
Mosquito gauze
Spare parts—motor cycle
Spare parts—motor vehicles
Spare parts—agricultural machinery
Spare parts—mining and industrial machinery
Outboard motors over 20 h.p.
Filter plants and filters for the purification and softening of water
Lifts, hydraulic or electric, and gates
Air conditioning machinery and air distributors and inlets used in connection therewith
Windmills
Abrasives
Diamonds, industrial
Glass, plate, sheet and mirror
School slates and pencils
Earths and clays
Marble, rough-sawn and chips
Carbon black
Flotation re-agents
Lux perfume
Paraffin and other waxes for industry
Pigments for paint manufactures
Petroleum products, miscellaneous
Oils, lubricating, special
Oils, for industry—animal, vegetable and mineral
Resin
Tallow
Turpentine and substitutes
Insecticides
Medicinal drugs and chemicals, excluding proprietary medicines
Synthetic vitamins
Acids for industry
Chemicals for industry
Cyanide (aerobrand)
Chinchona alkaloids for further processing
Dyes
Fertilizers and fertilizer borate
Gases for industry
Polystrene moulding powders
Solvents for industry
Disinfectants
Unmanufactured rubber, including synthetic rubber
Unmanufactured timber
Wood pulp
Wallboard and hardboard (excluding plasticized surfaced board)
Empty barrels and casks
Empty boxes and shooks
Veneers
Paper for converters as defined
Printing paper
Books, printed music, newspapers, periodicals and paper dress patterns
Newsprint and newspaper matrix advertisement services requirements
Printers' requisites
Sensitized paper
Fish hooks plain (i.e., excluding artificial lures, flies, spoons, etc.)
Dental, optical and surgical instruments
Battery cases and separators.

Quotas have been established for the second half of 1954 to import the following goods from the dollar area, to the values shown:

Wheat	£ 70,000	($ 192,000)
Agricultural machinery	£220,000	($ 603,000)
Mining and industrial machinery	£438,000	($1,200,000)
Steel	£ 25,000	($ 69,000)
Electrical goods and spares	£ 13,000	($ 35,600)
Commercial vehicles	£455,000	($1,250,000)
Miscellaneous lighting manufactures	£ 10,500	($ 28,800)
Radio manufactures	£ 3,000	($ 8,200)
Venetian blind hardware	£ 1,500	($ 4,100)
Oil companies' pump and depot maintenance	£ 13,000	($ 35,600)
Asphalt and bitumen	£ 10,000	($ 27,400)
Minerals and earthenware	£ 1,000	($ 2,700)
Tires and tubes, special sizes	£ 11,000	($ 30,100)
Plywood and blockboard	£ 7,500	($ 20,600)
Office equipment	£ 42,500	($ 116,000)
Pictorial seed packets	£ 1,000	($ 2,700)
Wrapping paper	£ 11,500	($ 31,500)
Metal watch straps	£ 2,200	($ 6,000)
American sea reels	£ 4,450	($ 12,200)
Commercial cinema spares	£ 4,500	($ 12,300)
Photographic equipment	£ 2,300	($ 6,300)
Precision instruments	£ 3,000	($ 8,200)
Miscellaneous	£ 39,000	($ 107,000)
Mining companies	£850,000	($2,329,000)
Government Departments, Commissions and railways	£655,000	($1,795,000)

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It has been announced in South Africa that the following representations have been received by the Board of Trade and Industries respecting increases in the South African tariff.

Representations for an increase in duty on:
Separable slide fasteners, from 15 per cent (intermediate rate) and 20 per cent (maximum rate) to 40 per cent and 50 per cent ad valorem, respectively.
Staples, from 10 to 15 per cent to 50 per cent ad valorem.

Ties, from 20 per cent to 35 per cent ad valorem with a minimum duty of £1 per dozen.
Scarves, from 15 per cent to 35 per cent ad valorem with a minimum duty of £1 10s. per dozen.
Dressing gowns, from 15 per cent to 35 per cent ad valorem with a minimum duty of £1 each.

Hats and hoods made of wool, to 25 per cent ad valorem.

Elastic, to 75 per cent ad valorem in terms of section sixty-five of the Customs Act.

Knitted outerwear made of worsted cloth or yarn containing more than 50 per cent by weight of wool or hair, or wool and hair mixed, by 65 per cent ad valorem in terms of section sixty-five of the Customs Act.

The following articles of hard haberdashery, to 30 per cent ad valorem:

Hairpins	Safety pins
Hair clips (Bobby pins)	Blanket pins
Paper clips	Nail files

Plastic hair slides, from duty-free to 20 per cent ad valorem.

Representations for the bringing into operation of a suspended duty on:

Sanitaryware to the extent of 10 per cent ad valorem. (The suspended duty, if put into effect, would be additional to the existing duty on sanitaryware of 20 per cent ad valorem.)

Interested Canadian firms may wish to have their views on tariff enquiries placed before the Board of Trade and Industries. The most effective method of making representations would be for Canadian firms to request their representatives in South Africa to act on their behalf before the Board.

IMPORT CONTROLS—Cabled advice has been received from South Africa that it was announced on July 23, 1954, that a number of products have been added to the priorities list in South Africa. This means that additional licences will be issued for the import of these products into South Africa. With the removal of trade discrimination South African importers may use their entire quotas to import from the dollar area if they wish. The additional products are as follows:

Mustard powder
Flashlights
Watches
Clocks
Handkerchiefs
Cutlery
Electric vacuum cleaners
Lawn mowers
Sewing machines
Shaving brushes
Wallpaper
Fountain pens
Babies' dummies
Wool carpets
Paraffin burning stoves, including pressure stoves
Weighing machines
Gramophone needles
Non-electric gramophones
Pianos
Firearms
Paraffin and petrol-burning flatirons
Infants' knitted clothes

United States

APPLICATION OF DUTIES ON IMPORTS FROM THE PHILIPPINES—On the 6th of July the President enacted a measure to postpone by eighteen months the date on which imports from the Philippines would begin to be subjected to partial United States customs duties.

Under the Philippine Trade Act of 1946, imports of goods into the United States from the Philippines were permitted entry free of all duties until July 4, 1954. (Through an executive agreement between the two countries the privilege was reciprocal.) After that date they were to have been dutiable at 5 per cent of the duty applicable to articles imported from other countries and subject to the lowest rate. From the first of January, 1955, and on the first of January of each succeeding year, the duties were to have been increased at the rate of 5 per cent of the lowest duty rate until the first of January 1973, when the full rate would have become applicable.

The new measure postpones the date that duties will first become applicable to imports from the Philippines to the first of January 1956, when they will start at 15 per cent of the lowest rate charged to other countries—in other words, at the time the original agreement would start to operate if no postponement of its starting date had occurred. Similarly, American exports to the Philippines will become subject to 15 per cent of the regular tariff currently being imposed by the Philippine Government on imports from all non-U.S. countries.

In addition to the graduated scale of customs duties set up in the original agreement, imports of sugar, cordage and rice from the Philippines were also subjected to absolute annual quotas. Imports of cigars, cigar filler and scrap tobacco, coconut oil, and pearl or shell buttons were subjected to declining duty-free quotas (instead of the progressively increasing duties) and to absolute quotas. These absolute quotas lapse after 3rd of July, 1974, when the full duty (not the lowest duty applied to imports from any country) will be charged on these items unless otherwise provided by treaty. The new Act does not interfere with the operation of the quotas nor with the application of the full duties to imports of cigars, tobacco, coconut oil or buttons in excess of the duty-free quota. (U.S. imports from the Philippines are characterized by the predominance of food products and raw materials, whereas exports to the Philippines are mainly manufactured articles.) This postponement of the entry into force of duties on U.S.-Philippine trade was undertaken in the light of the announced intention to renegotiate certain modifications to the original basic agreement between the two countries. Such a review will probably take into account the entire agreement as well as other commercial matters not covered by it.

It was evidently the desire of both governments not to upset the *status quo* pending a review of the whole position. Such a review would be on a reciprocal basis, the United States probably wishing to review questions related to exchange regulations, foreign exchange tax, import controls, treatment of U.S. investments in the Philippines and other matters that may not have been covered in the first agreement—Washington, July 14.

DUTY SUSPENSION ON COPPER IMPORTS EXTENDED—President Eisenhower signed H.R. 7709 on June 30th, extending the suspension of the import duties on copper to July 1, 1955.

The new Act, Public Law 452, 83d. Congress, continues the provision of the preceding act that the President shall revoke the suspension if the average price of electrolytic copper for any calendar month falls below 24 cents per pound.

Britain Modifies Policy on Machinery Imports

British Government now to allow industrial machinery from dollar countries to be imported on competitive rather than priority basis. This policy should give Canadian machinery exporters new scope to expand their sales.

R. CAMPBELL SMITH, *Commercial Secretary, London.*

BRITISH INDUSTRY has been given the green light on re-equipping its factories with American and Canadian machinery that will reduce production costs. The Minister of State, Board of Trade, made the following announcement late in June:

". . . the Government, while still unable in our present balance of payments situation to remove licensing restrictions on imports of dollar machinery, consider that some of the severity of the existing restrictions can be relaxed. Accordingly, in future, more favourable consideration will be given to applications for import licences whenever the Board of Trade are satisfied . . . that a dollar machine will reduce costs and that no alternative non-dollar machine offering roughly similar advantages is available."

Priority Requirements Dropped

Couched in these terms, import restrictions still look formidable. Where, then, does the "relaxation" come in? It consists of eliminating the paramount criterion by which import licence applications have hitherto been judged—essentiality. Up to now, applications not passing the test of end-use essentiality have generally been refused, unless savings in cost weighed very heavy in the balance. Machinery, in the main, will henceforth be admitted regardless of the relative importance of the industry in which it will be used.

The Government has not given a precise definition of the types of machinery that will be affected by the new ruling. For the present it will apply to all machinery, parts and ancilliary equipment required for manufacturing, production and services (either commercial or public). The bulk of the items affected are electrical and other machinery listed under Class D, Division 15 and 16 of the Import List, 1954,* of which the following are the main headings:

- *Division 15—Machinery other than electric:*

Power generating (except electric) machinery; engines of all types; agricultural machinery (including implements), tractors; office machinery; metal-working machinery; pumps; mechanical handling equipment; excavating, earth-moving machinery; mining machinery; woodworking machinery; portable power tools; paper-mill and pulp-mill machinery; printing and bookbinding machines; laundering and dry-cleaning machines; textile machinery; air-conditioning machines; refrigerating machinery; air and gas compressors; boot and shoe-making machinery; centrifugal drying and separating machines; electric lamp and valve-making machinery; food and drink preparation machinery; gas and chemical machinery; hydraulic machinery; tanning and leather-working machinery; tobacco, cigar and cigarette-making machinery; bearings, ball and roller; cocks and valves.

* Issued by H.M. Treasury and H.M. Customs & Excise; H.M. Stationery Office SEC 38852/53, No. 31 (Sale).

• *Division 16—Electric machinery, apparatus and appliances:*

Generators; motors; valves; electronic, cathode ray tubes; apparatus for telegraphy, telephony, radio, television and radar; welding machinery; signalling apparatus (including traffic signals); industrial radio-frequency equipment; electro-medical apparatus; portable power tools; electric cables, wires, strips and strands, insulated; accumulators; electrical ware (including insulators) of porcelain; insulating materials; radio-testing equipment; scientific electrical instruments; electric machinery, apparatus and appliances, not elsewhere specified.

In addition to the foregoing, a number of eligible items drawn from other sections of the Import List are subject to the new ruling: e.g., electronic tubes, hand tools and scientific instruments. In all cases, however, import licences will only be considered for machinery or equipment for *production* purposes. For example, electronic tubes will be considered for commercial or industrial use but not for private television receivers.

British companies which require dollar plant, machinery or equipment should be able to get it if they can prove to the satisfaction of the Board of Trade that it will enable them to reduce production costs as compared with similar plant available to them in Britain or from non-dollar sources. Even if the initial cost of dollar plant is higher—which may often be the case—licences will be granted if it will make possible lower unit production costs.

Radical Change in Policy

The new approach to the issuing of dollar licences introduces a radical change in government import policy. In one step a hidden form of protection for less efficient engineering firms has been removed; all branches of industry, public and commercial services are free to order dollar machinery where cost-saving can be proved, regardless of whether they turn out guns or butter or repair motor cars. It is a bold move to liberalize imports, to provide healthy competition for Britain's engineering industry, and to assist industry and commerce to re-equip and modernize their plants.

New Scope for Canadian Exports

It is difficult to estimate the effect of the new policy on Canadian exports of machinery to this country. Nevertheless, it offers new scope and opportunity to Canadian engineering and manufacturing companies who are turning out machinery and equipment that is operationally superior to that coming from—or perhaps not obtainable from—our chief competitors, Britain, Europe, Japan, or Iron Curtain countries. The following have been Canada's principal machinery exports to the United Kingdom since the beginning of 1952:

	1952 *Values ($)* '000	1953 *Values ($)* '000	1954 *(1st qtr.) Values ($)* '000
Gas engines and parts	300	195	50
Farm implements and parts	436	218	50
Mining machinery and parts	59	92	1
Office machinery	532	85	16
Drilling, boring machinery, metal working	....	443	......
Lathes and parts, metalworking	....	192	......
Metalworking machinery n.o.p.	....	56	......
Pumps, power, and parts	3	9	......
Shoe machinery and parts	....	6	......
Ice making refrigerating machinery	52	....	......
Textile machinery	21	8	......
Machinery and parts n.o.p.	60	177	9
	1,463	1,481	263

British machinery imports from the United States were:

	1952 *'000*	1953 *'000*
Electrical goods and apparatus	3,044	2,747
Other machinery	127,390	108,170
	131,434	110,917

With the lifting of the barrier of end-use essentiality, sales under the above headings can probably be increased and a number of new classes of machinery added. One view here is that American industry will be the main beneficiary under the new policy. In absolute figures this is probably true. On the other hand, there is considerable scope for aggressive Canadian firms who are quick off the mark and have the right selling organization in Britain. Some Canadian firms have licensing agreements with American companies which give them the advantage of exclusive selling rights in the U.K. and they too should profit. On the debit side, however, there are several types of machines admitted free of duty, which means that the Canadian supplier receives no tariff preference (on dutiable items the preference runs as high as 20 per cent). Results in such instances will depend on competitive pricing and after-sales service.

Index to "Foreign Trade"

The index to "Foreign Trade" from July 4, 1953, to the end of January 1954, issues No. 340-370, is now available. If you would like a copy, write to "Foreign Trade," Information Branch, Department of Trade and Commerce.

commodity notes

Argentina

SEAMLESS STEEL PIPES—An Argentine firm is constructing a mill to produce seamless steel pipes, largely for a gas pipeline from the Comodoro Rivadavia oil fields to Buenos Aires. The mill will be the first of its kind in South America, it is claimed, and production will start in August. Annual capacity will be up to 80,000 metric tons, considered sufficient for domestic needs—Buenos Aires, July 7.

Australia

GOLD—Last year, members of the Chamber of Mines of Western Australia treated 3,169,875 long tons of ore which yielded 823,331 fine ounces of gold worth £12,754,770. In 1952, from 2,626,612 long tons the yield was 727,468 fine ounces valued at £11,269,689. The leading gold producer was Lake View and Star Ltd., which obtained 165,691 fine ounces from 657,621 long tons—Melbourne, July 2.

NEWSPRINT—It is reported that New Zealand's young newsprint industry, now taking shape at Kawerau, in the Bay of Plenty, has concluded contracts for the supply of material to newspapers in Australia and New Zealand. The contracts, completed by the Tasman Pulp and Paper Company, provide for the supply from 1956 to 1960 of 40,000 to 45,000 tons of newsprint a year—Melbourne, July 2.

GALVANIZED IRON—It has been decided to allow imports of galvanized iron sheets into Australia this year, provided that they are shipped on or before December 31, 1954. It is expected that the supply of Australian iron will improve greatly next year, when new mills at Port Kembla are completed—Sydney, July 5.

Chile

COPPER—Recent reports indicate that demand from abroad for copper has increased. The two principal copper producing companies, belonging to the Anaconda and Kennecott enterprises, have returned to six-day a week operations after a short time on a five-day week. If the present strong market continues, with spot copper relatively tight, Chile's foreign trade should improve—Santiago, July 16.

COAL—Chile will, in all probability, be compelled to import a further 100 thousand tons of coal to make up her deficit for 1954. The large increase in Chile's imports of coal during recent years has been due to the requirements of the blast furnaces now operating at Huachipato (southern sector) which use a proportion of special coals not produced in Chile. During recent months, coal production in Chile has been on the down trend; in April 1954, 153,696 tons were mined, compared with 161,374 tons in March 1954—Santiago, July 7.

Colombia

BATTERIES—A group of Colombian investors have set up a battery-making plant in Medellin, using Italian technicians. The company, known as CELNA, has had a good reception for its batteries in the Colombian market. It has now been announced that CELNA has signed an agreement with the Auto-Lite Company of Toledo, Ohio, whereby Auto-Lite and Prest-O-Lite batteries will be manufactured in the Medellin plant—Bogotá, July 5.

Cuba

SPINY LOBSTER—Export of spiny lobsters in various forms in 1953 showed a very favourable increase, both in volume and peso value, over the previous year. According to Cuban Ministry of Finance figures, exports of fresh, canned and cooked spiny lobster in 1953 totalled 1,171,412 kilos, valued at 1,272,774 pesos, compared with 834,534 kilos valued at 910,042 pesos in 1952 (one peso=one U.S. dollar)—Havana, July 8.

Denmark

HAMS—During a meeting between the Danish Minister of Agriculture and the Danish meat exporters on June 18th, it was agreed to retain the restrictions now applicable to exports of hams to the United States after the original terminal date, July 1, 1954. However, the export quota for hams to that area is to be increased by 375 tons. This means that the July quota will total 1,425 tons, the increased amount to be supplied from stocks now available. An increase in Group II goods, fresh and smoked pork products for ship provisioning, was also agreed upon, making this quota 500 tons for the quarter beginning July 1st. The export prohibition on live sows and sow pork is abolished, effective June 21, 1954, the only remaining restriction being a weight ceiling of 150 kilograms for live exported sows—Oslo, July 9.

Ethiopia

SUGAR—A new sugar refinery opened recently has at present a milling capacity of 1,200 tons of sugar cane a day and will be expanded to meet the bulk of the country's requirements over the next five years. In 1953 sugar was Ethiopia's third most important import and the savings in foreign exchange which will result from this new factory are expected to be applied to the communications and development programs which the Ethiopian Government is now undertaking—Cairo, June 30.

France

OLIVE OIL—According to a recent trade association study, France and North Africa together possess about 60 million olive trees broken down as follows: France, 13 million; Algeria, 11 million; Morocco, 11 million, and Tunisia, 25 million. Average oil production ranges from 80 to 110 thousand tons a year and represents 30 per cent of French consumption of edible oils. Tunisian production is mainly for export and the size of the crop has a strong influence on world prices and especially on prices in France, where production costs are higher. Reports indicate a good crop this year in Tunisia, plus a carryover of about 20,000 metric tons, which will require considerable effort to move—Paris, July 19.

Israel

SEEDS—During 1953 Israel grew 83 tons, or 85 per cent, of her total requirements of vegetable seeds, comprising 66 varieties of 29 vegetables grown on 600 acres. The larger part of the seed needs for the country's grain and fodder crops, some 5,715 tons, were produced on 32,000 acres of land. Israel requires approximately 8,000 tons of seed potatoes a year; at the moment domestic production does not exceed 1,000 tons and the remainder is being imported from Europe. No seed potatoes have been imported from Canada since a shipment of Sebago in 1950 suffered from Fusarium Wilt—Athens, June 29.

Netherlands

SEED POTATOES—Netherlands' 1953 exports of seed potatoes totalled 273 thousand metric tons valued at 67 million guilders, compared with 202 thousand metric tons valued at 49 million guilders in 1952. Major markets were Belgium-Luxembourg (which took 101 thousand tons or 37 per cent of the total), France, Italy, Switzerland and Western Germany. After achieving a record export of 440 thousand metric tons in 1947, Netherlands seed potatoes exports have since been unable to exceed 300 thousand tons, partly because of stiffening competition from Denmark, Germany, the United Kingdom and Ireland, partly because of increasing domestic production in several foreign markets—The Hague, July 19.

South Africa

GOLD—The upward trend in South Africa's gold production should push the value of this year's output to an all-time high of £150 million. Over the past 2½ years, the output of the new Orange Free State mines has more than doubled itself every twelve months. As the labour position of the mining industry improves, new production goals are in sight. The value of gold produced by all mines during the first five months of this year was £64·7 million, equivalent to an annual rate of £156 million. If the upward trend of production continues, the industry will provide an extra £14·5 million of foreign exchange to South Africa—Johannesburg, July 6.

United States

WALL COVERING—Decorative hardwood veneer, so pliable that it can be wrapped around a lead pencil, has been introduced to the United States wall-covering market. The material, called Randomwood, consists of a veneer 1/85 of an inch thick laminated to a cotton backing. It can be applied to walls in much the same manner as wallpaper and can be used to cover curved surfaces, pedestals, and ceiling beams. The sheets are 15 inches wide and come in eight and ten-foot lengths. Prices compare with those of better-grade wallpapers—Chicago, July 24.

CARBON BLACK—With its ample supplies of natural gas and petroleum, cheap water transportation and a favourable tax structure for gas black producers, Louisiana is becoming a major source of supply of carbon black. Some years ago Texas supplied about 90 per cent of United States production, but today it supplies about 60 per cent. (In 1953, some 52 United States plants produced 1·6 billion pounds of carbon black by burning natural gas or petroleum.) Louisiana's increasing importance as a supplier is shown by the expected opening this fall of a new plant capable of producing 60 million pounds a year—New Orleans, July 19.

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 1·02762.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. July 23	Notes (See below)
Argentina	Peso	Preferential buying	·1297	
		Basic buying	·1946	
		Preferential selling	·1946	(1)
		Basic selling	·1297	
		Free	·07005	
Austria	Schilling		·03743	
Australia	Pound		2·1935	
Belgium Luxembourg & Belgian Dependencies	Franc		·01944	
Bolivia	Boliviano	Official	·00512	
British West Indies	Dollar		·5712	(3)
	Pound		2·7419	(4)
	Dollar	Brit. Honduras	·6855	
Brazil	Cruzeiro	Official selling	·05171	tax 8%
		Effective buying	·03431	(2)
		Coffee buying	·04166	(5)
Burma	Kyat		·2044	
Ceylon	Rupee		·2056	
Chile	Peso	Official	·00885	(1)
Colombia	Peso	Basic	·3893	
Costa Rica	Colon	Official	·1733	(6)
		Controlled free	·1465	
Cuba	Peso		·9731	tax 2%
Czechoslovakia	Koruna		·1351	
Denmark	Krone		·1409	
Dominican Republic	Peso		·9731	
Ecuador	Sucre	Official	·06488	
		Free	·05619	
Egypt	Pound		2·7944	
Fiji	Pound		2·4702	
Finland	Markka		·00423	
France	Franc		·00278	(7)
French Africa	Franc		·00556	(8)
French Pacific	Franc		·01350	(9)
Germany	D Mark		·2317	
Greece	Drachma		·03243	
Guatemala	Quetzal		·9731	
Haiti	Gourde		·1946	
Honduras	Lempira		·4866	
Hong Kong	Dollar	Free	·1678	*July 9
Iceland	Krona	Official	·05975	
		Special buying	·04601	
		Special selling	·03707	
India	Rupee		·2056	
Indonesia	Rupiah	Basic	·08536	(10)
Iran	Rial	Certificate	·01078	
Iraq	Dinar		2·7248	

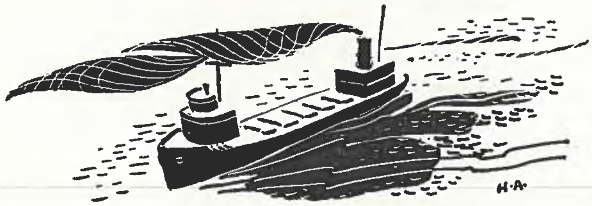
* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. July 23	Notes (See below)
Ireland	Pound		2·7419	
Israel	Pound	Official	·9731	
		Premium	·5406	
Italy	Lira		·00156	
Japan	Yen		·00270	
Lebanon	Pound	Free	·3039	
Mexico	Peso		·07785	
Netherlands	Guilder		·2571	
Netherlands Antilles	Guilder		·5160	
New Zealand	Pound		2·7419	
Nicaragua	Cordoba	Effective buying	·1474	(11)
		Official selling	·1380	
		With Surcharge I	·1209	
		With Surcharge II	·09683	
Norway	Krone		·1362	
Pakistan	Rupee		·2941	
Panama	Balboa		·9731	
Paraguay	Guarani	Basic	·06488	
		With Surcharge I	·04634	(1)
		With Surcharge II	·03244	(12)
Peru	Sol	Certificate	·05050	
Philippines	Peso		·4866	tax 17% (2)
Portugal	Escudo		·03396	(13)
El Salvador	Colon		·3893	
Singapore & Malaya	Straits dollar		·3199	
South Africa (Union of)	Pound		2·7419	
Spain & Dependencies	Peseta	Basic buying	·04443	
		Basic selling	·08673	
		Basic commercial selling	·05925	(1)
		Free	·02498	
Sweden	Krona		·1881	
Switzerland	Franc		·2269	
Syria	Pound	Free	·2274	*June 15
Thailand	Baht	Official	·07785	(1)
		Free	·04716	*June 4
Turkey	Lira		·3475	
United Kingdom	Pound		2·7419	
United States	Dollar		·9731	
Uruguay	Peso	Official	·6406	
		Basic buying	·5467	
		Special buying	·4141	(1)
		Basic selling	·5122	
		Special selling	·3972	
Venezuela	Bolivar		·2905	(14)
Yugoslavia	Dinar		·00324	

* Latest available quotation date.

notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 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 special rates for exports of petroleum, cocoa and coffee.



transportation notes

British East Africa

TANGANYIKA-ANGOLA RAIL LINK—Construction of the 300-mile link between the southern Katanga system of the Belgian Congo, which joins with railways in Southern Africa, and the north-eastern Katanga system which serves the Upper Congo and Lake Tanganyika, is continuing rapidly and will be completed by June 1956. When this line is finished and a ferry service established on Lake Tanganyika, a continuous trans-African service from Lobito (Angola) to Dar es Salaam (Tanganyika) will be in operation—Johannesburg, July 3.

Japan

CANADA-WEST AFRICA STEAMSHIP SERVICE—A steamship service is to be established between the Canadian Pacific Coast and West Africa by Kawasaki Kisen Kaisha Limited. Initially the service will be operated on a bi-monthly basis. Vessels will begin loading in Japan, call at Vancouver, United States Pacific ports, and Caribbean ports in Colombia and Venezuela, en route to West Africa. The principal discharge range in West Africa will be the Gold Coast, Nigeria and Belgian Congo, with scheduled calls at Takoradi, Accra, Lagos, Port Harcourt and Matadi. The first sailing from the Pacific Coast is expected to be in November.

New Zealand

AVIATION SET-UP—The British Overseas Airways Corporation (BOAC) has withdrawn from the joint partnership with Australia and New Zealand in the Tasman Empire Airways Limited (TEAL), which operated a flying boat service between New Zealand and Australia and certain of the South Pacific Islands, and from Auckland by BOAC to San Francisco and Vancouver.

The new service by TEAL will be by DC-6 land planes. BOAC will now bypass New Zealand and passenger and air freight by this line will have to be trans-shipped at Nadi in Fiji—Wellington, July 9.

Norway

OSLO HARBOUR DUES—The port of Oslo Authority has imposed, effective May 1954, a charge of Norwegian Kr.1·50 (about 20 cents) per metric ton on gasoline and oil of all kinds. The charge is for outgoing commodities—that is, commodities that have come from a place inside Norway and in transit pass over one of the Authority's quays. Amounts will be calculated on the gross weights involved—Oslo, July 12.

Trinidad

NEW CARIB SERVICE—Following a recent decision of the Regional Economic Committee, the West Indian Navigation Company will operate a combined scheduled route between Trinidad and Jamaica. The company, which will be incorporated in the West Indies, was formed by Colonial Development Corporation and Jardine Matheson and Company, general managers of the Indo-China Navigation, and will have its headquarters in Trinidad.

The company has acquired its first ship, the S.S. *Wing Sang* of 3,560 tons and with accommodation for 20 first class, 35 second class, 126 steerage and 404 deck passengers. The *Wing Sang* will leave Trinidad every three weeks, calling at Grenada, St. Vincent, Barbados, St. Lucia, Dominica, Montserrat, Antigua, St. Kitts and Jamaica, and will return by the same route—Port of Spain, July 14.

Venezuela

SHIPPING SERVICE FROM ARGENTINA—The *Rio de la Plata* of the Argentine Government's mercantile marine arrived in La Guaira, the port for Caracas, in May, inaugurating a new service. The vessel discharged a cargo of quebracho extract from Buenos Aires and then proceeded to New York.

La Guaira will be a regular port of call on this shipping route which is being served by three cargo ships with first-class accommodation for passengers. Argentina hopes to increase her exports of agricultural commodities to Venezuela by means of this regular service—Caracas, July 8.