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cover One of the striking developments in U.S. agriculture in the past few years has been the rise in livestock production per breeding unit—such as these purebred Herefords on a North Carolina farm. For a study of this and other trends in American agriculture, please turn to page two.

—Photo by U.S. Dept. of Agriculture.

Change Comes to the U.S. Farm

Postwar years have seen agricultural production rising, though farm population and number of farm units are declining. Greater use of machinery, fertilizers, new techniques have boosted productivity; capital expenditures are being substituted for labour.

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

GREAT CHANGES, even revolutionary ones, have taken place in the agriculture of the United States in relatively recent years. The purchase by farmers of labour-saving machinery and equipment, the more widespread use of improved seeds and plants and of better cultural and fertilizing methods, the adoption of recent discoveries in feeding and breeding of farm animals and of more effective control of weeds, insects, and plant and animal diseases—all these have resulted in higher production per farm worker, per acre and per farm animal. The average size of farms has increased and the number of farm workers has declined.

Vastly increased wartime and postwar demands for food, feed and fibre, and government assistance of various kinds, have stimulated the farmers to increase production. These government aids include loans on reasonable terms for the purchase of farms and supplies needed in the production of agricultural commodities, as well as for financing farmers' co-operatives, rural electrification and rural telephones. Substantial government funds are also being provided to aid farmers in soil and water conservation and to support the price of agricultural commodities.

Since 1910, with an increase of only 15 per cent in crop acreage, farm output has increased 75 per cent. Since before World War II, with no increase in acreage under crops, farm output has increased by about 40 per cent. Putting it another way, in 1940 each farm worker produced enough food and fibre for himself and ten other persons. Today, each farm worker produces enough for himself and 18 other persons.

Capital Invested in Farms and Ranches

In 1954, the value of farm and ranch land, livestock and machinery totalled about $127 billion. If that figure is divided by the five million farms and ranches, which include many small ones, it is revealed that the average investment in all United States farms and ranches is about $25,000 each. In addition to land, livestock and machinery, farmers had an investment of almost $11 billion in household furnishings and equipment, and $22 billion in bank deposits, bonds and other securities. Total assets per farm operator, therefore, averaged about $32,000.

Each year about 100 thousand young men wish to begin farming on their own. The magnitude of the financing problem faced by these young men is indicated by the average investment in various types of commercial family-operated farms at the beginning of 1953. The average investment in a corn belt cash-grain farm was $88,150, of which $10,160 represented the average investment in machinery and equipment and livestock. For a northeast dairy farm, the average investment was $28,400, of which $12,000 represented machinery and equipment and livestock. Southern Piedmont cotton farms represented an average investment of $14,290, of which $2,200 was the value of machinery and equipment and livestock. Even after making allowance for the reduction in the initial investment that might be made by substituting custom work for the purchase of certain types of specialized equipment, the amount of capital necessary to start as a farm renter is sizable.

In the corn belt, it takes an investment of nearly $50,000 to create one farm job. In other United States industries, it takes an average of $12,000 to $15,000 to create one industrial job. A high level of managerial ability is required to operate successfully a modern family-sized farm.

The total net income of all farmers and ranchers in the United States in 1954 was about $12·5 billion, or an average of about $2,500 per farm. Of course, not all farmers have incomes as high as the average. It has been estimated that about 1½ million farm operators have cash incomes of less than $1,000 per year. Fifty-five per cent of the farms produce more than 90 per cent of the farm products which are sold.

Increase in Use of Machinery

A major contribution to greater production on United States farms in recent years has been the increase in farm machinery and equipment. In terms of 1940 prices, machinery and motor vehicles on farms increased from a value of $3·2 billion on January 1, 1940, to $8·7 billion on January 1, 1954. From 1943 to 1953, tractor numbers more than doubled and the number of grain combines nearly trebled. Corn-pickers are more than four times, and farms with milking machines are about 2½ times, what they were ten years earlier. In the same period, the number of farm horses and mules declined about 60 per cent.

The future will probably see a continuation of the change-over from animal to mechanical power and the further adaptation of farm machines for use with tractors. The manufacture of small-sized tractors suitable for small farms and rolling topography will accelerate the shift from horses and mules in the Southern States and in other areas where small farms predominate. Now more than 80 per cent of the power for ploughing and disking and for harvesting of grains, and nearly 80 per cent for the harrowing of land and the drilling of grains, is supplied by tractors. Tractors furnish a little more than 40 per cent of the power required for planting corn, cotton and potatoes. Tractor machines are used in the cultivation of about 65 per cent of the United States corn crop. The proportion of farm jobs of every kind which will be mechanized will increase in the future.

States population—now live on farms. Since 1950, farm population has fallen about three-quarters of a million each year. Many young people are leaving the farm. In the 20-24 age group, the decline was 28 per cent between 1950 and 1954; all age groups declined only 13 per cent.

The proportion of the population which lived on farms in 1951 varied among states from a high of 53 per cent in Mississippi to a low of 2 per cent in Massachusetts.

Farm Productivity

In the broadest terms, capital expenditures have been substituted for labour on a relatively stable cropland acreage. Estimates made by the United States Department of Commerce indicate that on a more or less "net" basis, the gains have been rapid compared with the economy of the nation as a whole when reduced to a per worker basis. The measure used is the "Farm Gross National Product" of the United States. For the period 1910 to 1953, farm GNP per worker rose an average of about 2 per cent per year. The rise was accelerated in the latter part of the period, and from 1929 to 1953 the increase in farm GNP per worker has risen an average of 2½ per cent per year per worker. Non-farm private GNP per worker has risen annually an average of 1½ per cent per worker in the same years.

Did You Know That . . . . .

- *In the U.S. corn belt, it takes an investment of nearly $50,000 to create one farm job, compared with $12,000 to $15,000 to create one industrial job.*
- *About 13 per cent of the U.S. civilian labour force now works on farms, compared with about 44 per cent in 1900.*
- *In 1940, each farm worker produced enough food and fibre for himself and ten other persons; in 1954, he produced enough for himself and 18 others.*
- *Total net income of all farmers and ranchers in the U.S. reached $12·5 billion in 1954, or an average of about $2,500 per farm, though about 1½ million farm operators have cash incomes below $1,000 a year.*
- *Between 1940 and 1950, average size of U.S. farms rose to about 220 acres from 175 acres.*
- *Since the late thirties, crop production per acre has increased about 20 per cent.*

Since 1935, the number of farm units has declined by more than one million. Between 1940 and 1950, the average size of all United States farms rose to about 220 acres from 175 acres. Even more important as indicating the decade's prosperity was the fact that 73 per cent of farmers owned their farms in 1950, compared with 61 per cent in 1940. The average farm sold $4,205 worth of farm products in 1950, which was about four times as much as ten years before. In the South, which has been most backward, the average size of farms increased by 20 acres, the value of farm products sold rose to $2,266 from $639, and the proportion of farms operated by tenants fell off to 34 per cent from 48 per cent in 1940.

In 1900, about 44 per cent of the nation's civilian labour force was employed on farms. Today, only about 13 per cent are so employed. About 22 million people—or about 13·5 per cent of the total United

Farm Acreage

There are about one billion acres in farms and ranches in the United States and this represents about 60 per cent of the land area of continental United States. Of the 350 million acres of harvested crops (about 400 million acres were sown) in 1953, about 10 per cent produced products for export, 4 per cent produced horse and mule feed, and 86 per cent produced food, fibre and tobacco for domestic human use. Acreages used for producing products exported were low in 1953, representing about 70 per cent of the postwar 1946-1952 average. Only 14 million acres were needed to produce grain and hay for horse and mule feed compared with about 92 million acres so used in World War I period. The release of nearly 80 million acres of cropland from use in growing horse and mule feed has been largely responsible for about one-half of the increase in acreage used to produce products for domestic human use. This diversion of acreage and the increased production per acre and per animal have made available plenty of food, fibre and tobacco for the increasing population—growing at the rate of more than 2½ million a year. There has been practically no change in the acreage of cropland during the past 30 years. Some new acreage may be made available by drainage of swampland and by irrigating dry land, but for every acre gained another acre may be lost to suburban housing developments, factory expansion, new airports and new highways.

Production per Acre

Since the late thirties, crop production per acre has increased about 20 per cent. Many factors have contributed to greater production per acre. The use of more fertilizer, the adoption of higher yielding varieties and hybrids, and timeliness of operations as a result of greater mechanization are among the more important ones.

Consumption of fertilizer in 1953 was more than three times as great as in 1940 and increased by about 50 per cent between 1948 and 1953.

Production per Animal

Livestock production per breeding unit in 1953 was 63 per cent greater than in 1919. The relatively steady upward trend in production per breeding unit represents the combined effect of long-time increases of eggs per hen, milk produced per cow, pork production per sow, and beef production per steer. Improved breeds, better sanitation, heavier feeding and improvement in management have helped to bring greater production per breeding unit. The increase in production per animal is illustrated by the fact that milk production per cow in the United States dairy herds increased from 4,033 pounds in 1934 to about 5,500 pounds in 1954. Production of eggs per hen is now about 180 on the average yearly, which is 60 per cent above the output 20 years ago. In the same period, production of poultry meat per 100 pounds of feed fed to broilers has risen about 30 per cent.

Man-hours of labour used for farm work have been cut by more than one-third in the last 40 years. Mechanization and other factors have been dominant in reducing the man-hours of farm work by more than one-quarter since before World War II and by more than 10 per cent since 1947-1949.

Agriculture and the National Economy

It is generally accepted that when agriculture is prosperous the nation is prosperous. When prices decline, the prices of farm products and the prices of other primary products fall first. When farmers' incomes drop, they are unable to buy the products of industry and the incomes of industrial workers are adversely affected. A depression in agriculture will extend to other industries. That is one of the reasons why legislation to aid agriculture finds ready acceptance among the legislators. Another reason is that most city people are concerned about having sufficient food and clothing, and they believe, to obtain this assurance, the farmer should have an adequate return for his labour.

There are about 8½ million workers employed on farms but there are 10 million employed in processing and distributing agricultural products and about two million in the manufacturing, distribution and sale of agricultural machinery, fertilizers and other farm supplies. These 20½ million workers represent about one-third of all the employed persons in the United States. Moreover, it is estimated that at least one-half of the families in the United States get some income which is derived directly or indirectly from agriculture. Marketing, processing, manufacturing and distributing farm products and goods made chiefly from them are the main activities of more than one million companies or, roughly, one-quarter of the total number of business establishments in the United States.

It has been estimated that, in 1952, United States farmers purchased more than seven million tons of steel—more than is used for a year's output of passenger cars. They also purchased 16½ billion gallons of crude oil—more than is used by any other industry—and about 320 million pounds of raw rubber, or enough to put tires on more than six million cars. Farmers used 15 billion kilowatt hours of electric power, or enough to supply Chicago, Detroit, Baltimore and Houston, for one year. The farmer obtains only about 44 cents of every dollar spent by the United States consumer for food; other workers obtain 56 cents of every food dollar.

In 1953, the dollar area carried on 30 per cent of the world's trade compared with 19 per cent in 1938, according to a recent UN study. The sterling area's share fell from 29 to 25 per cent over the same period, and that of continental Europe (excluding Spain, Finland and Yugoslavia but including Turkey) from 30 to 27 per cent. These statistics do not include the USSR, Eastern Europe and China Mainland.

Banking Abroad

CEYLON

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

BANKING IN CEYLON dates back over a century to the year 1854, when the then Mercantile Bank of India, London & China opened branches in Colombo and Kandy. Since that time various other foreign banks have established branches, mainly in Colombo and in some of the more important provincial towns such as Kandy and Galle.

In all, eleven foreign banks are now operating in Ceylon:

Foreign Banks in Ceylon

Imperial Bank of India, Colombo.
National Bank of India, Ltd., Colombo, Kandy, Nuwara Eliya and Galle.
The Chartered Bank of India, Australia & China, Colombo.
The Hongkong & Shanghai Banking Corporation, Colombo and Galle.
The Mercantile Bank of India Ltd., Colombo, Kandy, Galle and Jaffna.
The Eastern Bank Ltd., Colombo.
Grindlays Bank Ltd., Colombo.
Habib Bank Ltd., Colombo.
The Indian Bank Ltd., Colombo.
The Indian Overseas Bank Ltd., Colombo.
Bank of Chettinad Ltd., Colombo.

In addition to the above, there is the Bank of Ceylon, established under Ordinance 53 of 1938, which started operations on August 1, 1939. The Bank of Ceylon has been successful and is recognized and patronized by the Government as the national bank. Before this the Bank of Colombo, a purely Ceylonese venture, began its brief life in 1917 but failed four years later.

Banking Connections and Facilities

Almost all the foreign banks, with the exception of the one Pakistani and three Indian controlled banks, cater to a large circle of foreign and Ceylonese business houses, the planting community, and private individuals. The Indian and Pakistani banks are patronized exclusively by their own nationals who form a fair proportion of the traders handling business between Ceylon, India and Pakistan.

All the larger banks have modern facilities for providing credit reports, assistance in establishing trade connections, financing for imports and exports, transmitting funds and collecting accounts. They also offer expert guidance on currency regulations, tariffs, tax regulations or the many other banking and financial problems confronting the businessman. They are up-to-date in their methods of conducting foreign business and are not far behind the times in the matter of first class international banking organizations.

The Bank of Ceylon has a Foreign Branch to look after the interests of its clients who have dealings with foreign countries. It has branches in practically every large provincial town and, to cater more satisfactorily to clients in remoter parts of the Island, it is investigating the possibilities of introducing mobile units. In fact, this bank is gaining in popularity and receives strong national support. A recent innovation of this bank is pawnbroking.

Government Banking Institutions

In addition to the above, there are the Central Bank of Ceylon and several other government-sponsored banking institutions such the Ceylon Savings Bank, Post Office Savings Bank, Co-operative Federal Bank of Ceylon Ltd., the Ceylon State Mortgage Bank and a few other agencies dealing mainly in internal affairs.

The Central Bank of Ceylon came into existence on August 28, 1950, and is the authority responsible for the administration and regulation of the monetary and banking system of Ceylon. Its chief objects are the stabilization of domestic monetary values, preservation of the par value of the Ceylon rupee, the free use of the rupee for current international transactions, the promotion and maintenance of a high level of production, employment and real income in Ceylon, and assisting the development of the productive resources of the island. The Central Bank is the sole issuer of currency in Ceylon.

Tour of Territory

W. VAN VLIET, Commercial Secretary in Berne, Switzerland, will visit Vienna between March 13 and 20 when the Vienna Spring Fair is in progress.

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Before World War II Canada's exports to Britain alone topped those to all other overseas markets put together. Today the sea-lanes to other countries take much the larger total. But our British sales still far exceed those to any other single overseas market.

Britain's Place in

OLIVER MASTER

CANADA'S EXPORT TRADE today presents several sharp contrasts with our export picture in the years before the outbreak of World War II. Quite apart from the great rise in dollar value, the distribution of our export business to different markets has been radically changed.

Attention has been riveted chiefly upon the growth in both the amount and the relative importance of our sales to the United States. The American market formerly took barely 40 per cent of our total exports —with 60 per cent or more going to the overseas markets. Those figures have now been reversed. Accompanying this major swing there has been a second change, hardly less important, which has come in for much less comment. Our overseas trade within itself has taken on a new and very different pattern.

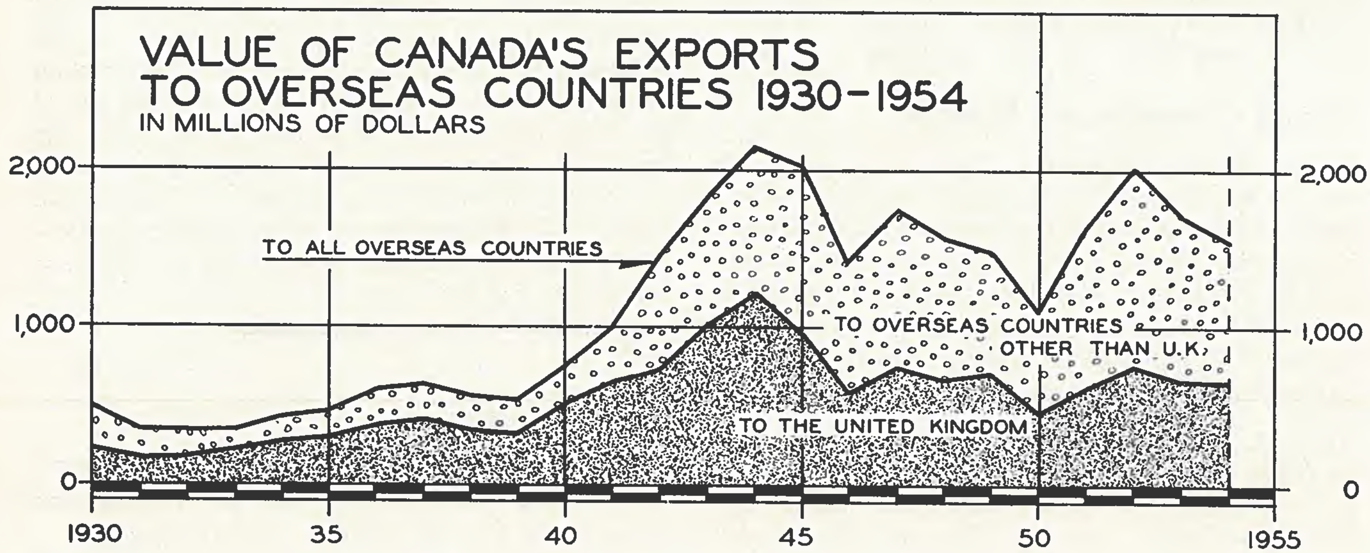
New Trend Apparent

Going back over many years, Britain used to buy far more Canadian products than all other overseas markets put together. The last eight or nine years have brought a notable change. The United Kingdom, while it remains incomparably our largest and most valuable overseas customer, no longer accounts for the greater part of our overseas sales. The other overseas countries purchase in the aggregate a volume and value of Canadian products now exceeding Britain's purchases by a wide margin.

For the three years 1937-8-9 Canada's average exports to the United Kingdom were roundly $357 million as compared with average exports of $226 million to other overseas countries. Fifteen years later, in 1952-3-4, our average exports to the United Kingdom had risen to $688 million. Their dollar value had gone up by something over 90 per cent. Meanwhile, our average sales to other overseas countries had increased 370 per cent to $1,064 million. Obviously the change in the relative position occupied by the United Kingdom in our export trade has been a striking one. It is not a change that can be attributed to any one factor. Quite a few different factors have had a hand in it.

Factors Limiting British Purchases

First, the austerity program, enforced with shifting degrees of severity during much of the postwar period, has limited British purchases of many kinds of Canadian goods. Dollar buying has had to be concentrated upon the more urgent needs—largely upon food and



Canada's Overseas Exports

raw materials and necessary equipment for British industries.

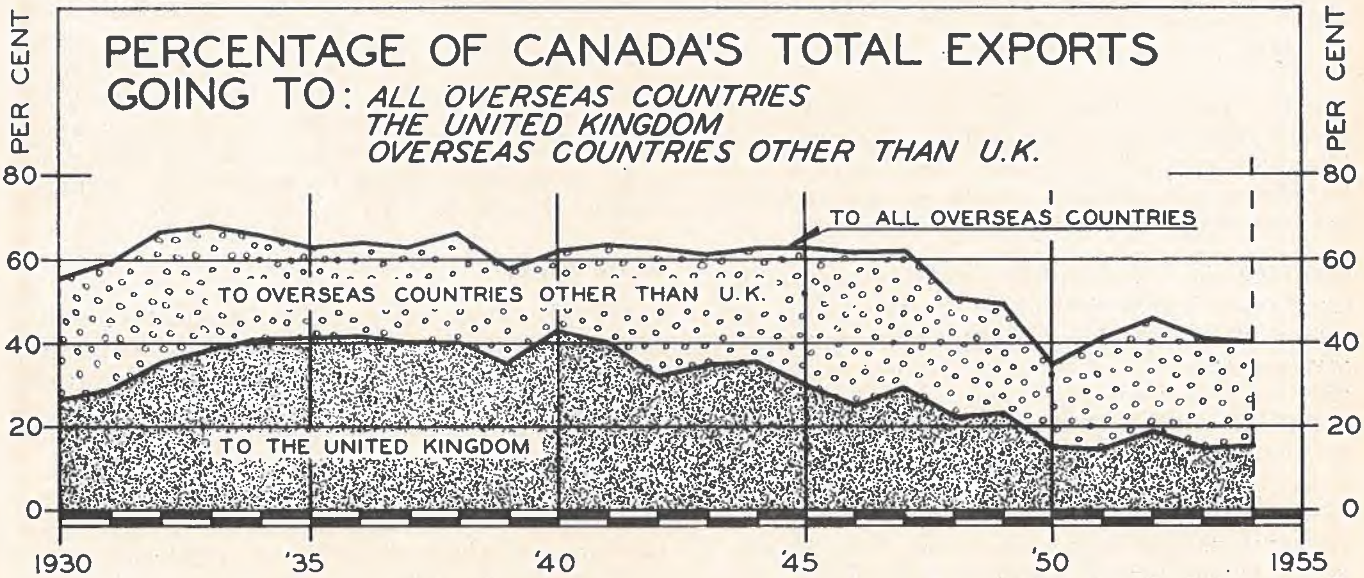
Again, the long period of strict import control must have taken some toll of Britain's former entrepôt trade. No doubt a detailed study of British trade returns would reveal some reduction of Canadian exports to the United Kingdom in different products formerly sold to British merchants for resale to countries which now buy direct from Canada.

Account must also be taken of the fact that, even if the United Kingdom had not been passing through a period of forced selection of dollar imports, it would have been something in the class of a commercial miracle for the British market alone to continue to offer as much room for the expansion of Canadian exports as all other overseas markets together provide. The population growth and the economic advance of many of these other countries tends to create new or enlarged import requirements. All of them have not been under such steady or severe pressure as the United Kingdom to keep a tight rein on their dollar purchases. Further, some of them have had to turn to North America—to either Canada or the United States—to replace former sources of supply with which they had much closer commercial contact before the Iron Curtain days.

Finally, part of the explanation of the change in Britain's comparative standing as a market for Canadian products is to be found on this side of the water. It is not simply that, wherever possible, Canadian exporters have been actively seeking American or other alternative markets for products which, for the time being, cannot be sold in Britain. In addition, there have been some pronounced changes in our own exportable surpluses. We are no longer heavy exporters in any direction of certain products which formerly figured as major items in our British sales.

To determine at all accurately how much weight should be attached to each of these factors would call for an immense amount of study. But the end result of their combined effects has been a tradition-breaking change on a great scale in Canada's overseas export business and the emergence of a new export trade pattern which appears to have at least some of the earmarks of permanency.

One feature of the old pattern holds fast. Britain still stands all by herself as our premier overseas customer, with a Canadian shopping list greater in value than those of our next dozen or more best overseas buyers combined.



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commodity notes

Argentina

QUEBRACHO EXTRACT—According to official statistics, 154 thousand metric tons of hot water soluble quebracho extract were produced in 1953, an increase of 23 per cent over the previous year. Peak production in recent years was attained in 1948 when output reached 163,800 tons.

The United States is the main outlet for Argentine quebracho extract and in 1953 imported over 100 thousand metric tons. Canada is also an important market for this commodity, buying 34,495 tons valued at $838,678 in 1953—or nearly 10 per cent of total imports from Argentina in that year—Buenos Aires, Feb. 12.

Brazil

COFFEE—Brazil's coffee exports during December totalled 1,221,114 bags, compared with 1,547,501 bags shipped abroad in November. Coffee exports in 1954 amounted to 10,932,017 bags, compared with 13,903,369 bags in 1953.

According to *Folha da Manha* of São Paulo, the Brazilian Coffee Institute purchased approximately 1,370,000 bags of coffee, through the Production Finance Commission, from the middle of 1953 until January 1st of this year. These purchases are estimated by coffee circles to have a total value of almost Cr.$3,450 million—São Paulo, Feb. 17.

WOOL—National wool production of 24,199 metric tons in 1953 exceeded 1952's figure by 2,927 tons. The three principal producing states, Rio Grande do Sul, Santa Catarina and Parana accounted for 99 per cent of this figure—São Paulo, Feb. 7.

COTTON—São Paulo cotton exports during the 1954 crop year (March-November) increased 87·7 per cent in volume and 147·9 per cent in value over the previous period, as a result of the norms put into effect by instruction No. 70 and the return of Japan and Germany to the Paulista market. From March to November, exports totalled 208,975 tons valued at Cr.$3,650,274,000, as compared with 111,347 tons valued at Cr.$1,472,558,000 in the previous period. Japan was the largest purchaser, absorbing 22·9 per cent of overall exports, followed by Germany (14·2 per cent) and England (13·4 per cent)—São Paulo, Feb. 10.

Cuba

SILICATE OF SODA—For the first time, silicate of soda is now being produced in the city of Sagua La Grande, Santa Clara Province, from domestic prime materials. The country's annual consumption of about 2,500 tons is used principally in making soap, paint, paper, ceramics and cement—Havana, Feb. 15.

PLASTIC TOYS—Cuba has increased production of plastic toys to a point where she can now export to Central America. Many of the moulds are rented from United States manufacturers and returned after being used and, by this means, at least twenty new lines are said to have been offered in the 1954 Christmas season. Manufacturing capacity is now far in advance of domestic consumption—Havana, Feb. 15.

Israel

CITRUS FRUIT—The first postwar shipment of citrus fruit from Israel, the home of the world-known "Jaffa" orange, arrived at Halifax towards the end of January and comprised 9,500 cases of oranges, grapefruit and lemons. This is the initial shipment of a total of 25,000 cases of citrus fruit earmarked for export to Canada during the present crop season, and is reportedly the outcome of a successful trial order of 500 cases shipped to Canada from Israel last season—Athens, Feb. 8.

South Africa

GOLD—The opening up of the Orange Free State gold field enabled South African mining companies to produce an additional £17 million worth of gold during 1954. According to the latest figures issued, gold production in the Union reached a record value of £164,563,621 last year, compared with £147,511,747 in 1953. If an estimated figure for uranium is added, the total value of the Union's gold and uranium industry must be in the neighbourhood of £173 million for 1954.

During the past few years seven uranium plants have been brought into production and two more are under construction. It is estimated that the gross value of uranium oxide exported by the Union will ultimately exceed £40 million—Johannesburg, Feb. 10.

United Kingdom

MACHINE TOOLS—Production of the U.K. machine tool industry in 1954 was valued at £64·3 million. Of this total, approximately £18 million worth was exported. Total production was slightly down from that of 1953 which was valued at £66·1 million, but it was higher than in any of the preceding three years.

The industry as a whole has orders on hand representing about a year's output and there is no slackening in the flow of new orders. Compared with 1953, export orders have risen by about two-thirds and now stand at about £20 million—London, Feb. 18.

COAL—British coal production in 1954 totalled 223,795,000 tons, only 276 thousand tons over 1953. This almost stationary rate of output is in marked contrast to domestic demand in the United Kingdom; for the first 50 weeks of 1954, 205·3 million tons of coal were consumed, nearly five million tons more than in the corresponding period of 1953—London, Feb. 18.

United States

COAL—From a record 631 million tons mined in 1947, the bituminous coal industry has gone through a period of steadily declining production. The industry now hopes the bottom was reached in 1954 with about 385 million tons produced by the smallest working force since 1900. Official long-range forecasts estimate a yearly requirement of some 800 million tons by 1970, based on new electric power installation, rising steel production and technological improvements. Operators look for a 1955 production of some 425 million tons—New York, Feb. 21.

V-6 ENGINES—Rumours are that the auto industry may be preparing to produce a low-cost passenger car for the mass market which would be powered by a V-6 engine. The advantage of such a car and motor would be low-cost initial investment and low maintenance and operation charges.

To produce such an engine now would mean a tremendous investment in new tooling, because a V-6 engine could not be produced on the same automatic lines as the V-8 engines now in production. It is doubtful whether any corporation would be prepared to make a multi-million dollar investment in such a line for the production of a new V-6 engine at present. Engineering plans have to be approved several years in advance of actual production, therefore, a V-6 program would have to be approved within the next two years if the cars were to reach the market before 1960.

With the trend in the United States and Canada to more and more two-car families, a smaller and cheaper car would appear to be most acceptable as the second family car. In addition, commercial operators such as taxi-owners would welcome a car which would have lower operating and maintenance costs—Detroit, Feb. 19.

RADIOACTIVE ISOTOPES—The pharmacy of the University of Chicago's Argonne Cancer Research Hospital reports that, in a year's time, it handled 32,157 millicuries of radioactive isotopes. Millicurie is equal to one one-thousandth of a gram of radium in terms of the amount of radioactivity given off. Had the pharmacy been dealing in radium instead of isotopes, the cost would have been about $640 thousand. Radio-iodine, used principally in the treatment of cancer of the thyroid, accounted for almost three-quarters of the isotopes handled—Chicago, Feb. 22.

TUBELESS TIRES—Even wheelbarrows will now be able to roll on tubeless tires. A large Ohio rubber company has recently produced the first tubeless industrial tire. The sizes made will be suitable for wheelbarrows and other small material-handling vehicles—Detroit, Feb. 23.

West Germany

GLASS—German glass exports reached 101 thousand tons during January-September 1954, exceeding last year's exports by 35 per cent. The export value amounted to DM138 million, compared with 106 million during the first nine months of 1953. Total exports are composed of 47 per cent hollow glass, 28 per cent Gablonz glassware, and 25 per cent plate glass. About 51 per cent of exports went to European countries, 27 per cent to the United States and Canada and 11 per cent to South America. Total German glass production reached about 600 thousand tons, of which about 16 per cent is exported—Bonn, Feb. 16.

SYNTHETIC FIBRES—German exports of synthetic fibres reached DM136 million in value during January-September 1954. Of this, rayon accounted for DM73·5 million. Non-rayon fibre exports to the United States were only DM3·8 million compared with DM14 million in 1953. The European market was still the main outlet for German exports of chemical fibres, Sweden, Austria, Denmark and the Netherlands being the main customers. About 14 per cent of exports went to Asiatic countries, half of it to India alone—Bonn, Feb. 16.

The Market Down South

First step in selling to the 13 southern states is understanding the changes in industry, income and demand which have been taking place there. In the first of two articles, the author discusses these changes and their implications for Canadian exporters.

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

THE THIRTEEN STATES which make up the American South constitute a market that is both developing rapidly and changing in character. The shift from an agricultural economy dominated by cotton and tobacco to one combining mixed farming with manufacturing has been going on over many years. With this shift, and with the rising southern incomes, purchasing power is growing and the market potential increasing.

Average Income Increasing

As an example of these changes, let's take a look at income. Per capita incomes in the South have shown a higher annual increase than the U.S. average—though they started from a lower level and are still below the U.S. average. From 1940-49, the average annual income in Texas increased 191·8 per cent and in Mississippi by 212·3 per cent. Between 1929 and 1948, the South increased its share of total income payments in the U.S. from 15 to 19 per cent. But, judged by some other states, the average annual income still is on the low side—ranging from $1,205 in Texas down to $634 in Mississippi (1949 figures).

Southern incomes remained low as long as the economy was tied to agriculture and agriculture relied on two or three single-row crops each year, of which the most important was cotton. In recent years the trend has been away from cotton towards mixed farming, with emphasis on dairying, poultry and cattle, and the working of larger farm units with fewer employees through increased mechanization.

Industrial Expansion

This change has been accompanied by industrial expansion, draining off surplus farm labour. Industry too has been changing. The old-established ones, such as textiles and lumbering (which still provide much of the employment) have been joined by new recruits, such as food manufacturing in various forms and chemicals and petro-chemical products, such as artificial fibres and plastics. In addition, an increasing number of secondary manufactures have been attracted to the South by the rising consumer market for automobiles, electrical supplies, rubber and building products, and so on. Industrial markets for chemicals, electrical equipment, steel products, leather products, paper and textile mill products have also been created.

In spite of this increasing variety in the South's manufacturing activity, production is still concentrated in four main fields: textiles and their products; food and its products; chemicals and their products; and forest products. The first, textiles, had in 1952 some 582 thousand employees, lumber and lumber products about 220 thousand, food and kindred products, 261 thousand, and chemicals and allied products, 153 thousand.

The South as a Market

These factors—income, the pattern of farming, and the pattern of industry—determine the nature of the southern market. A fourth factor, the climate, also comes into play.

The still modest southern incomes mean that the volume sale of consumer goods lies in medium-priced lines which are usually mass-produced to great advantage in the United States and supported by strong national advertising campaigns.

The climate—long hot summers and short mild winters—builds a demand for goods not normally produced in temperate-climate countries like Canada in any quantity. For the most part such goods can and will be obtained in increasing quantities from southern sources—especially non-durables, such as cotton and artificial thread textiles, etc.,

The resources of the South dictate that the volume of southern manufacture lies in the fields of chemicals, textiles and apparel, pulp and paper and foodstuffs—all non-durables. Consequently, there is only a modest provision for the needs of an expanding industry and population for durable goods for factory and consumer use. The degree to which the needs of this growing and important market can be met by imports is determined by how successfully foreign durable goods can compete with those of the non-southern states, many of whose manufacturers are establishing branch offices, branch wholesale warehouses and assembly plants in the South.

The introduction of new industries there, based on local resources, also gives rise to the need for supplies to help them function properly. For example, the expanding pulp and paper industry in the South is providing an increasing market for salt cake from Western Canada—and from Europe. Continued participation in this market depends upon how successfully European and Canadian exporters can meet competition which will develop from suppliers in non-southern states.

Finally, in this population of increasing numbers and incomes, the demand for certain foodstuffs that are not readily produced in the South will probably continue to expand. The range of such foodstuffs is not likely to be large because of the wide variety of foods grown down south. Moreover, the trend towards mixed farming is likely to ensure supplies of such foods as meats and dairy products which have been limited in the past.

Areas of Trade Concentration

The market in the southern states is divided roughly into three sections running north to south. The most important by almost any economic standard is in the southwest and includes the states of Texas, Oklahoma and Arkansas. The state of Texas leads the South in population, per capita income and general production. It imports nearly half of the total goods that come in from Europe through the southern ports. Dallas, Fort Worth and Houston are the outstanding distribution points, with Oklahoma City, Oklahoma, and San Antonio, Texas, serving as supplementary centres. Galveston and Houston are the main ports.

Immediately to the east is the Mississippi Valley area, including the states of Tennessee, Louisiana, Mississippi and part of Alabama. The main distribution points are Memphis, Tennessee, and New Orleans; the latter serves also as the main port of the area. It is supplemented by Mobile, Alabama.

Finally, on the extreme east and taking in the great textile manufacturing areas are the states of North and South Carolina, Georgia, Florida and part of Alabama. Here the outstanding distribution point is Atlanta, supplemented on the east by Charlotte, North Carolina, and on the west by Birmingham, Alabama. A number of excellent ports service this area, including Charleston, South Carolina; Savannah, Georgia; and Jacksonville, Florida, on the Atlantic Coast and Tampa, Florida, on the Gulf of Mexico. This area also contains the city of Miami, an important retail distribution point with service by air to South America.

The first fifty wholesale centres of the United States in 1948, as listed by the U.S. Department of Commerce, included the following southern cities, given in their order of importance according to wholesale sales and receipts:

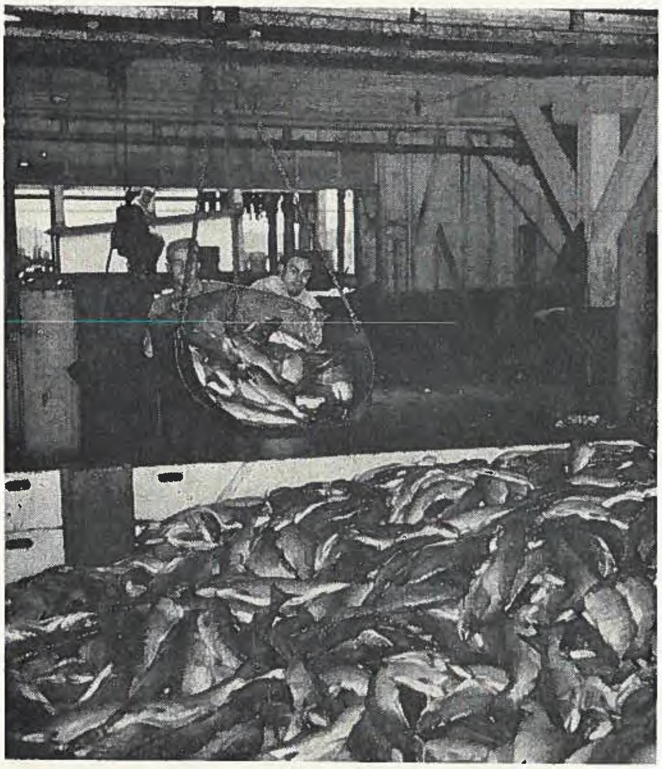
U.S.A.	*South*	*City*	*Establishments*	*Sales and receipts (in $000,000)*	*Per cent of U.S.*
14	1	Dallas, Texas	1,795	2,238	1·19
15	2	Atlanta, Georgia	1,612	2,218	1·18
16	3	Memphis, Tennessee	922	1,970	1·04
18	4	Houston, Texas	1,337	1,749	·93
25	5	New Orleans, La.	1,292	1,405	·74
28	6	Charlotte, N.C.	601	990	·52
30	7	Birmingham, Alabama	866	849	·45
34	8	Oklahoma City, Okla.	766	693	·37
35	9	Fort Worth, Texas	587	660	·35
44	10	San Antonio, Texas	692	481	·26
48	11	Nashville, Tennessee	559	446	·24
50	12	Miami, Florida	767	429	·23

What the South Buys

A study of imports from six West European countries coming into southern ports in 1953 and of imports into Houston from all sources in that same year yields certain facts that may be significant. Among these facts are:

- Foodstuffs imported are of a type which are not readily produced in the South. There is particular emphasis on alcoholic beverages, and a reasonably good market for canned meats.
- Principal industrial imports in volume and value are in metallic goods—especially in steel construction materials—reflecting the strong construction activity which has characterized the southern industrial expansion.
- Imports of chemical fertilizer ingredients are high and rather unusual because the South is predominantly a chemical manufacturing area. However, investigation has shown that these imports must be regarded as temporary, pending the expansion of the South's own facilities, which are being rapidly enlarged. On the other hand, certain chemical and mineral imports—such as asbestos, barytes, and sodium sulphate—appear to be longer-term possibilities and are of interest to Canadian shippers who, in fact, are already supplying this market.
- The main interest to Canada in the agricultural and forest product sector lies in the heavy imports of newsprint, one of the few products which moves by water from Canada to the South.

On the whole, these import figures serve to underline previous general conclusions that the South offers only a limited market for foodstuffs, a good market for metallic products and construction materials, and a continuing market for certain industrial supplies needed to operate its own expanding industries. These sales possibilities will be explored further in a subsequent article. ●



Freshly caught salmon arrive at a salmon-packing plant on the West Coast. One of the bright spots in the 1954 fisheries picture was the Fraser River sockeye pack, the largest since 1913.

From Canadian Waters to Foreign Tables

Fish landings larger than in 1953, exports at an all-time high, obstacles in foreign markets disappearing—all these facts spelled prosperity for the Canadian fisheries in 1954.

T. R. KINSELLA,
Agriculture and Fisheries Branch.

CANADA'S FISHING INDUSTRY had cause for satisfaction when the year 1954 ended. The sea-fisheries catch for the twelve months reached 1·9 billion pounds valued at $82·7 million—10 per cent higher in volume and 8 per cent higher in value than the 1·7 billion pounds worth $76·3 million caught in the previous year. Preliminary figures for the inland fisheries also reflect higher returns in 1954.

Brighter still was the export picture; sales abroad of Canadian fisheries products, at $132·6 million, chalked up an all-time record.

Both the Atlantic and the Pacific fisheries shared in the increased landings. Cod, haddock, and other groundfish species accounted for the rise in the Atlantic catch and a significant trend in the Atlantic Coast cod-fishery was the continuing shift from the production of salt fish to frozen fillets. On the Pacific Coast the herring catch was also considerably larger.

The total Pacific salmon production exceeded 177 million pounds but this was lower than the 1953 catch of 187 million pounds. However, this 1954 catch was up in value by 7 per cent. The Fraser River sockeye pack was the largest since 1913, principally because of international conservation measures.

Exports at New High

The 16 per cent rise in the value of fisheries exports over 1953 is attributed mainly to the re-opening of important markets for canned salmon, to bigger sales of fresh and frozen fish, and to the tremendous catch of Pacific herring for the manufacture of fishmeal and oil which found ready outlets. As a matter of fact, there were substantial increases for all forms of fish other than some varieties of inland fish and fish oils. Shipments were consigned to 80 different countries.

Canned Fish—It is interesting to note that shipments of canned salmon to the United Kingdom nearly doubled those of 1953; the United States, Italy, and the Netherlands also purchased larger quantities in 1954. Exports of canned salmon reached a total value of $24 million, compared with $14·6 million in 1953.

Canned sardines also increased in value in comparison with the preceding year and considerable quantities were marketed in the British West Indies (principally Jamaica and Trinidad), Cuba and South Africa.

Fresh and Frozen Fillets—Larger exports of fresh and frozen groundfish fillets (that is, cod and related species) were made to the United States. A comparatively new product, frozen fish blocks or slabs for the manufacture of cooked or uncooked fish sticks, is included in the figures although during 1955 such shipments will be tabulated separately in both the Canadian and United States statistics for the convenience of the trade. Frozen blocks or slabs may be described generally as a compact mass of fillets, free of skin, bone, scales and viscera, prepared from any one of several edible species of fish and frozen into a uniform rectangular shape. However, the new United States statistical classification refers to frozen blocks or slabs as made from fillets of cod, haddock, hake, pollock, cusk and Atlantic ocean perch (rosefish) compressed for use in the manufacture of fish sticks or other uniform portions.

Cured Fish—The market for cured fish was also strong in 1954. Puerto Rico is the leading outlet for salt cod, although sales dropped slightly from the previous year. On the other hand, Jamaica, Cuba, Italy and Brazil purchased larger quantities. Some years ago, Newfoundland exporters of salt cod shipped over half of their supplies to Spain, Portugal, Italy and Greece. However, increased efforts by the Spanish and Portuguese fishing fleets in recent years have reduced the overall need for large imports into those two countries. Nevertheless, special Canadian trade missions were sent to Spain, Portugal and Italy and made arrangements for the import of salt cod from Canada during the 1954-55 period. Inclement weather to a certain extent curtailed production of the traditional Newfoundland light salt cod and Gaspé-cured hard dried cod suitable for the Italian market. The result was that the supply available did not use up the dollars allotted for imports of these two products. Imports of salt cod into Greece are not restricted but that country is buying the bulk of its needs from soft currency sources.

Haiti and the Dominican Republic were important buyers of smoked herring bloaters last year and the Republic also consumed substantial supplies of salt pollock. Current stocks of bloaters particularly are considered quite low.

Oil and Fishmeal—Large quantities of fishmeal and of herring oil found ready outlets in the United States.

Tables one and two give exports of fisheries products by forms and countries during the five years.

Market Outlook

Fresh and Frozen Fish—Holdings of frozen fish in the United States are currently higher than last year at this time, but include a fairly large quantity of frozen fish blocks or slabs for processing as fish sticks. The production of fish sticks in Canada is still relatively small and almost all of the raw product goes to the United States. The United States customs duty on precooked fish sticks of 30 per cent practically closes this market to the finished product. In addition, the United States authorities propose to increase the rate of duty on imports of uncooked fish sticks into the United States to 20 per cent and this may also mean that little of this product will sell there. According to a United States report, the production of fish sticks in the United States amounted to over 50 million

Table One

Fish Exports—By Forms

(Total value in millions of dollars)

	1950	1951	1952	1953	1954
ALL FISH PRODUCTS	118·55	124·60	117·20	114·39	132·65
FRESH & FROZEN	49·71	53·36	52·85	51·22	56·65
Whole or dressed	34·70	33·02	31·95	29·83	29·98
Filleted	15·01	20·34	20·90	21·39	26·67
CURED	28·62	27·58	25·54	22·27	23·34
SMOKED:					
Bloaters and kippers	1·02	1·17	1·29	·88	1·20
All other	·87	·76	·71	·44	·43
SALTED AND DRIED:					
Cod	20·82	19·50	17·72	15·32	16·33
All other	1·89	2·10	1·93	2·11	1·96
PICKLED:					
Herring	1·85	1·98	1·79	1·73	1·56
All other	2·17	2·07	2·09	1·79	1·86
CANNED	12·24	13·90	11·55	16·20	25·82
Salmon	10·25	11·56	8·14	14·65	23·96
Sardines	1·54	1·77	3·07	1·40	1·59
All other	·45	·57	·34	·15	·27
SHELLFISH	15·72	15·23	17·51	17·59	17·32
Fresh lobster	11·53	11·80	14·10	13·77	13·69
All other	4·19	3·43	3·41	3·82	3·63
MISCELLANEOUS	12·26	14·53	9·75	7·11	9·52
Meal	4·51	5·58	4·11	2·12	4·73
Oil	5·05	5·51	3·02	2·16	1·65
All other	2·70	3·44	2·62	2·83	3·14

pounds in 1954 compared with 7½ million pounds in 1953. It is expected that 1955 sales of fresh and frozen fish both in Canada and the United States will remain relatively high.

Dried, Salted, and Pickled Fish—Early indications are that the 1954-55 world production of salt groundfish (cod and related species) will not change greatly from the figures for the 1953-54 season. The combined output of good-quality fish from Newfoundland and the mainland should find adequate outlets, particularly in the Caribbean area. Sales in Brazil will depend on the currency situation there. It is expected that salt cod sales to European outlets will be maintained.

Smoked herring bloaters and pickled fish have been selling in the Caribbean countries steadily and this should continue in 1955.

Canned Fish—Important markets formerly closed because of monetary difficulties were re-opened in 1954 and accounted for the exceptionally large sale of canned salmon during the year. The United Kingdom returned the purchase of salmon to private trade under a $7 million allocation from dollar sources and Australia and New Zealand once again bought this product after a lapse of several years. New Zealand removed restrictions on imports entirely and Australia established a quota for shipments from both Canada and the United States. South Africa placed canned salmon

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Table Two
Fisheries Products
Exports by Countries—Past 5 Years

	1950		1951		1952		1953		1954	
	$000	%	$000	%	$000	%	$000	%	$000	%
All Areas	118,554	100·0	124,600	100·0	117,206	100·0	114,389	100·0	132,651	100·0
United States	80,554	68·0	85,169	68·0	87,705	74·8	83,194	72·7	89,790	67·8
Total—British Caribbean	4,128	3·5	4,478	3·6	5,131	4·4	5,841	5·1	6,652	5·0
Jamaica	2,216	1·9	2,537	2·0	2,599	2·2	3,309	2·9	3,708	2·8
Barbados	543	·4	503	·4	412	·4	428	·4	506	0·4
Leeward and Windward Islands	462	·4	593	·5	653	·6	681	·6	716	0·5
Trinidad and Tobago	447	·4	372	·3	1,071	·9	1,001	·9	1,162	0·9
Other British Caribbean	511	·4	453	·4	396	·3	422	·3	560	0·4
Total—Non-British Caribbean	10,879	9·2	11,208	9·0	11,879	10·1	9,603	8·4	9,214	6·9
Puerto Rico	4,795	4·0	4,954	4·0	4,747	4·0	3,784	3·3	2,910	2·2
Cuba	3,025	2·6	2,647	2·1	2,917	2·5	2,052	1·8	2,298	1·7
Dominican Republic	1,190	1·0	1,500	1·2	1,710	1·5	1,633	1·4	1,696	1·3
Haiti	964	·8	1,169	·9	1,450	1·2	1,068	1·0	1,377	1·0
Other Caribbean	905	·8	938	·8	1,055	·9	1,066	·9	933	0·7
Total—Europe	20,004	16·9	19,757	15·8	9,094	7·8	13,673	12·0	21,250	16·0
United Kingdom	5,381	4·5	8,801	7·0	1,312	1·1	5,248	4·6	12,005	9·1
Belgium and Luxembourg	5,374	4·5	2,550	2·0	2,577	2·2	2,643	2·3	2,559	1·9
Portugal	4,068	3·4	2,039	1·6	788	·7	593	·5	530	0·4
Italy	2,890	2·4	3,732	3·0	2,666	2·3	2,088	1·8	2,643	2·0
Netherlands	926	·8	1,039	·8	736	·6	950	·8	1,123	0·8
Other Europe	1,365	1·3	1,596	1·4	1,015	·9	2,151	2·0	2,390	1·8
Total—All other countries	2,620	2·2	3,988	3·2	3,397	2·9	2,078	1·8	5,745	4·3
Other Commonwealth	876	·7	1,510	1·2	994	·8	675	·6	2,475	1·9
Brazil	496	·4	900	·7	497	·4	72	·1	1,550	1·2
Belgian Congo	369	·3	203	·2	608	·5	71	....	12	....
China	174	·1	166	·1	383	·3	472	·4	158	0·1
Philippine Islands	143	·1	658	·5	158	·1	72	·1	188	0·1
Colombia	138	·1	18	....	....	....	99	·1	91	....
All other countries	424	·5	533	·5	757	·7	617	·5	1,271	1·0
Total—Commonwealth countries	10,408	8·8	14,839	11·9	7,437	6·3	11,764	10·3	14,480	10·9

from Canada on the list of admissible consumers' goods and the West Coast packers welcomed the opportunity of entering that important market. The outlook for canned salmon in 1955 is encouraging.

Canned sardines may now be imported freely into New Zealand and the British Caribbean and there should be no trouble in marketing normal supplies this year. Only a few major outlets remain closed to imports of Canadian canned sardines and it is hoped that this year will see some progress made towards the relaxation of restrictions in the remaining countries.

Exports of lobster and other shellfish remained about the same in 1954 in relation to 1953. The United Kingdom Token Shipment Scheme for canned lobster and paste is still in effect and sales during 1955 to the United States should be fairly good.

By-Products—The United States has a strong demand for fishmeals produced on both the west and east coasts of Canada and this should continue during 1955. Current trends indicate that exports of herring oil to the United States will also be firm.

Imports of fisheries products into Canada from all sources during the first eleven months of 1954 exceeded in value $9·6 million, representing an increase of over 23 per cent compared with shipments during the corresponding period in 1953. Principal items included frozen tuna from Japan and canned fish from the United States and Norway. Some 26 foreign countries competed in the Canadian domestic market last year—a market which is free of any special restrictions on imports of fish and fish products.

Fisheries Products Display

The fisheries products display in Rockefeller Centre, New York City, will be again presented during the fall of 1955, and will feature products available for export not only to the United States but also to Latin American and European markets.

Many representatives of foreign countries have offices in New York City and make frequent visits to the Canadian Showroom to discover what types of products Canada can supply. Last year over 30 firms from coast to coast participated in the fisheries exhibit which the Department of Trade and Commerce sponsors as a service to industry. ●

fairs and exhibitions

Canada at the British Plastics Show

FOR THE FIRST TIME, Canada will take part in the British Plastics Exhibition which will open in London on June first. Fifteen Canadian firms, producers of the basic raw materials for plastics manufacturing and of such finished products as arborite laminates and moulding, panelyte industrial laminates and decorative laminates are joining forces in a Canadian Government exhibit.

This is the British plastics industry's third show. It will run from June 1 to 11, and over 100 United Kingdom plastics manufacturers will be exhibiting on the 33,000 square feet of space reserved in the National Hall at Olympia. The industry will hold its convention concurrently (from June 2 to 9), during which experts will read papers on 12 phases of plastics manufacturing. To encourage buyer attendance, an official travel agent, Thomas Cook & Sons, has been appointed and full particulars of the exhibition and convention will be available at its offices and at those of British European Airways, British Overseas Airways and Wagon Lits. The Exhibition is organized by *British Plastics,* Iliffe Press, Dorset House, Stamford Street, London, S.E. 1, with the full co-operation of the British Plastics Federation which will have an information bureau in the show.

For Gift Buyers

THE BEAUTIFUL AND THE UNUSUAL will be collected in the exhibition rooms of New York's Astor Hotel for the third United States International Gift and Fancy Goods Show. Open only to recognized members of the trade—wholesalers, distributors and buyers from department stores, gift shops, etc.—the 1955 show will run from August 21 to 26.

Last year, over 400 manufacturers from 46 countries, including Austria, Belgium, Denmark, England, Finland, France, Germany, India, Iran, Italy, Mexico, Scotland, Spain and Switzerland showed their products to 11,977 buyers from 42 states in the U.S.A., from Canada and from a number of foreign countries. Besides the expected—glass, ceramics, leather goods, jewellery, metal artware and souvenirs—there were numerous exhibits in the 1954 show of housewares, food specialties, watches, textiles and textile products, slippers, greeting cards, cutlery, household linens, kitchen equipment and utensils, home-bar accessories, etc. The management expects this year's show to be even larger and more productive of business.

For information on the 1955 exhibition, write to: International Gift and Fancy Goods Show Inc., Suite 1103, 331 Madison Avenue, New York 17, N.Y.

Gastronomy and the Guest

THIS YEAR, Dusseldorf will be host to "Gastronomy and the Guest", the International Hotel Trade and Catering Exhibition to be held from April 29 to May 8. Exhibits will be welcomed from any firm, association or commercial institution concerned with gastronomy, the supplying of hotels and restaurants and the tourist trade.

The organizers write that they are "specially interested in the products and achievements of the refrigeration and heating industry of your country". Some of the goods which they think Canadian firms would find it worthwhile to display are commercial refrigerators and deep freezers, specially designed chrome furniture, air conditioning and heating units, and automatic hotel and restaurant equipment (frying, grilling and boiling devices, dishwashers, etc.).

This international show, dedicated to food and cooking, is organized by Nordwestdeutsche Ausstellungs-Gesellschaft MBH, the society responsible for a number of large international exhibitions and for Germany's participation in the Canadian International Trade Fair. The Canadian representative of NOWEA, Gerd Schnier, 594 Indian Road, Toronto, can supply full information.

World Traders at St. Erik's

THIRTEEN YEARS AGO, in 1943, Sweden was the only exhibitor at its own International St. Erik's Fair. Two years later, the number of exhibiting countries had grown to six and last year they totalled 29—from North America, South America, Europe and the Far East. The management is justly proud of the Fair's

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growth and is now sending out invitations for the 13th International St. Erik's Fair to be held in Stockholm from August 27 to September 11 this year.

For the 1955 Fair, public visiting hours have been cut down to make it easier for the exhibitor and the buyer to get down to serious business. The exhibit categories range from heavy equipment for road-building and transport to delicate clocks, watches and jewellery; from the prosaic—tools, office furniture and paper, to the more fanciful—bric-a-brac, handicrafts and toys. The textile, chemical, mining, printing and food and drink industries will be represented, among many others.

For information on the St. Erik's Fair write to the First Secretary, Royal Legation of Sweden, 720 Manor Road, Rockcliffe, Ontario.

Canadian Aircraft at U.S. Show

THE NEWEST SECTION at the Canadian International Trade Fair, the aircraft section, will be publicized in a Canadian Government exhibit at the fourth International Aviation Trade Show being held in New York on May 4, 5 and 6. The CITF's aviation section was initiated last year.

The International Aviation Trade Show is the only business show for aviation held in the United States. Presenting a display of the materials, products and services of the aircraft industry, it will be held this year in the 69th Regiment Armory in New York. The sponsors of the show are Aircraft Trade Shows, Inc., Hotel McAlpin, New York 1, N.Y.

Two British Radio Shows

LEADING MANUFACTURERS of radio and television and many manufacturers of gramophone and sound reproduction equipment, components and valves will take part in the next British National Radio Show. Dates are August 24 to September 3, with a special preview for overseas and special visitors on the 23rd; location is Earls Court, London.

Special demonstrations of electronic equipment for industry and research, a training display and exhibits by the Services of communications and navigational aids are planned. The BBC will show television programs in production, and because commercial TV begins in England at just about the same time, it is likely that competitive TV productions will appear in the Show. VHF (FM) sound broadcasting, which is being extended in Great Britain this summer, will be featured in a number of exhibits and demonstrations. Organizers of the Show are the Radio Industry Council, 59 Russell Square, London, W.C. 1.

ONE HUNDRED AND FORTY-TWO EXHIBITORS will take part in the 12th British Radio Component Show at Grosvenor House, London, from April 19 to 21. Organizers are the Radio and Electronic Component Manufacturers' Federation, 22 Surrey Street, London, W.C. 2. Since the value of British exports of radio and electronic components increased last year by 30 per cent over 1953, the organizers expect buyer attendance to at least equal last year's when some 30 countries were represented in this group.

Instruments Made in Britain

"THE LARGEST OF ITS KIND"—that is the claim of the Third British Instrument Industries Exhibition to be held at Earls Court in London from June 28 to July 9. The latest models in scientific and electrical instruments, industrial meters, automatic controls, scientific glassware and drawing office equipment will be demonstrated by experienced technicians.

Concurrently, the 10th International Printing Machinery and Allied Trades' Exhibition will be conveniently on view at Olympia (only a few hundred yards from Earls Court). Visitors to the Instrument Industries Exhibition will have an opportunity to see the use of instruments, including temperature control, in the printing trade.

Fairs in Canada

Canadian Restaurant Association
March 28-31, Exhibition Park, Toronto. For information write: Mrs. F. G. Montgomery, 415 Bloor Street W., Toronto.

Better Home Builders Show
April 18-23, Show Mart, Montreal. For information write: Eastern Canada Exhibition Inc., 423 Ontario Street East, Montreal.

Office Machinery and Equipment Exposition
May 22-26, Mutual Street Arena, Toronto. For information write: E. L. Smart, Confederation Life Association, 12 Richmond Street West, Toronto.

Eighth Canadian International Trade Fair
May 30-June 10, Exhibition Park, Toronto. For information write: The Administrator, Canadian International Trade Fair, Exhibition Park, Toronto.

POLAND INVITES Canadian businessmen to take part in the 24th International Poznan Fair to be held from July 3 to 24, 1955. Write for information to the Chargé d'Affaires, Legation of Poland, 183 Carling Avenue, Ottawa.

Spotlight on South Africa

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

Current and promised relaxations in import restrictions in South Africa should encourage Canadian companies to step up their sales efforts. Here are some hints on how to promote your goods in this market.

SEVERAL CIRCUMSTANCES have combined recently to turn the attention of Canadian businessmen to the South African market. Growing foreign exchange reserves have made it possible for the South African authorities to relax import controls and other relaxations are expected during the year. In fact, the Government has announced that this gradual removal of controls will lead eventually to their abolition when exchange resources are large enough. Forecasts of when this will be possible range from twelve to twenty-four months from now.

Opportunities Opening Up

The lowering of these barriers looks promising to Canadian exporters who want to find South African customers. But before the Canadian businessman plans a trip to the Union to investigate future possibilities, he should bear one or two things in mind. First of all, the termination of import control will not automatically mean larger Canadian sales there. Conditions have changed since the immediate postwar years and the consumer is no longer starved for supplies—he wants variety. Second, domestic industry has expanded widely and tariff studies are currently under way to consider requests for protection by local manufacturers; some of these requests will probably be granted in whole or in part. Third, competition from foreign suppliers is keen. However, with these qualifications, interest in quality products, new products, and "something different" spell opportunity for certain Canadian companies.

Goods in Demand

Just how big a market is South Africa? In 1953, under strict import control, the Union purchased over £425 million worth of goods from abroad and the 1954 figure is known to be substantially larger. The United Kingdom led the list of suppliers, with £160 million worth, the United States came second with £78 million, and Germany third with £25 million. Canada ranked fourth, with sales worth about £18 million; most of the remainder came from other European countries and Japan.

Principal categories of imports into South Africa to the end of August 1954, with figures given in millions of pounds, were as follows: animals, agricultural and pastoral products—£7·2; foodstuffs—26·9; ales, spirits, wines and beverages—1·4; tobacco and manufactures thereof—0·7; fibres, yarns, textiles and apparel—84·8; metals, metal manufactures, machinery and vehicles—148·7; minerals, earthenware, glassware and cement—17·2; oils, waxes, resins, paints and varnishes—39·6; drugs, chemicals and fertilizers—12·4; leather, rubber and manufactures thereof—9·5; wood, cane, wicker and manufactures thereof—11·4; books, paper and stationery—14·5; jewellery, timepieces, fancy goods and musical instruments—4·5; miscellaneous—10·6; government stores—35·8.

Heading the list of goods bought from Canada were basic products like wheat, newsprint, paper, lumber and leather, automotive vehicles and parts. Since the beginning of 1954, there has been no discrimination against dollar imports. Unfortunately, although total imports from the dollar area as given in the latest figures have increased considerably, Canada's share has declined. But a drop in imports from Canada of wheat and automotive vehicles was offset by increases in other lines, mostly manufactured products.

The table below gives some idea of the products which made gains in the first nine months of 1954 compared with the first nine months of 1953:

Some Canadian Imports into South Africa

(in thousand dollars)

	First *9 months* 1953	First *9 months* 1954	*Increase* '54 over '53
Automobile parts	950	1,596	543
Primary aluminum	624	1,042	418
Drugs and chemicals, n.o.p.*	153	504	351
Cellulose products	46	379	334
Synthetic thread, fibre, yarn	56	378	321
Kraft wrapping paper	345	593	249
Tallow	15	362	246
Uncut bond and writing paper	186	423	237
Electrical apparatus	435	643	208
Films†	......	188	188
Calcium compounds	214	390	175
Synthetic resin manufactures	66	180	115
Rubber manufactures	47	156	109
Sparkplugs	243	342	99

* Does not include polystyrene, synthetic resins and manufactures, ink, cobalt compounds, soda and sodium compounds, calcium compounds, perfumes, toilet preparations, dyes and dyestuffs, medicinal preparations, acids, pigments, paints.
† Does not include motion picture film.

The information in this article is intended to give only a meagre idea of the possibilities for overseas goods in this area. Where prices are competitive, there are excellent opportunities for goods ranging all the way from raw materials for growing industries to completely manufactured articles.

Will your product sell in South Africa? If you want a preliminary answer to this question, write to the Canadian Trade Commissioners in Johannesburg and Cape Town, who are in a position to make a market survey on your behalf. Should this preliminary investigation prove that your product has definite possibilities your next step should be to visit the market yourself. This will give you a chance to choose a local representative to canvass the trade, to call yourself on prospective customers, to examine samples of competitors' products, and in particular cases gain first-hand knowledge of local conditions such as climate, storage facilities, methods of retailing, etc., which may affect your goods. If you write to the Trade Commissioners well in advance of setting out, they can gather necessary data, such as competitive prices, and arrange appointments.

Tips for the Traveller

Once you have decided to visit South Africa, a number of questions arise. What is the best time to come? Are there any travel problems? What are the government regulations about business visitors? Because South Africa lies below the Equator the seasons are directly opposite to those in Canada. October to March offers the most pleasant weather for the traveller but the big holiday season during December and January should be avoided.

The Union welcomes business visitors and Canadians do not require a visa nor any special health certificates. Travellers are permitted to bring only £10 in South African currency into the country. For convenience, the visitor should use a letter of credit or bank draft to purchase travellers' cheques in South African currency and thus save numerous trips to the bank. Otherwise United States, Canadian and sterling funds are easily negotiable.

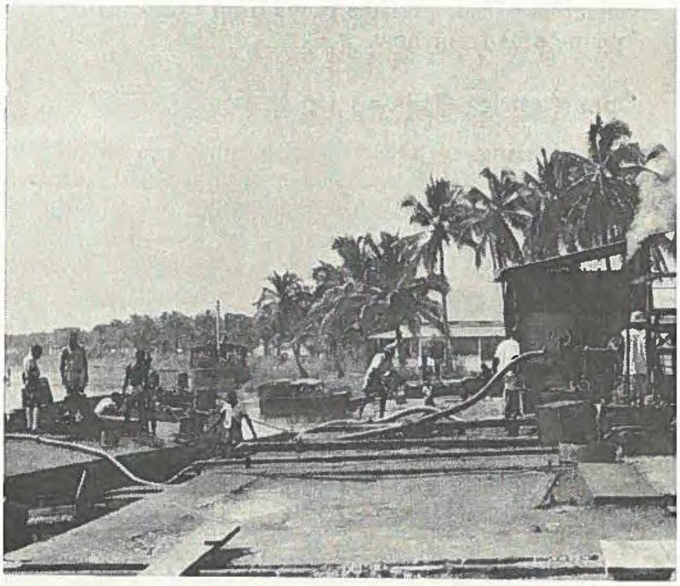
The Canadian businessman should plan to visit the main centres of Johannesburg, Durban and Cape Town, and in most cases it would also be worthwhile to go to East London and Port Elizabeth. Two weeks should be the minimum for a business trip.

Those to whom the South African market offers definite prospects should visit it *now* to make or renew contacts. Meet your agent and your customers and study your competitors' products and methods on the spot. Then perhaps you will find yourself in the position of one important Canadian manufacturer who followed this advice and secured business in the face of severe competition. There is no substitute for the intimate knowledge of local conditions and the personal contacts which result from a visit to the market. ●

Palm Oil
from Congo plantations

PALM OIL PRODUCTION in the Belgian Congo has made amazing strides since the end of the First World War when output totalled only 5,000 tons. Today—some 36 years later—the Belgian Congo ranks after Nigeria and Indonesia as the third largest world exporter of palm oil. Over 400 thousand acres (including 150 thousand native-planted acres) are now devoted to palm-growing.

The palm oil trees flourish in many regions of the Congo with the exception of the mountainous part of the eastern Congo (Kivu Province) and the barren areas of the Katanga Province (the Congo copper belt). Two types of oil are produced from the eleais palm: the palm oil from the pulp of the fruit, and the palm kernel oil pressed from kernels. The remains of the kernels are used as a valuable cattle-cake food.



At Dima, in the Belgian Congo, palm oil produced by a company which dates back to 1901 is pumped onto a barge to be shipped in bulk to an ocean port and so to foreign customers. Today the Congo is world's third largest palm oil exporter.

Development Activities

The Belgian Congo authorities, and indeed the private plantations, are spending thousands of dollars every year in the experimental selection of seeds. The work of the 18 INEAC (Institut National pour l'Etude Agronomique du Congo Belge) Congo experimental stations scattered across this huge colony is centered at Yangambi, some 850 miles up the Congo River from Leopoldville. There INEAC has more than

60,000 palm trees, in different stages of growth, under scientific observation. The Yangambi INEAC station assimilates data on palm oil trees from other growing regions and offers valuable assistance to the European and African planters. Its scientific seed selection has been a factor in giving the plantations in some areas a mean yield of 21 cwt. of palm oil, or better, per acre.

Export Regulations

The Congo regulations for the export of all palm oil produce are rigid and demand an official laboratory analysis before shipment can be made. Palm oil exports are subject to licence and, when the oil has over 8·50 per cent free fatty acid content, a special export licence must be obtained before the shipment can go forward.

The marketing and grading of the oil is done by individual firms and by "Congopalm", a voluntary pool which exports about 85 per cent of the Congo's palm oil. The Congo firms have made remarkable progress in controlling the free fatty acid content of their exports and overseas contracts calling for as low as 2 per cent can be met without too much difficulty.

Exports Today and Tomorrow

Exports of palm oil products during 1953 fetched approximately $40 million, about 10 per cent of the Congo's total exports (in 1951 the percentage was 18). Palm oil exports alone reached about 140 thousand tons. The principal markets are Belgium, the United States, Germany and the United Kingdom, which together took nearly 118 thousand metric tons in 1953. Canadian purchases of palm oil in 1953 reached 231,044 cwt., valued at $1·9 million. For the first nine months of 1954 Canadian manufacturers used 124,748 cwt., valued at $1·1 million.

Exports of palm kernels, although not nearly as important as palm oil, represent about 12 per cent of the total supply in the world market. During 1953, 80 per cent of the Congo's exports of 88,000 tons went to Belgium and Germany.

Prospects

Despite the fall in world prices of palm oil and the introduction of substitutes—notably in the soap-making industry and to some extent in the metallurgical field—the palm oil producers are not altogether pessimistic. Exports have been maintained at a high level and producers are further encouraged by the fact that the use of Congo palm oil in food production has increased appreciably. This growth may eventually offset the reduced sales in the other industries.

A.B. BRODIE,
Trade Commissioner, Leopoldville.

Nicaragua's Agriculture Prospers

COTTON FARMING is expanding rapidly in Nicaragua and pacing an agricultural boom. In fact, combed or carded cotton could become the country's principal export in 1955 replacing coffee, the traditional leader. Only recently has cotton become so important. None was exported in 1948 but since then shipments have increased each year; by 1954 they were estimated at 100 thousand 500-pound bales worth about $16 million. Forecasts of the current crop, to be harvested during the next two months, indicate that this value will be more than doubled.

The bulk of the cotton is a medium staple of from $1\frac{1}{16}$ to $1\frac{3}{32}$ inches in length. It is marketed through New York brokers but is destined chiefly for West Germany and Japan. It is said that most of the crop has already been sold for delivery in March and April.

Progress in Agriculture

Rice-growing and cattle-raising are also making notable progress. Breeding stock of the new Santa Cruz variety has been imported under government sponsorship and is reported to be doing well. Production of coffee has also expanded, though not so impressively as that of cotton. Exports for 1954 are estimated at $24 million, a figure which could be greatly exceeded in 1955, judging by present indications. By December 15, 1954, sales of 201,829 quintals of the 1954-55 coffee crop had been contracted for at an average price of $69.81 per quintal, and latest estimates suggest that total production may reach 660 thousand quintals.

Machinery Imports

The new agriculture is highly mechanized and imports of farm machinery—particularly diesel tractors, cotton-pickers and rice combines—have been substantial. Located on flat land along the Pacific Coast and the central lakes in large ownership units, Nicaragua's cotton and rice production is ideally suited to mechanization. Overseas purchases of farm implements and tractors (excluding parts) cost $1,723,000 in 1952, $2,284,000 in 1953 and more than $2,800,000 during the first six months of 1954, the last period for which complete figures are available. The United States has supplied the greater part of these imports, although Canadian companies are well represented through their American subsidiaries.

All indications are that the coming year will be one of the most prosperous in Nicaragua's history and that foreign exchange will be well able to cover continued heavy purchases of capital equipment.

J. R. MIDWINTER,
Assistant Trade Commissioner, Guatemala City.

SÃO PAULO

THE CITY OF SÃO PAULO and the surrounding region represent the largest single marketing area of Brazil. The city has over two and a half million people, is ranked as the sixth largest in the Americas, and has earned the reputation of "the fastest growing city in the world"—with a population increase of 68 per cent between 1940 and 1950.

Within a 50-mile radius extending from São Paulo west to Sorocaba, north to Campinas and east to Mogi das Cruzes is a region with only 5 per cent of the total land area of the State but with 40 per cent of the nine million population residing within its boundaries. This is an accessible and populous market with a higher standard of living than most of Brazil. But it is a market that has seen imports of foreign consumer goods cut severely because of Brazil's present foreign exchange difficulties.

Branch Plants Established

However, scores of U.S., German, Italian and British firms have managed to retain their market in Brazil by establishing branch plants or arranging for the royalty production of their goods. Previously, these firms enjoyed sizable sales in Brazil and when it became clear that to keep selling they would have to establish manufacturing plants in Brazil, they found it profitable to do so. The stores of São Paulo are filled with goods bearing trade-marks famous the world over, accompanied by a small inscription indicating their Brazilian manufacture.

At the moment, this is the most satisfactory way that foreign firms can retain their share of the Paulista demand for consumer goods. Canadian firms should be aware of this possibility and examine the prospects closely. Even if such a venture is not feasible, the Brazilian market should not be ignored because of the exchange difficulties. When this market opens up, it will be a discriminating one, educated by the foreign firms located in Brazil and their national counterparts. The Canadian firms that will succeed in securing business are those which are familiar with the tastes of the Paulista and have kept their Brazilian contacts alive.

But who is this new, urban Paulista who is attracting such attention? What are his tastes, resources and needs? What is his income and what does he spend it on? Does he own his home and is it serviced with gas and electricity? The answers to these and similar questions provide clues to the future of this market.

Age and Occupations

The population of the city is approaching three million and is being swelled mostly by natural increase and the movement of the farm population to the cities. Immigration is negligible. Approximately 32 per cent of the inhabitants are under 15 years old, 65 per cent between 15 and 59, and only 3 per cent over 60 years old. This compares with Canadian figures (1951) of 31, 58, and 11 per cent respectively.

Unlike most of Brazil, São Paulo has a relatively high literacy rate. In 1952, approximately 83 per cent of those over seven years of age could read and write; in Brazil as a whole, it is estimated that only 65 per cent are literate. This accounts in part for the greater emphasis on newspaper and billboard advertising in this area.

According to a survey of the labour force conducted in December 1953, approximately 43·3 per cent of the working force were employed in manufacturing industries, 20·3 per cent in commerce, 8·8 per cent in domestic service and schools, and 5·3 per cent in transportation and communications. About 1·7 per cent then were unemployed. Working hours per week averaged 43·1.

Average pay scales for various occupations during 1953 are given below. This information, coupled with the wage indexes that are also given (1939=100) and the fact that the cost-of-living index stood at 696 per cent (1939=100) at the end of 1953, indicates

market with a future

Living in a city growing by leaps and bounds, the progressive, energetic Paulistas are customers to be cultivated, against the day when Brazil will be able to buy Canadian goods more freely.

· G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, São Paulo.*

the slight real increase in the standard of living up to the end of 1953.

Occupation	*1953 Salary for eight hour day*	*Index (1939=100)*
Bricklayer	Cr.$100.00	696
Carpenter	110.60	659
Painter	96.00	750
Plumber	135.70	808
Electrician	126.90	512
Lathe operator	102.80	357
Unskilled industrial worker	46.00	548
Skilled industrial worker	80.00	......
Bus driver	113.60	......
Typesetter	119.90	769
Printer	126.80	857

(Free rate $1.00 Cdn.=Cr.$75.00.)

In May 1954 a new minimum wage law was enacted, raising the minimum monthly wage from Ch.$1,190 to Cr.$2,300. Naturally this had repercussions in the higher wage groups as a relative difference had to be maintained between various classes to keep industrial peace. Figures on current average wages are not yet available.

In September 1954 workers in commerce negotiated a 50 per cent increase for most salary ranges. With the cost-of-living index for September 1954 at 827 per cent such increases only serve to keep wages in step with prices.

What have these soaring wage and price indexes meant to São Paulo workers? One of the most reliable appraisals of the progress of the São Paulo worker since 1939, undertaken by the Brazilian Economic Institute, states that the standard of living of the lower classes has shown marked improvement, but that of the white collar worker has barely remained constant or has perhaps dropped.

Typical Family Budget

Two reliable investigations on the use of the family income have been undertaken in the past eight years. One was conducted in 1946 by an organization called "Social Service for Industrial Workers" in the Federal District and the other was made in São Paulo at the time of the 1950 census. The percentage breakdown of expenses for the two surveys are given below:

	Percentage of total expenditure	
	1946	*1950*
Food	54·1	41·1
Housing	11·3	21·6
Transportation	3·4	3·3
Clothing	11·0	9·3
Hygiene	2·8	
Medicines	2·2	9·3
Doctor	0·4	
Dentist	1·3	
Social Security	4·3	
Recreation	3·4	15·4
Education	1·6	
Miscellaneous	4·1	

It is interesting to note the smaller amount spent for food in São Paulo in 1950 compared with 1946 and the noticeably larger amounts spent for housing and medical care. When the importance of food in the family budget begins to lessen, most people see evidence of an actual rise in the standard of living.

The typical Paulista is usually better clothed than he is housed or fed. Epidemic disease has been eliminated, but intestinal disorders still plague the population and death rates from tuberculosis and other infectious diseases are still high. This accounts for the disproportionate amount of the budget spent on medical care.

Housing and Transportation

A typical São Paulo house of the better type is built mostly of brick and masonry. Somehow these buildings quickly take on an appearance of age so that the new parts of the city appear more settled and mature than Canadian communities with a longer history.

The 1950 census gives the following figures for types of dwelling units and ownership status in the city of São Paulo.

Types of construction	*% of dwellings*
Brick	89
Wood	2
Other	9
Ownership status	
Owned	16
Rented	72
Being acquired	9
Free	3

Services are remarkably good considering the fantastic growth of São Paulo. The following figures give the situation at the end of 1952:

Services	*% of dwellings having indicated services*
Piped water	58
Electric light	96
Gas	9
Piped sewage	40
Septic tank	9
Cesspool	50

This survey also revealed that 74 per cent of the houses had radios and 32 per cent sewing machines, an indication of the durable consumer goods being purchased by the working class.

Car ownership in the State of São Paulo is approximately one car to every 75 people, compared with one car to every 4·3 people in Canada. The figure for the city is higher, approaching one car for every 40 people. Car ownership is lower than it might be if imported automobiles were less expensive.

Stimulation of Consumer Demand

The Paulista is literally bombarded with consumer advertising. There are twelve radio stations, three television stations and thirteen large newspapers competing for advertising accounts. In addition, every building under construction (of which there are many) carries billboard advertising. Consumer advertisements are not as prominent as industrial ones, but nevertheless they are increasing in size and frequency. Only the larger stores use advertising.

The introduction of the credit plan has revolutionized the São Paulo retail trade. Hardly an advertisement appears without carrying the price in monthly instalments as well as the cash price. In fact, in many stores even price tags on the goods carry this information. From all indications credit accounts are met promptly.

One internationally known department store chain has had such success with its first store that a second one is scheduled to open this year. Its merchandising policy, appearance, and layout are hardly distinguishable from its stores in Canada and the United States.

Although the large department store is gaining in popularity, the working classes still patronize small specialized shops where merchandise is of a poorer quality and less expensive.

On March 24, 1953, another revolution in retail selling occurred with the opening of Brazil's first supermarket. Its success was quickly followed by the opening of two other supermarkets. The manager of one of these stores estimates that 65 per cent of his customers are Brazilian and the rest foreigners. This modern method of retail food distribution has been quickly accepted by the Paulista.

The opening of the Ibirapuera Park, in celebration of the fourth centenary of São Paulo, has had a great effect on the consumer. Here many types of goods are on display. The Park has become a recreational centre for the lower and middle classes and in many ways corresponds to a huge department store. The Paulista can compare local goods and foreign products in appearance, utility, and occasionally price.

With a rising standard of living and knowledge of the goods available, the Paulista consumer should be a ready customer. Unfortunately, because of the foreign exchange situation (see *Foreign Trade* of August 7, 1954) this market cannot be tapped immediately. But a little missionary work now may bring the Canadian manufacturer good results in a few years' time.

Fruits in Plastic

Plastic packaging is moving in on the fruit trade but in a different way from its application in the fresh vegetable field. Plastic bags are being used not by the retailers but by the packers, as liners for the regular wooden or fibreboard shipping boxes. They protect the fruit during storage and shipment, lengthen the life and reduce spoilage. The principal crop receiving such protection so far is pears. After packing, most of the air is pumped out of the plastic bag and it is then sealed. This slows up the breathing of the ripening pears and is calculated to lengthen the life of the fruit in cold storage by six to eight weeks. For some varieties of pears, the shelf-life in the store is doubled. Although the cost is higher, retailers find the result is less spoilage, generally higher quality and more uniform ripening. So far the customer has been willing to pay for the higher quality. The packers gain through premium prices and better control of supplies of fresh pears reaching the market. Similar liners are being tested for the shipment of other fruits such as sweet cherries, table grapes and various kinds of apples—New York, Feb. 4.

The Colon Free Zone and its services

Canadian companies selling small, high-value lines to certain parts of Central and South America might use the Colon free zone in Panama to advantage.

J. R. MIDWINTER, *Assistant Trade Commissioner, Guatemala City.*

CANADIAN FIRMS exporting to markets in Central America and in the northern part of South America might profitably investigate the facilities offered by the Colon Free Zone of the Republic of Panama, first established in 1948.

Not all exporters can make use of the Zone but for certain lines—particularly small, high-value ones such as drugs or cosmetics—it offers a number of advantages. European and American companies already there include manufacturers of tires, drugs, toilet articles, razor blades, soft drinks, perfumes and cigarettes and they find it a useful warehouse and distribution point.

Advantages of Using Zone

Use of the Zone can cut costs and save time in a number of ways. First, goods may be shipped in bulk to Colon, broken up there into smaller lots, and distributed by air or sea to the surrounding countries. Many of the markets in the area are small and difficult of access and direct shippers find costs increased by minimum charges not only for ocean freight, but also for less-than-carload lots by rail at both ends. Often goods must be trans-shipped at the Isthmus or some other port.

With a stock in Colon, orders in the area can be filled quickly and easily by air. Cargo charges north to San Jose, Managua and other points are fairly moderate and much lower than southbound rates over the same route. The largest markets are inland and air-carriage direct to the large cities avoids expensive movement from the ports by rail or road.

Some manufacturers have been investigating the possibility of using the Zone as a spare parts depot to avoid maintaining duplicate stocks in each of a half-dozen small markets. Again, air cargo provides cheap and convenient service. Distributors and importers in the countries concerned need not, under this arrangement, carry such large stocks nor order months ahead.

The operator may choose several avenues of exit from the Colon Free Zone. First, he may re-export his product to any foreign country by sea or air. Second, he may sell to ships in transit through the Panama Canal or to aircraft landing at the National Airport near Panama City. Third, he may distribute his goods within the Republic of Panama after going through the usual customs routine. Last, he may make deliveries to the Panama Canal Company or other U.S. agencies operating inside the Canal Zone, although, generally speaking, only to fill orders issued by the company's purchasing officers in New York.

Build or Lease

Once within the Zone, the exporter may erect his own building on land leased from the authorities at ten cents a square metre per month, based on a 25-year contract. In addition to storing his goods, he may then carry out a wide range of activities, such as packing, manufacturing, assembling, refining or bottling.

If the exporting company does not wish to build, it may lease a warehouse or floor space from the Free Zone at from 55 to 75 cents per square metre a month, depending upon the area rented and the term of the contract.

Finally, the exporter may obtain warehouse and distribution services without the expense of acquiring his own installations or maintaining personnel—though it may be desirable to do so if the product to be handled is highly specialized or complex. A number of reliable Panamanian companies own warehouses in the Zone and are able to store and reship as instructed on an agreed fee basis. In addition, the Free Zone authority will itself undertake such commissions.

Inside space has been limited and at the end of 1954, 17 foreign companies had applications pending and awaiting accommodation. However, at last report the Free Zone had announced plans to begin construction in January of another warehouse of 4,500 square metres capacity, to be completed by September.

Shippers would be unwise to consider using the Free Zone for storage of perishables, at least at its present stage of development. There is no public cold storage establishment, although a local firm does have a limited amount of refrigerated space in its warehouse.

Only goods permitted entry into the Republic of Panama may be stored in the Free Zone. At the end of December, import of the following products of interest to Canada was prohibited: edible oils, leather and cured hides, conserved strawberries, poultry, eggs, condensed milk and tallow.

To make use of the Zone, the prospective client must sign a long-term contract with the authorities. Briefly, the agreement provides that operations within the Zone shall be carried on in accordance with the laws of Panama and makes clear that the payment of income and other taxes may be required, though certain guarantees and exemptions are set forth. Clients are assured that the withdrawal of profits or other transfer of funds to and from the Zone will not be restricted. Because the U.S. dollar is free currency in Panama, there are no exchange problems and the Government permits accounts to be carried, paid or collected in dollars.

This brief review is designed merely to indicate some of the advantages of using the Colon Free Zone. Any reader who would like full information should write to the Colon Free Zone, P.O. Box 1118, Colon, Republic of Panama.

CUBA: the prospects for oil

THE STORY OF OIL IN CUBA goes back to Columbus's discovery of the island in 1492. His account of his voyages and the reports of other early explorers tell how the Indians used asphalt and tars to caulk their canoes. More recent geological surveys do not rule out the possibility of important oil strikes. They reach the conclusion, however, that because of the fractured strata in the most likely areas and the high incidence of asphalt, commercial grades of petroleum which might once have been found there have probably long since diffused, escaped to the surface and been lost.

The Prospects

Since the failure of earlier oil explorations by major United States companies, some petroleum geologists have held the opinion that Cuba has possibilities as a wildcat country. They believe the most likely areas in which to find unfissured oil structures still enclosing commercial oil deposits are southern Cuban basins and other areas of less intense folding. Past and present production of petroleum and naphtha from the Bacuranao (1914), Motebo (1934) and Jarahueca (1943) fields along the north central coast has been scanty and all from faulted serpentine areas. Cumulative recorded production through 1949 of these three fields was only two million barrels, of which Bacuranao (no longer producing) contributed only about 7 per cent.

The growing realization that sugar production alone no longer offers economic security has perhaps stimulated the new Cuban interest in oil exploration. In addition to government encouragement and financial aid, twelve companies are now actively drilling in various parts of the island, chiefly at Jatibonico, Jarahueca, Placetas, Arroyo Blanco, and Motembo. Capital invested in these operations since the first of May strike at Jatibonico is said to be over $10 million, of which a significant portion is Cuban.

Present production, at about one thousand barrels per day, is very far from meeting the total Cuban daily consumption of 50,000 barrels. However, the ministry responsible for mining and petroleum development has predicted that total national consumption can eventually be met from present operations.

Cuba's yearly bill for oil imports is now running at about $25 to $30 million; chief supplier is the Netherlands West Indies. Figures for 1953, recently published by the Cuban Commerce Ministry, show the relative share of petroleum products and coal in the country's imports of fuels:

CUBAN FUEL IMPORTS, 1953

Product	*Tons*
Coal	71,629
Gasoline	411,815
Gas-oil	155,905
Combustible petroleum (fuel oil)	1,036,710
Crude petroleum	464,963

The significance for Cuba of fuel independence is clear. It would mark a turning point in the country's economy, altering the structure of her international payments, reducing her present perilous dependence on sugar and, by providing a cheap domestic fuel other than sugar cane waste (bagasse), would open the door to new petro-chemical, plastics and pulp and paper industries. Another development which might follow is the creation of a domestic industry to treat mineral ores which are now sent to the United States for smelting and other processing.

Under the pressure of chronic seasonal unemployment in the sugar industry and current world marketing troubles, the vision of a new economy through greater industrial diversification is being energetically pursued in Cuba.

G. A. BROWNE,
Commercial Secretary, Havana.

SWITZERLAND at the Year's End

Swiss exports reached a postwar high in first eleven months of '54 but traditional deficit on trading account reappeared. Raw materials continue to bulk large in purchases from Canada.

W. VAN VLIET, *Commercial Secretary, Berne.*

NEARLY ALL THE BUSINESS YARDSTICKS show that the Swiss economy continued to be strong and prosperous during 1954. Prices remained stable, except for some small increases in food products. Total farm income remained unchanged because excellent potato, sugar beet and fruit crops compensated for smaller returns from grain and because fixed prices for Swiss-produced meats and dairy products were increased. Industrial wages rose slightly and unemployment practically disappeared; in fact, workers were brought in from foreign countries. Both home and industrial construction were more active than in 1953 and, to judge from outstanding permits, this activity should continue in 1955. The tourist industry, a valuable earner of foreign exchange, brought in more money than in the previous year, despite the poor weather. All this resulted in increased sales—retail sales of consumer goods alone were up by 3 to 4 per cent.

The Capital Market

Since 1951, capital has been abundant and interest rates have consequently declined. During 1954 this situation changed, as several factors continued to reduce available funds in the capital market. The unusual credit balance on trading account in 1953 gave way again to the traditional debit in 1954. Part of the increased compulsory savings contributions for old age security and pension programs was kept off the market by the Government. At the same time, both foreign loans and domestic capital needs increased appreciably. Arrangements for the bilateral settlement of 126 million Swiss francs ($28 million Canadian) of the outstanding Swiss EPU balances were a factor in the greater stability of the capital market.

Private Swiss banks increased substantially their loans to foreign governments or to private groups during 1954; individual loans over $2·3 million totalled $89·7 million compared with $50·6 million in 1953. These represent only a part of the total foreign investment which in 153 reached an estimated $286 million. Worthy of note in 1954 were a loan to France and the refinancing of assets previously frozen in Germany. The loans were tied in with the guaranteed delivery to Switzerland of minimum quantities of such raw materials as coal, iron and steel in the event of a shortage.

Switzerland added to its holdings of Canadian investments during 1954 both in securities and industrial development projects. At the beginning of that year, the major funded Canadian securities on the Swiss market were estimated at over $80 million, up 20-30 per cent over 1953. Increases during 1954 were smaller at first but picked up as confidence in the North American economy improved towards the end of the year. Examples of new Swiss projects undertaken in '53 are the construction and operation of a cement factory in the province of Quebec and a funded real estate development in Toronto involving some $10 million.

During wartime the Federal Government temporarily obtained certain fiscal and other powers from the cantons. These included the levying of a defence and turnover tax which makes up about half of Swiss national revenue. (The only important fiscal right accorded the central government under the constitution is customs revenue.) The tax arrangements were due to expire at the end of 1954 and, when agreement on a constitutional change failed, the present system was extended until 1958. Thus no major change in fiscal policy can be expected over the next few years.

Switzerland is not a member of GATT, although the matter of joining it was recently given close study by government and industry. A commission is revising the Swiss tariffs and is expected to present its report during 1955.

Movement of Trade

Swiss exports rose slightly to a new postwar high of 4·7 billion Swiss francs during the first eleven months of 1954, but the greater upsurge in imports resulted in a deficit on trading account of 301 million Swiss francs, compared with a surplus of 101 million Swiss francs the previous year. Imports between January and November 1954 equalled 5·1 billion Swiss francs compared with 4·6 billion the previous year. The Swiss economy is traditionally a surplus importer and foreign exchange earnings from tourists and from capital investment abroad are sufficient to pay for needed imports.

The total volume of imports in 1954 nearly equalled that of 1951, when the Korean outbreak led to heavy

Swiss cheese goes into a curing cellar for the ripening process; eventually it will form an important part of the country's cheese exports which go to many countries, including Canada. Switzerland also imports several types of food and agricultural products.

stockpiling. There was an element of forward buying last year also to build up stocks depleted below normal levels. Raw material imports did not, however, approach the 1951 figure which should mean that Switzerland will be an active buyer throughout 1955. The tendency towards larger imports of manufactures demonstrates the absorptive capacity of the Swiss market and the competition Swiss products face at home.

Imports of food and agricultural products did not change, partly because of legislative price and import controls. Sustained domestic supplies and a constant level of consumption have stabilized imports recently.

Swiss Imports

(million Swiss francs)

9 months	*Foodstuffs beverages and feeds Value*	*Raw materials Value*	*Manufactures Value*
1950	945·8	1,026·3	1,054·8
1951	1,017·2	1,737·5	1,712·5
1952	866·9	1,592·6	1,482·2
1953	916·7	1,230·6	1,514·6
1954	922·5	1,385·5	1,745·0

Trade by Countries

(million Swiss francs)

January 1-November 30

	1954	*1953*
1. Germany	1,126·4	936·9
2. United States	644·9	561·6
3. France	581·6	454·5
4. Italy	496·8	414·2
5. United Kingdom	289·7	314·6
6. Netherlands	230·5	214·2
7. BLEU	228·1	208·2
8. CANADA	137·1	187·0
9. Austria	97·1	84·2
10. Argentina	82·5	49·0

European countries have been providing an increasing amount of Swiss imports at the expense of North America. This is particularly true of manufactured goods; Switzerland still looks to North America for many raw materials.

Trade with Canada

For the first time in the postwar years Swiss exports to Canada did not increase in 1954, but remained about the same as in 1953, despite a drop of about 8 per cent in Canada's total imports. Swiss imports from Canada followed about the same trend as in 1953. Switzerland undertook forward buying of Canadian wheat towards the end of 1954 and this boosted Canadian sales above 1953. Swiss millers, quality-conscious, have proved an excellent outlet for Canadian wheat: in recent years, more than 80 per cent of total Swiss wheat imports have come from Canada.

Apart from grain, the remaining Canadian exports to Switzerland during 1954 showed practically no change from the $9·2 million sold in the previous year. Individual items did, however, change considerably. Automobile sales, for instance, dropped heavily. Canada shared in the very active Swiss raw material market by increasing deliveries of copper, aluminum, nickel and wood pulp. There were also increases in synthetic fibre products, drugs and chemicals, finished rubber products, machinery including small engines, office equipment, heating apparatus, etc. None the less, Canada did not share in the 15 per cent overall increase in Swiss imports during 1954.●

The "Buy American" Act

President Eisenhower's executive order outlining uniform standards and procedures to be applied in interpreting the Act is worth study by Canadian businessmen.

H. A. GILBERT, *Commercial Secretary, Washington.*

THE BUY AMERICAN ACT which became law on March 3, 1933, provided preference for United States suppliers bidding for government orders. The law fixed no specific percentage of price preference but instructed the Government to award contracts to domestic bidders, except where the quotations were unreasonable or the award would not be consistent with the public interest.

Chiefs of executive agencies interpreted "unreasonable" in various ways with the result that domestic suppliers have had, in the majority of cases, a price preference ranging from 25 to 35 per cent, making it extremely difficult for foreign bidders to participate in U.S. Government procurement.

In this connection, President Eisenhower issued an executive order on December 17, 1954, outlining uniform standards and procedures to be applied in administering the Buy American Act. By this order, procurement agencies have now been given two specific standards for use in reaching a decision whether a price is unreasonable. The bid of a domestic supplier shall be considered unreasonable if:

1. It exceeds by six per cent that of a foreign offer inclusive of tariff, transportation, and other costs incurred after arrival in the U.S., or:
2. It exceeds the sum of the foreign offer inclusive of tariff, transportation and other costs, plus ten per cent of the net price before tariff and U.S. costs are added.

There is nothing in the order which specifies which standard shall be used by executive agencies in determining an unreasonable price but it is expected that agency chiefs will pick one or the other method to include in the regulations which will be promulgated to their staffs "to ensure that procurement practices under this jurisdiction conform to the provisions of this order," to quote the actual wording.

Rejecting Foreign Bids

There are now five reasons which an executive agency can give for rejecting a lower foreign bid, even though the differential between it and the domestic bid is greater than that prescribed by the order.

1. For reasons of national interest not otherwise specified in the new order, a foreign bid may be rejected.
2. For reasons of national security which must be cleared in advance with the President or any officer of the Government designated by him to make such decisions, a foreign bid may be refused.
3. In a situation where a domestic supplier with the lowest domestic bid undertakes to produce substantially all the materials from areas of substantial unemployment as determined by the Secretary of Labour, he may be given a price preference over a foreign bidder by an amount greater than that prescribed by the order.
4. Foreign bids may be rejected in order to place a fair proportion of the total purchases with small businesses in the U.S.
5. If the head of an executive agency proposing to purchase domestic materials decides that the differential in price between the domestic and foreign bid, even though greater than prescribed by the order, is not unreasonable, or that the purchase of the materials is not inconsistent with the public interest, the order shall not apply. However, in such cases the officer shall submit within thirty days a written report on the facts of each case to the President through the Director of the Bureau of the Budget.

At the present time executive agencies are drafting the regulations for their various staffs and until these regulations have been distributed, executive order number 10582 is being administered on an ad hoc basis.

From the experience of one foreign bidder, an Italian firm that was successful in getting a contract to supply the U.S. Army with $137,351 worth of electrical equipment, the interpretation given to the order would indicate that the President's liberalizing intent is being carried out. The lowest U.S. bid was 13·5 per cent higher than the Italian firm and was accordingly ruled to be unreasonable and the contract granted to the foreign bidder.

This is something that might not have happened before December 17, 1954, and indicates an improved outlook for foreign suppliers. This improvement will also depend to a very large extent upon the employment situation in the U.S. If it should take a turn for the worse, every provision is made in the order to see to it that domestic interests get favourable treatment regardless of the economies that might accrue from foreign procurement. At the present time the industries in those areas classified as of substantial labour surplus by the U.S. Department of Labour include coal, textiles, steel, plastics and leather goods.

It is in the realm of U.S. national defence procurement that the greatest opportunities seem to present themselves for Canadian suppliers because, both for the Army and Air Force, certain exemptions from the Buy American Act for procurement in Canada have been provided, except in the case of food and clothing. In the case of the Air Force, these exemptions have in the past been more liberally applied.

Because definite advantages accrue to the U.S. armed services, the U.S. Armed Services Procurement Regulations provide that procurement in Canada may be processed through the Canadian Commercial Corporation. The Air Force and Army have interpreted these regulations as requiring that contracts for procurement of stores in Canada for use in the United States shall be placed with the Corporation. The Navy regulations, however, reiterate the U.S. Armed Services Procurement Regulations word for word, stating that placement of contracts with the Corporation is permissive. In the light of this, it is advisable that bids from Canadian firms for Army and Air Force procurement shall be submitted by the Corporation on their behalf. So far as the Navy is concerned, this is a matter of choice but there are advantages to be gained by using the same channels for presenting tenders.

In evaluating the possibilities for Canadian firms of participating in U.S. Government procurement, it is well to remember that in determining the differential in the bids from domestic and foreign sources, the foreign bid must include the applicable duty whether it is paid or not, in addition to transportation and other costs incurred after arrival in the U.S.

In summing up the changes that this executive order has brought about in the Buy American Act, it can be said there are now two definite methods of determining whether the domestic supplier's bid is unreasonable and that the differential between domestic and foreign bids is now less than was previously applied. In addition, the President will maintain a closer supervision over the Act because executive heads will no longer determine for themselves where security interests are involved nor will they designate areas of surplus labour. In addition, when executive heads reject foreign bids on grounds of national interest, they must report each case to the President within thirty days. ●

Industry in the Chicago Area

PRODUCTION FOR 1954 in the world's largest industrial area, Chicago, dropped below 1953 by 7 per cent, according to estimates by the Chicago Association of Commerce and Industry. The Association estimates that Chicago plants produced goods valued at $17 billion in 1954, compared with the previous year's all-time high of $18·3 billion. However, the 1954 figure is the second highest yet recorded.

A variety of industries contributed to this figure; the primary metals industries led with an estimated production of $2·3 billion, compared with $2·9 billion in 1953. A substantial part of the decrease resulted from a decline in steel production during the first half of the year. The food products division, which includes the output of Chicago's large packing houses, ranked second with a $2·2 billion production.

Listed below are the 1953 and 1954 production figures of the 12 major industrial categories.

	(in millions)	
	1954	*1953*
Primary metal industries	$ 2,300	$ 2,910
Food and kindred products	2,220	2,200
Electrical machinery	1,750	1,870
Machinery, non-electrical	1,840	2,190
Petroleum products	1,460	1,570
Fabricated metal products	1,450	1,560
Chemicals and products	1,190	1,170
Printing and publishing	1,100	1,010
Transportation equipment	970	930
Apparel and finished textiles	560	610
Paper products	400	390
Instruments	340	360

Employment held up well during the year, in spite of the lower rate of production, as many workers were absorbed in new and expanding plants. Other factors contributing to a lower rate of unemployment in the Chicago area than in the rest of the country were the extensive diversification of industry, the continued growth of residential and industrial construction, and satisfactory employment conditions in the service industries.

Retail sales for the year reached an estimated $7 billion, against $6·9 billion in 1953. The wholesale trade declined by approximately the same percentage (7 per cent) as manufacturing.

Business activity during the last quarter of the year increased in tempo, and a number of Chicago's top industrialists have expressed optimism over the outlook in 1955. This should mean a strong demand this year for the many Canadian products which are shipped to the Chicago area, one of our most important markets.

—ROBERT GORDON,
Consul and Trade Commissioner, Chicago.

General notes

Brazil

PETROLEUM REFINERY—A new petroleum refinery with a capacity of 20,000 barrels per day was inaugurated at Capiava near São Paulo on December 18. This compares with the 45,000 barrel per day capacity of the Cubatao refinery, which is nearing completion.

This refinery, built by private enterprise, has about 12,000 shareholders and has cost approximately 600 million cruzeiros. It will have the following capacity: propane—532 barrels per day; butane—631 barrels per day; ordinary gasoline—11,600 barrels per day (100,960 litres); fuel oil—624 barrels per day; others—523 barrels per day. The crude petroleum will be supplied by both a branch of the Santos-São Paulo pipeline and the Santos-Jundiai railroad—São Paulo, Feb. 15.

NEW TELEPHONE COMPANY IN SÃO PAULO—A group of important businessmen of São Paulo has been discussing the setting-up of a new telephone company in São Paulo. The only telephone company in São Paulo at present is a subsidiary of Brazilian Traction. The Secretary-General of the sponsoring commission declared that São Paulo is badly in need of new telephone lines in view of the tremendous increase in the population during the last ten years and the rise in incomes. He said that São Paulo possesses only 132 thousand telephone lines, corresponding in certain districts to about one line per 1,200 inhabitants—São Paulo, Feb. 15.

Denmark

FOREIGN EXCHANGE—Various measures recently taken by the Danish Government to strengthen the country's foreign exchange position are beginning to show results. While the foreign exchange holdings of the National Bank were further reduced by Danish kroner 92 million in October, an increase of kroner 25 million was registered for November. At the end of November the foreign exchange position showed a total deficit of kroner 232 million, taking into account Denmark's debtor position in the European Payments Union and other obligations—Oslo, Feb. 18.

Greece

METAL COINS RETURN—For the first time since 1941 when the prewar coinage was taken by the occupying German forces, metal coins have been put into circulation in Greece to replace small paper bills. Higher denominations are of a copper-nickel alloy, lower denominations are aluminum-magnesium. The coins total a face value of 181 million drachmas (the equivalent of $6 million) and were made in France after award of a tender—Athens, Feb. 11.

India

ATOMIC ENERGY RESEARCH—The new thorium and uranium plant of Indian Rare Earths Limited, now under construction at Trombay, near Bombay, is expected to go into operation in May 1955. It will perform the second stage in the extraction of these atomic raw materials from the monazite sands which are found in sizable quantities on the coast of Travancore-Cochin and are initially processed at Alwaye. An atomic research reactor is to be erected by the Government of India at the new site—Bombay, Feb. 15.

Indonesia

STATE BANK—The Government has passed a bill making the Bank Negara Indonesia (State Bank of Indonesia) into a regular commercial bank, not a bank of issue as originally intended. The bank is to be capitalized at 300 million rupiahs, and has the right to have branches and correspondents abroad as well as within the country—Djakarta, Feb. 7.

FOREIGN EXCHANGE BANK—The Foreign Exchange Institute has announced that, effective March 1, 1955, the Great Eastern Banking Corporation has been appointed a foreign exchange bank. The Institute has stipulated that the Great Eastern Banking Corporation must confine its branches or representatives abroad to countries or foreign banks still to be decided on by the Bank of Indonesia—Djakarta, Feb. 7.

MOTOR CAR IMPORTERS ASSOCIATION—Seven motor car importers in Djakarta have established an importers association to be known as Gabungan Importir Mobil Indonesia (GIMI). The main objective is to assist in establishing assembly plants in Indonesia and to ensure a supply of imported spare parts—Djakarta, Feb. 7.

COPRA EXPORTS BY PRIVATE FIRMS—The Indonesian Copra Foundation has decided that foreign sales of copra and desiccated coconut are to be handled by Indonesian national exporters. An association of copra exporters will be established to assist in promotion of this product—Djakarta, Feb. 7.

Philippines

PROCESSED MILK DECONTROLLED—The Monetary Board of the Central Bank of the Philippines recently announced complete decontrol of evaporated, condensed, powdered and skimmed milk. The value of Philippine imports from January to October 1954 inclusive, in terms of United States dollars, was: evaporated milk, $2,172,000; condensed milk, $640 thousand; powdered milk, $198 thousand, canned milk n.o.p., $280 thousand—Manila, Feb. 7.

South Africa

ALUMINUM PLANT EXPANSION—The Aluminum Company of South Africa will spend £250 thousand during the next twelve months on new equipment for the production of aluminum extrusions used for structural, architectural, agricultural and other purposes. The extrusion presses will be installed in an extension to the company's Pietermaritzburg factory now being built and are expected to be in production by the second half of this year—Johannesburg, Feb. 14.

United Kingdom

STERLING AREA RESERVES—The United Kingdom Treasury has announced that in January the gold and dollar reserves of the sterling area rose by $1 million to a total of $2,763 million. This compares with a rise of $25 million in the same month a year ago.

In recent years, there have been heavy seasonal receipts in the early months because of the sale of sterling area commodities. It is now felt that this seasonal pattern will be disturbed by the greater freedom for trade in these commodities which will tend to spread sales more evenly throughout the year—London, Feb. 22.

WEST GERMAN TRADE AGREEMENT—A trade agreement for 1955 between Great Britain and Western Germany was signed in Bonn on December 22nd. It is understood that quotas under the agreement have been raised by about £550 thousand each way. Quotas have been increased for the sale of some British goods in Germany: television sets, nylon hosiery, synthetic resins, soap, toilet preparations, plaster board, electric lamps, paper and board and earthenware goods.

British concessions include increased quotas for German multi-purpose and delivery trucks, glassware, cameras, measuring and optical instruments, sports rifles and textiles and leather auxiliaries. With German trade liberalized to the extent of 92 per cent and British trade to 82 per cent, the quota system set up under this trade agreement has become of secondary importance. Trade between the two countries is likely to total £73 million each way in 1954 and to be higher in 1955; the quotas discussed under the agreement represent only about 10 per cent of overall trade—London, Feb. 22.

SCOTTISH PRODUCTION—The Scottish Council recently announced a substantial rise in Scottish production of seven to eight points between the first half of 1953 and the first half of 1954. Since the 1948 base year, production has risen 26 per cent. Although coal output continued to be disappointing, steel production and new construction in shipbuilding were maintained during the year. Output in the engineering industry rose rapidly in 1954 and in textile and clothing industries was slightly better than in 1953. Carpets and cotton thread showed a marked increase as did the paper, printing and publishing industries. Jute had a good year, but flax, linen and lace were slack. New factory development increased over the previous year—London, Feb. 22.

TOURIST INDUSTRY—During 1954, according to the British Travel and Holiday Association, the United Kingdom earned more than £130 million in foreign exchange from its tourist trade. Over 900 thousand overseas tourists visited Britain in 1954, an increase of more than 15 per cent over 1953. The tourist industry is now the biggest hard currency earner in the United Kingdom and ranks about seventh in total foreign currency earning ability—London, Feb. 22.

HOUSE BUILDING—An estimated 350 thousand houses were built in the United Kingdom during 1954, 30,000 more than in 1953. Construction plans for 1955 make it appear that house-building will increase again in 1955, to about 360 thousand—London, Feb. 22.

West Germany

INDUSTRIAL PRODUCTION—During November 1954 the index of German industrial production exceeded the 200 mark (1936=100) for the first time. At the end of 1949, industrial production had just reached the prewar level, so that it has doubled within the last five years. The index of investment goods in November was 235 (21 points above 1953), the index of producer goods 184 (18 points above 1953) and of consumer goods 182 (2 points above 1953). This large increase is mainly the result of greater industrial productivity (output per man-hour), since industrial employment has increased by only 40 per cent during the past five years—Bonn, Feb. 17.

ICELAND-- *trade pattern shifts*

Changes in the island's economy, initiated in wartime, still going on. New industries being established to lessen dependence on fisheries receiving attention; so is agriculture. Eastern Bloc becoming more important in Iceland's trade.

J. L. MUTTER, *Commercial Counsellor, Oslo.*

ICELAND has always depended almost entirely on earnings from its fish catches and this has resulted in a variable and limited trade pattern which, in prewar years, meant a limited domestic economy. During the war, Allied troops were stationed there and a considerable amount of military construction took place. A good deal of foreign currency circulated and this money was used largely to improve the standard of living. However, as Iceland's real trading strength had not altered, the result was inflationary.

After the war the rebuilding of the fishing fleet, which had suffered severe losses, was attempted but the capital available was scarcely sufficient when prices of labour and materials rose. Marshall Aid and later loans from various international organizations were granted to improve and diversify the economy. However, the change-over from the traditional industry of fishing is a lengthy process and it was not until the beginning of this year that the first two projected hydro-electric plants and a new nitrogen fertilizer plant, all built with foreign aid, were completed.

Shift in Markets

Partly because of a run of bad fishing years, partly because of high wages demanded by fishermen, much of the fishing fleet was laid up by 1953. Matters were made worse by the outbreak in 1952 of a dispute with the United Kingdom about territorial fishing rights—the U.K. was Iceland's chief customer. This dispute, which resulted in British dealers boycotting all deliveries of fresh, iced fish, has not yet been settled.

On August 1, 1953, on Icelandic initiative, a barter trade agreement was signed with Russia. This agreement gave a much-needed outlet for the increasing stocks of unsold fish and was followed by similar agreements with several other countries in the Eastern Bloc. The Icelanders, however, have been obliged to accept in exchange goods not entirely suited to their particular needs and some people have misgivings about gearing too much of the economy to export markets. which depend on agreements renewed year by year. At the same time, unless outlets are forthcoming for the products of the new and modern fish-processing plants, much capital and labour will not be used to the full.

The improved standard of living has resulted in a decided drift from rural to urban areas; from 1930 to 1953 the percentage of the population living in rural areas was nearly halved. With no other large industry except fishing, this movement has had a marked influence. Employers in the fishing industry are unwilling to increase their labour force and the Government's ten-year plan for stepping up agricultural production by some 15 to 20 per cent by 1960 demands sufficient agricultural labour. Since 1940, however, industry and construction have absorbed much of the manpower formerly used in agriculture and fisheries. Consequently, with the large increase in population the agricultural program becomes even more necessary.

Government expenditure on agriculture rose from I.Kr.27·1 million in 1950 to I.Kr. 44 million in 1953. The now completed fertilizer plant will save, it is hoped, some I.Kr.14 million in imports and at the same time provide a surplus for export worth about I.Kr.10 million a year. This domestic production of nitrogen fertilizer is also expected to simplify the projected increase in land reclamation and cultivation and reduce further the present dependence on imported foods. The two hydro-electric plants will cut down high imports of fuels and an electric distribution system should ease life in the rural areas.

Highlights of Trade

Iceland's total foreign trade since 1952 is set out in the table below. Increased exports of fish and a slight improvement in the terms of trade have partly offset rising imports. However, imports in 1954 will probably exceed those of 1953 and this increase, in conjunction with the poor herring catch, probably means a larger debit balance. The 1954 dollar income from services is also expected to be smaller.

	Imports I. Kr.	*Exports I. Kr.*
1952	909,813,000	641,331,000
1953	1,111,338,000	706,254,000
Jan.-Aug., 1954	714,613,000	500,786,000

Catches of white fish have been fairly good in the last eighteen months, but the British boycott has resulted in

NOTE: The Icelandic kronar equals Canadian $0·05958 (official price), though in special selling it is down to Canadian $0·03696.

a piling-up of stocks and an emphasis on trade with Russia, accompanied by an intensified search for alternative regular markets. The re-organization has not been easy. The United States is still the largest purchaser of quick frozen fish, but dollars earned on fish plus military receipts have not been enough to increase the country's small reserves.

Imports continue large despite the completion of the three new plants and to date in 1954 show an increase over those of 1953, an all-time record. Not all imports into Iceland are restricted. Certain specified goods are admitted at a premium against payment from export earnings of the fishing fleet, resulting in subsidization of this fleet. In August 1954 an extraordinary import licence tax of 100 per cent was imposed on all automobiles entering the country up to the end of the year, and the proceeds of this tax are also used for supporting the trawler fleet.

Iceland admits free from quantitative restrictions a list of goods from all sources. Nevertheless, trade with the Eastern Bloc has expanded rapidly. The following table shows the distribution of Iceland's foreign trade by payment areas from 1951 to April 1954.

Imports c.i.f.	*1951* %	*1952* %	*1953* %	*Jan.-April 1954* %
Dollar area	20·1	30·2	33·8	24·3
EPU area	61·6	54·4	45·1	40·6
Others	18·3	15·4	21·1	35·1
	100·0	100·0	100·0	100·0
Exports f.o.b.				
Dollar area	18·8	25·8	26·8	21·2
EPU area	59·4	56·9	47·0	32·5
Others	21·8	17·3	26·2	46·3
	100·0	100·0	100·0	100·0

Iceland's foreign trade is divided fairly equally among a considerable number of countries, although the United States and the United Kingdom continue to be the chief participants, with Russia as a newcomer. The biggest single import is fuel oil. In the past this has come largely from the Netherlands West Indies but since the signing of the Russian trade agreement this traffic has ceased. In 1952 fuel oil imports had more than twice the value of the next largest group, textiles, but in 1953 textile imports rose sharply and passed the hundred million kroner mark. Fuel oil maintained its lead, at I.Kr.179 million. Third and fourth places were taken by electrical machinery and other machinery, a sign of the upswing in capital investment. Most of the imports in these last two groups came from the United States under a system of capital grants.

Exports have followed the same pattern as in previous years, about 93 per cent of the total are fish and fish products. By far the biggest item is fresh fish, with the United States as the largest purchaser, followed closely by Russia. (Shipments to Russia began in August 1953.) Uncured salt fish ranks second in value and Portugal, Italy and Greece were, in 1953, the chief purchasers. Russia and Finland have bought large quantities of salted herring.

Trade with Canada is not large; imports from Canada consist mainly of grain and grain products, raw animal and vegetable products, base metals and feedingstuffs. Exports to Canada are small and vary considerably from one year to another.

	Imports from Canada *I. Kr.*	*Exports to Canada* *I. Kr.*
1952	9,557,000	652,000
1953	10,815,000	134,000
Jan.-Aug., 1954	2,958,000	....

trade commissioners on tour

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

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

Quebec City—March 7
Arvida—March 8
St. John's (Nfld.)—March 10-11
Saint John: Halifax—March 14-15
Montreal—March 16-18

Businessmen in the various centres may get in touch with Mr. Britton through the following organizations:

Board of Trade—Halifax, Montreal, Saint John.

Chamber of Commerce—Arvida, Quebec.

Department of Trade and Commerce—St. John's (Stott Bldg.).

trade and tariff regulations

Barbados

LICENSING ANNOUNCEMENT: AIR CONDITIONING UNITS—The Controller of Supplies, Barbados, advised importers on January 29th that applications for the import of air conditioning units from hard currency sources would be given consideration on submission of firm orders from hotels engaged in the tourist industry.

LICENSING ANNOUNCEMENT: LUMBER AND WOOD PRODUCTS—The Chief Secretary, Barbados, announced on January 21st that the following lumber and wood products may be imported into the colony under World Open General Licence: lumber and timber of all kinds, shingles of all kinds, plywood, box shooks, staves, headings and barrel shooks, boxes and other containers of wood, pails, kitchen and household woodenware, mouldings and trimmings of wood.

The conditions for entry under the World Open General Licence are that the goods shall be wholly produced in the countries from which they are exported, that the importer shall be required to produce a certificate of origin for such goods, and that prior approval of the Financial Secretary shall be obtained for any payment for imports required to be made to a country other than the country of origin of the goods.

Colombia

NEW IMPORT RESTRICTIONS—By Decree No. 331, effective February 16, 1955, Colombia has introduced new import restrictions in conjunction with the proclamation of guaranteed minimum prices for coffee. Imports permitted entry into Colombia will be classified into the following groups and are subject to the corresponding tax:

Preferential: Certain raw materials for essential industries. Such imports remain freely importable on payment of the normal 3 per cent stamp tax.

Group 1: Certain other raw materials and other products essential to the development of the country or for consumption. These imports must pay a tax of 10 per cent ad valorem.

Group 2: Durable or semi-durable goods essential to the development of the country. Such imports must pay a tax of 30 per cent ad valorem.

Group 3: Certain useful goods either not essential or which are produced or can be produced in Colombia. Such goods must pay a tax of 80 per cent ad valorem. They are importable only from those countries having a trade agreement or having an approximately balanced trade with Colombia. Canada qualifies as one of these countries.

Group 4: Certain consumer goods not used by the majority of Colombians or those considered dispensable. These imports are subject to a tax of 100 per cent ad valorem, of which 60 per cent must be paid with "import rights" earned by certain Colombian exports other than coffee, while the remaining 40 per cent is payable in Colombian currency.

In addition to the five new lists of importable goods, Colombia has issued a list of imports prohibited from all countries comprised principally of goods considered as luxuries.

The advance deposits required by the Colombian Registration Office before imports will be authorized are: 20 per cent for preferential, 24 per cent for group 1, 30 per cent for group 2, 40 per cent for group 3, and 60 per cent for group 4 imports.

From information at present available, a number of Canada's more important exports to Colombia are included in Group 1. Complete details of the goods affected by these measures are available from the International Trade Relations Branch.

Greece

IMPORT LICENCES TO BE REVALIDATED—The Greek Government announced new regulations requiring an advance deposit in drachmae on all import licences except those covering imports under letters of credit. Under these regulations, import licences dated prior to February 1st require renewal through a bank guarantee, while licences dated February 1st to 16th must be renewed by a deposit on the new scale which varies with the category of imports. Canadian importers should therefore check with their Greek agents and importers to ascertain that all old licences have been renewed prior to March 3rd, especially those dated this February.

The new requirement does not alter the existing system under which import licences are granted freely by the Bank of Greece for all imports, except wheat, flour and certain types of machinery produced in Greece in sufficient quantities, provided the necessary foreign exchange is available. It is stated that the purpose of the new measure is to reduce speculative buying abroad with sight drafts and term drafts which most foreign exporters grant to their Greek customers—Athens, Feb. 18.

Information as to the scale of deposits and other details is being sent to the Department and will be published as soon as it is received.

Indonesia

EXTRA RUBBER EXPORT DUTY—The Indonesian Government has announced that an extra rubber export duty of 1 per cent per kilogram will be charged against rubber exports, effective March 1, 1955, for an unspecified period—Djakarta, Feb. 4.

EXPORT INDUCEMENT SYSTEM REVISED—Effective February 11th, inducement certificates are no longer granted for exports of rubber produced by Indonesian smallholders. The inducement system, which was introduced in October, 1953 (see *Foreign Trade* of November 7, 1953) provides that exporters of certain specified products receive inducement certificates for a percentage of the value of their exports. These certificates may be used to import certain prepared foodstuffs and luxury goods. Inducement certificates were mainly used for importing passenger automobiles.

Since smallholders' rubber is one of Indonesia's important export products, the present measure will result in a considerable decline in the number of inducement certificates that will be available to import automobiles and the other goods admitted under this scheme—Djakarta, Feb. 11.

Ireland

CONTROL OF IMPORTS—By six 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: 35,000 articles as against 30,000 articles for previous six months.

Pneumatic tires for bicycles: 50,000 articles. Quota unchanged from previous six months' period.

Inner tubes for motor vehicle tires: 15,000 articles as against 20,000 articles for previous six months.

Inner tubes for bicycle tires: 22,000 articles as against 25,000 articles for previous six months.

The quota period fixed in all of the above cases extends from February 1, 1955, to July 31, 1955.

Certain rubber boots and shoes: 50,000 pairs. Quota unchanged from previous period.

Certain heeled rubber shoes: 5,000 pairs, as against a similar quantity for previous quota period.

The quota period in each of the above cases extends from February 1, 1955, to January 31, 1956.

A licence issued in connection with the foregoing orders does not obviate the necessity for a Payments Abroad (Import) Permit which the importer must obtain to secure release of exchange for payment for imports from non-sterling countries—Dublin, Jan. 11.

New Zealand

INVESTIGATION INTO THE RATES OF DUTY ON LEATHER—The New Zealand Board of Trade proposes to inquire into the question of what rates of duty should be imposed on various types of leather including patent leather. The present rate of duty applicable to patent leather is 3 per cent ad valorem under the British preferential tariff (applicable to Canada), and 3 per cent ad valorem under the most-favoured-nation tariff (applicable to most-favoured-nation countries including the United States).

Interested Canadian firms may wish to have their views on this investigation placed before the New Zealand Board of Trade, the Government body investigating tariff changes. The most effective method of making representations would be for Canadian firms to request their representatives in New Zealand to act on their behalf before the Board. Evidence should be submitted not later than May 3, 1955.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced on January 28, 1955, that the South African Board of Trade and Industries had received the following representations respecting the tariff:

Increase in duty on:

1. Electric lamp bulbs—

	Minimum Rate	*Inter-mediate Rate*	*Maximum Rate*
(*a*) vacuum type, included under item 115 (*g*)—			
not exceeding 60 watts: per 100......	20s.	25s.	50s.
exceeding 60 watts: per 100	40s.	50s.	100s.
(*b*) gas-filled type included under item 115 (*h*)—			
not exceeding 100 watts: per 100......	40s.	50s.	100s.
exceeding 100 watts: per 100..............	80s.	100s.	200s.

2. Copper and aluminum based alloys, from free to 15 per cent ad valorem.

3. Metal box strapping and baling hoops, from 3 per cent ad valorem (intermediate rate) to 25 per cent ad valorem.

4. Men's and boys' stitched cloth hats, from 15 per cent ad valorem to 60 per cent ad valorem or 24s. per dozen, whichever shall be the greater.

5. Men's and boys' caps, from 20 per cent ad valorem to 200 per cent ad valorem or 20s. per dozen, whichever shall be the greater.

Bringing into operation of the suspended duty on:

1. (*a*) The following tractor-drawn or mounted agricultural implements, to the extent of 15 per cent ad valorem—
   Mouldboard ploughs
   Offset disc harrows
   One-way harrows (tillers)
   Disc ploughs

   (*b*) Angle and flat shares, to the extent of the whole suspended duty.

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

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of doing so would be to request their representatives in South Africa to act on their behalf before the Board. Since these matters are normally reviewed soon after the announcements are made, it is advisable to take action as soon as possible.

RELAXATION OF IMPORT RESTRICTIONS—Cabled advice has been received of a statement on import controls made by the South African Minister of Economic Affairs in Parliament on February 17, 1955. The following are the principal measures for liberalization of import controls which were included in the statement:

(*a*) The quota for imports of consumer goods has been increased for the second half of 1955 to 53⅓ per cent of 1948 imports; this quota for 1955 had been previously 33⅓ per cent of 1948 imports.

(*b*) The conversion ratio for the surrendering of quotas for consumer goods in order to import goods on the restricted list has been reduced from 3 to 1 to 2 to 1, with certain exceptions.

(c) The quota for agricultural implements, machinery and spares has been increased from 60 to 90 per cent of 1954 imports.

(d) Additional funds will be made available to import capital goods and equipment for the modernization of industry.

(*e*) About £S.A.4·75 million additional will be made available to import knocked down vehicles and components and parts.

Since the removal of discrimination on January 1, 1954, South African importers may use their quotas to purchase from the dollar area if they wish.

Further details regarding these liberalization measures will be available from the International Trade Relations Branch.

Switzerland

LUXURY TAXES LOWERED—Effective January 1, 1955, Swiss luxury taxes on certain commodities were lowered from their former 10 per cent level to 5 per cent and 6 per cent. Now subject to a 5 per cent levy are unexposed photographic plates and films (X-ray plates and films are exempt from luxury tax), perfumery, most cosmetics, and bottled sparkling wines. A 6 per cent tax is now levied on hand-made carpets, fur skins, furriers' wares, precious stones, jewellery, gold and silver ornamental goods, gold and platinum watches, cameras and projection apparatus. No change was made in the 5 per cent tax previously applicable to phonographs, records, and radio sets and parts. The luxury tax is levied both on domestic and imported goods at the consumer level—Berne, Feb. 18.

United Kingdom

IMPORT QUOTA ESTABLISHED FOR COPPER RODS—The Board of Trade informed importers in Notice No. 711, dated February 9th, that a quota has been established for imports during the year beginning April 1, 1955, of black hot rolled copper wire rods originating in and consigned from Canada and the United States.

The quota will be distributed in two half-yearly instalments. Applications for licences to import during the first half-year period will be considered from agents of North American producers of rods and from wire drawers in the United Kingdom. Licences issued in response to these applications will be valid to September 30, 1955. Arrangements for distributing the second instalment may be modified in the light of experience.

United States

IMPORTS OF ALSIKE CLOVER SEED—The United States Tariff Commission announced on January 31st that a public hearing will be held to determine whether the tariff quota imposed on alsike clover seed on June 30, 1954, should be continued beyond June 30, 1955, its present expiry date.

The Tariff Commission has been instructed by the President to report to him by May 2, 1955, and therefore public hearings have been scheduled for March 10, 1955, in the Hearing Room of the Tariff Commission, 8th and E Streets N.W., Washington, D.C., to allow interested parties to present evidence.

countries served by foreign trade service

This list shows the countries included in the territories of Canadian Trade Commissioner offices abroad and the post responsible for the promotion of Canadian trade in each.

Country	Post Responsible
Aden	Cairo
Afghanistan	Karachi
Alaska	San Francisco
Algeria	Paris
Angola	Leopoldville
Argentina	Buenos Aires
Australia	Sydney and Melbourne
Austria	Berne
Azores	Lisbon
Bahamas	Kingston
Bahrein	Cairo
Balearic Islands	Madrid
Barbados	Port-of-Spain
Belgian Congo	Leopoldville
Belgium	Brussels
Bermuda	New York
Bolivia	Lima
Brazil	Rio de Janeiro and São Paulo
British Cameroons	London
British Guiana	Port-of-Spain
British Honduras	Kingston
British Togoland	London
Brunei	Singapore
Burma	Singapore
Canal Zone, Panama	Guatemala
Canary Islands	Madrid
Cape Verde Islands	Lisbon
Cayman Islands	Kingston
Ceylon	Colombo
Chile	Santiago
China	Hong Kong
Colombia	Bogotá
Costa Rica	Guatemala
Cuba	Havana
Curaçao	Caracas
Cyprus	Cairo
Czechoslovakia	Berne
Denmark	Oslo
Dominican Republic	Ciudad Trujillo
Dutch Guiana	Port-of-Spain
Ecuador	Bogotá
Egypt	Cairo
England	London and Liverpool
Eritrea	Cairo
Ethiopia	Cairo
Falkland Islands	Montevideo
Federation of Rhodesia and Nyasaland	Salisbury
Fiji	Wellington
Finland	Stockholm
Formosa	(See Taiwan)
France	Paris
French North and West Africa	Paris
French Equatorial Africa	Leopoldville
French Guiana	Port-of-Spain
French West Indies	Port-of-Spain

Country	Post Responsible
Gambia	London
Germany	Bonn
Gibraltar	Madrid
Goa	Bombay
Gold Coast	London
Greece	Athens
Greenland	Oslo
Guatemala	Guatemala
Guiana (British, Dutch, French)	Port-of-Spain
Haiti	Ciudad Trujillo
Hawaii	San Francisco
Honduras	Guatemala
Hong Kong	Hong Kong
Hungary	Berne
Iceland	Oslo
India	New Delhi and Bombay
Indo-China	Hong Kong
Indonesia	Djakarta
Iran	Karachi
Iraq	Beirut
Ireland, Republic of	Dublin
Ireland, Northern	Belfast
Israel	Athens
Italy	Rome
Jamaica	Kingston
Japan	Tokyo and Kobe
Jordan	Beirut
Kenya	Johannesburg
Korea	Tokyo
Kuwait	Cairo
Lebanon	Beirut
Leeward Islands	Port-of Spain
Liberia	New York
Libya	Rome
Liechtenstein	Berne
Luxembourg	Brussels
Macao	Hong Kong
Madagascar	Cape Town
Madeira	Lisbon
Malaya	Singapore
Malta	Rome
Mauritius	Cape Town
Mexico	Mexico
Morocco, French	Paris
Morocco, Spanish	Madrid
Mozambique	Johannesburg
Netherlands	The Hague
Netherlands Antilles	Caracas
Netherlands Guiana	Port-of-Spain
New Guinea	Sydney
New Zealand	Wellington
Nicaragua	Guatemala
Nigeria	London
North Borneo	Singapore
Northern Ireland	Belfast
Norway	Oslo

Country	Post Responsible
Oman	Cairo
Pakistan	Karachi
Panama	Guatemala
Paraguay	Montevideo
Persia	(See Iran)
Peru	Lima
Philippines	Manila
Portugal	Lisbon
Portuguese East Africa	Johannesburg
Portuguese Guinea	Lisbon
Puerto Rico	Ciudad Trujillo
Qatar	Cairo
Rio Muni	Madrid
Rio de Oro	Madrid
Ruanda Urundi	Leopoldville
El Salvador	Guatemala
Sarawak	Singapore
Saudi Arabia	Cairo
Scotland	London
Siam	(See Thailand)
Sierra Leone	London
Singapore	Singapore
Somaliland	Cairo
South Africa, Union of	Johannesburg and Cape Town
South-West Africa	Cape Town
Spain	Madrid
Sudan	Cairo
Surinam	(See Netherlands Guiana)
Sweden	Stockholm
Switzerland	Berne
Syria	Beirut
Taiwan	Hong Kong
Tanganyika	Johannesburg
Tangier	Madrid
Thailand	Singapore
Tobago	Port-of-Spain
Trieste	Rome
Trinidad	Port-of-Spain
Tunisia	Paris
Turks and Caicos Islands	Kingston
Turkey	Athens
Uganda	Johannesburg
United States	Boston, Chicago, Detroit, Los Angeles, New Orleans, New York, San Francisco, Seattle, Washington
United Kingdom	London and Liverpool
Uruguay	Montevideo
Venezuela	Caracas
Wales	Liverpool
Western Samoa	Wellington
Windward Islands	Port-of-Spain
Yemen	Cairo
Yugoslavia	Rome
Zanzibar	Johannesburg

Cigarettes for Filipinos

THE MAKING OF VIRGINIA-TYPE CIGARETTES in the Philippines, which began in 1950, is a steadily expanding business which today employs about 10,000 people in 19 factories. At the time when this industry began, the Government cut by 90 per cent imports of foreign-made cigarettes and, under this protective umbrella, domestic output increased by 86 per cent from 1951 to 1953. In 1953, estimated output stood at 10,547 million units, and the value of imported cigarettes had fallen to $2·5 million from $16·5 million in 1949.

In addition to the plants producing Virginia-type cigarettes, about 37 others turn out some 2,700 million cigarettes a year made from native tobaccos. This figure represents about 20 per cent of local consumption and 25 per cent of domestic output. Total cigarette consumption in the Philippines rises about 2 per cent a year.

The chief problem of the Virginia tobacco cigarette industry is to obtain adequate supplies of leaf tobacco. Though domestic production is encouraged, progress in the past few years has been slow because of unsuitable soil and relatively poor growing conditions. In 1953, roughly 20 million pounds, 80 per cent of the amount required, was imported. The United States is the principal supplier. The 1954 crop will probably provide about 25 per cent of current needs. In 1952 imports of Virginia tobacco were, by law, set at 21 million pounds for 1952, some 14·3 million for 1953, and 11·4 million for 1954. This figure was to go down by 25 per cent each succeeding year. As a result of the slow increase in domestic production, however, Congress faces the alternative of either increasing the import quota for cigarette tobacco or depriving the industry of about half its current needs.

The Government's policy of protecting local cigarette manufacturers is of course designed to keep up the level of employment in the industry. For the same reason, it prohibits the import or operation of cigarette-packing machines and taxes cigarettes machine-packed abroad and imported in foil and cellophane packages at the rate of US$11 per thousand. When the cigarettes enter in bulk and are hand-packed locally, the internal tax drops to US$5 per thousand.

The future of the industry depends largely on whether the Government will permit larger imports of leaf tobacco.

—H. E. LEMIEUX,
Vice-Consul and Asst. Trade Commissioner, Manila.

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 1·01619.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. Feb. 18	Notes (See below)
Argentina	Peso	Preferential buying	·1312	
		Basic buying	·1968	
		Preferential selling	·1968	(1)
		Basic selling	·1312	
		Free	·07083	
Austria	Schilling		·03785	
Australia	Pound		2·1910	
Belgium Luxembourg & Belgian Dependencies	Franc		·01964	
Bolivia	Boliviano	Official	·00518	
British West Indies	Dollar		·5706	(3)
	Pound		2·7388	(4)
	Dollar	Brit. Honduras	·6847	
Brazil	Cruzeiro	Effective selling:		
		Category I	·01573*	tax 10%
		Category II	·00427*	*Jan. 26
		Official buying	·05360	(5)
Burma	Kyat		·2067	
Ceylon	Rupee		·2054	
Chile	Peso	Official	·00492	(1)
Colombia	Peso	Basic	·3936	
Costa Rica	Colon	Official	·1753	(6)
		Controlled free	·1482	
Cuba	Peso		·9341	tax 2%
Czechoslovakia	Koruna		·1367	
Denmark	Krone		·1425	
Dominican Republic	Peso		·9841	
Ecuador	Sucre	Official	·06561	
		Free	·05685	
Egypt	Pound		2·8258	
Fiji	Pound		2·4673	
Finland	Markka		·00428	
France	Franc		·00281	(7)
French Africa	Franc		·00563	(8)
French Pacific	Franc		·01548	(9)
Germany	D Mark		·2343	
Greece	Drachma		·03280	
Guatemala	Quetzal		·9841	
Haiti	Gourde		·1968	
Honduras	Lempira		·4920	
Hong Kong	Dollar	Free	·1628	*Feb. 4
Iceland	Krona	Official	·06042	
		Special buying	·04653	
		Special selling	·03749	
India	Rupee		·2054	
Indonesia	Rupiah	Basic	·08632	(10)
Iran	Rial	Certificate	·01182	
Iraq	Dinar		2·7554	

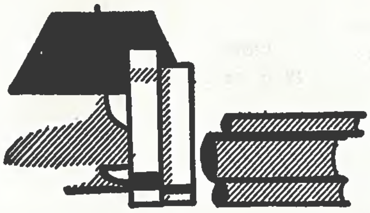
* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Feb. 18	Notes (See below)
Ireland	Pound		2·7388	
Israel	Pound		·5467	
Italy	Lira		·00158	
Japan	Yen		·00273	
Lebanon	Pound	Free	·3019	
Mexico	Peso		·07873	
Netherlands	Guilder		·2583	
Netherlands Antilles	Guilder		·5205	
New Zealand	Pound		2·7383	
Nicaragua	Cordoba	Effective buying	·1491	(11)
		Official selling	·1396	
		With Surcharge I	·1222	
		With Surcharge II	·09792	
Norway	Krone		·1378	
Pakistan	Rupee		·2974	
Panama	Balboa		·9841	
Paraguay	Guarani	Basic	·04686	(1)
		With Surcharge I	·03645	
		With Surcharge II	·02733	(12)
Peru	Sol	Certificate	·05179	
Philippines	Peso		·4920	tax 17% (2)
Portugal	Escudo		·03434	(13)
El Salvador	Colon		·3936	
Singapore & Malaya	Straits dollar		·3195	
South Africa (Union of)	Pound		2·7388	
Spain & Dependencies	Peseta	Basic buying	·04493	
		Basic selling	·08771	
		Basic commercial selling	·05991	(1)
		Free	·02526	
Sweden	Krona		·1902	
Switzerland	Franc		·2296	
Syria	Pound	Free	·2697	*Jan. 14
Thailand	Baht	Official	·07873	(1)
		Free	·04622	*Dec. 24
Turkey	Lira		·3514	
United Kingdom	Pound		2·7388	
United States	Dollar		·98406	
Uruguay	Peso	Official	·6478	
		Basic buying	·5528	
		Special buying	·4187	(1)
		Basic selling	·5179	
		Special selling	·4017	
Venezuela	Bolivar		·2937	(14)
Yugoslavia	Dinar		·00328	

* 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: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. In addition to official rate Brazilian exporters receive exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
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 provisions for special rates for exports of petroleum, cocoa and coffee, not at present in effect for cocoa and coffee.



businessman's bookshelf

The Economist Guide to Weights & Measures

The Economist. 80 pages. 10/6 including postage.

SOMETHING SPECIAL in the way of business reference books came our way about a month ago. Since then, the 80 pages of this *Guide* have yielded up facts as varied as the meaning of "slipe" wool, the number of acres in a "feddan", the non-Commonwealth members of the sterling area, and the exact meaning of "displacement tonnage".

If, like us, your interests cover trade with many countries, we think you will find the many conversion tables, all under one cover, will save time and energy. They run from tables for converting linear, square and cubic measures, measures of capacity, etc., to those for converting thermometer degrees, sterling and dollar currencies, and fractions to decimals. The final section deals with foreign currencies and technical terms used in various countries.

Originally, this reference book was produced by the statistical department of *The Economist* for use in the magazine's own offices. We are grateful that the publishers decided to release it to the public.

Order from: The Economist, 22 Ryder Street, London S.W. 1.

New Horizons

Pan American World Airways. 576 pages. $1.00.

BUSINESSMEN as well as tourists should find many useful facts in this guide to world travel prepared by Pan American World Airways and its overseas offices. Covering all the continents with the exception of North America, the guide is put together and indexed in such a way that specific information can be found easily and quickly. Typical coverage of a country includes weather information, location, characteristics, size, how to get there (by Pan American of course), accommodation, entertainment, calendar of holidays, list of banks, food, stores, medical facilities, tipping, transportation and many other facts. Principal cities and areas are described briefly.

One chapter is dedicated to photographers and gives helpful hints about camera settings, etc., under various conditions.

New Horizons was written for United States readers, but this does not affect its value to others except in those sections dealing with customs regulations. Every effort, the authors say, has been made to provide current and accurate information. But they point out that changes in immigration requirements, hotel rates and other facts are frequent.

Published by: Musson Book Co., Toronto.

Oxford Economic Atlas of the World

Prepared by the Economist Intelligence Unit and the Cartographic Department, Clarendon Press. 259 pages. $6.00.

THE COMBINED EFFORT of a large number of geographers, economists, and cartographers, this atlas should fill a long-standing need. Businessmen and researchers often wish for a reference book that gives the geographical distribution of production of many important commodities, and concise statistical descriptions of most national economies. Here it is.

The first 113 pages consist largely of commodity maps, supplemented by verbal, statistical and graphic material. This section is divided into 10 sub-sections, in nine of which the world distribution of production of groups of agricultural, manufactured or mineral products is given. The tenth sub-section is devoted to power production.

The second section of 146 pages, headed "The Index", complements the first by giving statistics of national income, population, production, trade, etc., for most countries and territories. These production statistics are cross-referenced against the corresponding maps. The majority of the statistics cover the years 1948-1952, with prewar comparisons in most cases. This fact makes the atlas most valuable in assessing present production against the background of the last few years.

Published by: Oxford University Press, 480 University Avenue, Toronto.