2 What BLEU Buys and Sells

5 Britain's Trade in Chemicals

7 Canada in Foreign Markets

8 How ICA Funds Are Spent

10 Cuba's Foreign Trade

12 Commodity Notes

14 Germany's Auto Boom Continues

16 Northern Ireland Seeks Industry

17 Cocoa from Bahia Plantations

19 General Notes

21 Argentina Relaxes Exchange Controls

23 Michigan and Ohio: a Business View

24 Trade and Tariff Regulations

27 Foreign Commercial Representatives in Canada

30 Foreign Exchange Rates

32 Transportation Notes

CANADA

foreign trade

Established in 1904

Published fortnightly by the Department of Trade and Commerce.
The Right Honourable C. D. HOWE, Minister,
WM. FREDERICK BULL, Deputy Minister.

OTTAWA, DECEMBER 24, 1955, Vol. 104, No. 13

Please forward all subscriptions and orders to:
The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad.
Single copies: 20 cents each.
Authorized as second class mail by the Post Office Department, Ottawa.

cover Belgian industry draws most of its raw materials from other countries, converts them into manufactured products, and sells them in foreign markets. Our cover illustrates three fields in which Belgium is a well-known exporter: on the left, iron and steel products; top right, a skilled craftsman at work on a tapestry; bottom right, the famed Belgian glass in one stage of production. For a story on exports and imports of the Belgo-Luxembourg Economic Union, turn to page two.

Like Canada, the Belgium-Luxembourg Economic Union has discovered that its prosperity depends to a large degree on finding foreign customers. This analysis of its foreign trade points up the opportunities that await exporters to this market—Canada's fifth best in 1954.

WHAT BLEU BUYS AND SELLS

THEO J. MONTY, *Commercial Counsellor, Brussels.*

ONE OF THE THINGS which the Belgo-Luxembourg Union (BLEU) has in common with Canada is its interest in and dependence upon foreign trade. Its export trade is, if anything, even more important in the relation it bears to national production. According to a recent study by the National Bank of Belgium covering the years 1948 to 1952, 20 to 30 per cent of Belgium's gross national product and over 40 per cent of its total industrial production were devoted to export markets.

The steel industry alone sells 65 per cent of its annual output in foreign markets and the percentage is even higher for other branches of industry, as the table below shows. Three sectors of industry—steel, metallurgy and textiles—provide some 70 per cent of the foreign exchange which BLEU earns.

PERCENTAGE OF PRODUCTION GOING TO EXPORT MARKETS, 1950-52

Industry	*Percentage*
Tin	98
Diamonds	97
Copper	92
Lead	89
Glass	80
Zinc	79
Flax	79
Iron and steel	79
Jute	78
Rayon	69

(Source: National Bank of Belgium.)

With the exception of coal in Belgium and iron ore in Luxembourg, BLEU has practically no raw materials with which to supply its industry, and is accordingly a market for raw materials. Because many of the industries in Belgium and Luxembourg are conversion industries, BLEU is also a market for semi-finished goods destined on completion for sale in the Benelux area or in some other part of the world.

The following figures show the percentage of exports to imports in certain categories of industry.

PERCENTAGE OF EXPORTS TO IMPORTS

(in millions of dollars)

Industry	*Imports*	*Proportion of imports exported*	*Estimated percentage*
Diamonds	58	56·2	96·9
Metallurgical (non-ferrous)	186	167·6	90·1
Steel	130	101·6	78·2
Coke	18	11·8	65·6
Textiles	320	197·0	61·6
Petroleum refining	32	18·6	58·1

(Source: National Bank of Belgium.)

Trade Balance and Invisibles

Belgium's total trade generally shows a deficit. For instance, in 1954, exports were valued at 115 billion Belgian francs (roughly $2,300 million*), and imports at 127 billion francs (or roughly $2,540 million). (These figures cover the foreign trade of Belgium and Luxembourg.) For the first nine months of 1955, exports reached 98 billion francs ($1,960 million) and imports 103 billion francs ($2,060 million).

However, although exports in 1955 have been showing an increase of some 20 per cent over 1954, imports have increased by only about 10 per cent. The trade deficit has thus fallen from a monthly average of about $20 million in 1954 to some $11·5 million in 1955. This deficit on trade grew from $40 million in 1953 to some $240 million in 1954 mainly because of deterioration in the terms of trade and a greater increase in the volume of imports than in the volume of exports. However, this deficit drops to $42 million when other movements of goods and earnings from services are taken into consideration.

* For purposes of ready reckoning, the Belgian franc has been converted at the rate of two cents Canadian.

Invisible items also show a deficit of some $50 million, largely as a result of losses in tourism and in transport and shipping charges, making a total deficit on invisibles of about $92 million.

In the BLEU balance of payments, the total deficit of $24 million in 1953, which increased to $98 million in 1954, resulted mainly from an adverse balance in convertible currencies. However, this adverse balance was caused largely by large quantities of dollars being traded in exchange for Belgian francs in the Congo and for EPU currencies in countries which are EPU members.

The following table shows the main features of the balance of trade and accounts for 1953 and 1954.

BALANCE OF PAYMENTS OF BLEU

(in millions of $Can.)

	1953	*1954*
1. Merchandise Transactions		
Exports f.o.b.*	1,960	2,032
Imports f.o.b.*	1,998	2,152
Balance	— 38	— 120
Other merchandise transactions	+ 92	+ 78
Total	+ 54	— 42
2. Invisible Transactions		
Foreign travel	— 22	— 8
Transport	— 48	— 60
Insurance premiums and indemnities	....	— 2
Income from investments	+ 16	+ 14
Government transactions not mentioned elsewhere	— 18	— 30
Frontier and foreign workers	+ 14	+ 20
Various	— 4	+ 16
Total	— 62	— 50

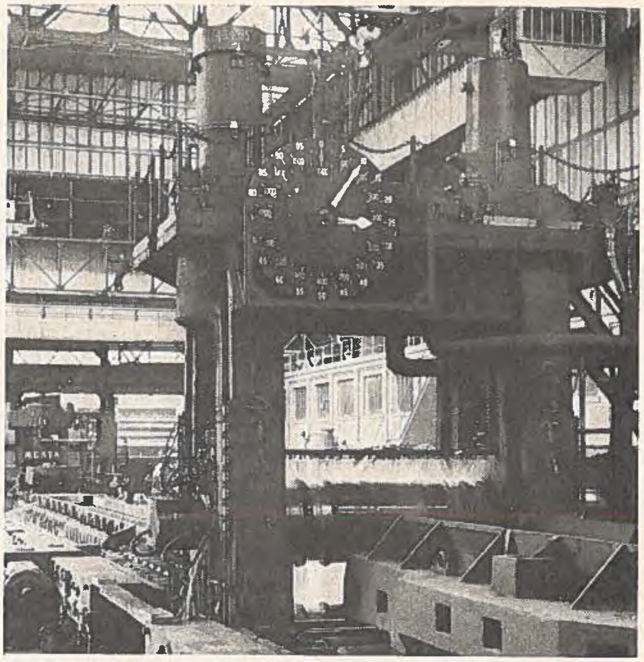
NOTE: The figures shown do not represent the value of goods received and exported, but rather the banking settlements effected. Trade figures thus differ from those mentioned on the preceding page.

* Certain military transactions excluded.

Customers and Suppliers

Where does Belgium sell her exports and where does she obtain her imports? What are the main products that she buys and sells? Roughly 60 per cent of Belgian trade is carried on with countries in the European Payments Union. About 60 per cent of her exports go to these countries and about 55 per cent of her imports come from them. On the whole, this EPU trade is favourable to Belgium; the deficit of $40 million on trade with EPU in 1953 was changed into a surplus of some $72 million in 1954. For the first six months of 1955 this trade has continued to show a surplus, giving rise to certain anxieties about the settlement of EPU payments.

The Netherlands, Belgium's partner in Benelux, is still her best customer, taking 21 per cent of Belgian exports. Last year, however, Holland supplied only



This blooming mill is part of one of Belgium's great iron and steel plants. Coal in Belgium and iron ore in Luxembourg help to supply this huge industry, which currently sells about 79 per cent of its production in export markets.

13 per cent of Belgium's imports and was outranked by West Germany which supplied 15 per cent (up from 13 per cent in 1953). This 15 per cent approximately equals the entire supplies from dollar countries. Germany now buys 12 per cent of Belgium's exports, compared with 9 per cent in 1953.

From the dollar countries, Belgium obtains about 15 per cent of its imports. But because it sells to them only about 11 per cent of its exports, a dollar deficit results. In recent years, however, the balance of trade with the dollar area has tended to improve. Imports from the dollar zone have increased because of liberalization measures, yet the dollar deficit has decreased.

Imports and Their Source

Let us now analyze more closely what Belgium imports and from what countries. A considerable portion consists of raw and semi-manufactured materials which are processed for domestic consumption and, largely, for re-export. These re-exports, however, have in recent years consisted more of partly manufactured goods, as a result of Belgium's rising industrial costs compared with the lower prices for fully manufactured goods obtainable from other countries such as Germany, the Netherlands, etc. This disadvantage is likely to be further accentuated by the recent agreement between employers and trade unions to cut the working week to 45 hours.

To illustrate this trend, large increases occurred in 1955 compared with 1954 in both imports and exports (but especially exports) of metals and products, and there were notable increases in imports of manufactured goods and in exports of semi-manufactured goods. At the same time, imports and exports of food and vegetable products showed important decreases.

Though the volume of imports of raw materials, durables and equipment goods increased by as much as 40 per cent in 1954 over 1953, consumer goods imports increased only by 1 per cent, and this in the face of a total import increase of some 5 per cent. In other words, while imports of consumer goods remained stationary, the industrial demand for raw materials and equipment increased considerably, with emphasis on iron ore, copper and other non-ferrous minerals and metals, most of which come from other European countries and the Belgian Congo. Although the textile industry was less active, none the less imports of some commodities (such as cotton, jute and linen) increased. Imports of cereals, of which wheat is the most important, rose in 1954 but Canada's share of this market decreased, to the gain of the Argentine and of the USSR. In 1955 the fall in cereal imports resulted mainly from good local crops.

The development of refining capacity in Belgium was instrumental in increasing imports of the raw oils from 3·7 million tons in 1953 to 4·4 million tons in 1954, and the value by 12 per cent in spite of a small drop in price. This increase has continued in 1955.

Trade with Canada

What is Canada's share in Belgian trade and what Canadian products move in greatest volume into the Belgian market? Actually, Canada's share is rather small—about 2 per cent of the total trade, compared with 8½ per cent for the United Kingdom and 10·8 per cent for the United States, as the table below shows:

BELGIUM'S IMPORTS AND EXPORTS

(millions of $Canadian)

	1954				*1955*	
	1st 6 months		*2nd 6 months*		*1st 6 months*	
Country	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*	*Exports*
United States	22·44	14·48	21·32	16·42	26·42	19·50
United Kingdom	18·42	11·80	17·20	12·36	20·20	14·76
Canada	3·60	1·94	4·70	3·98	3·96	2·00
Total	209·54	185·44	215·44	198·46	229·16	224·22

(Source: National Bank of Belgium.)

According to Belgian figures for the first six months of 1955, Belgian imports from Canada were valued at 1,188,343 million francs, or roughly $24 million.

A close look at the table reveals that, comparing the first and second six months, the latter part of the year usually brings an increase in imports. On this basis it is likely that Belgium's imports from Canada may amount to over $50 million during 1955.

Let us now look more closely at what Belgium buys from Canada. According to DBS figures, Canada's principal exports to Belgium and Luxembourg for the first six months of 1955 were:

CANADA'S PRINCIPAL EXPORTS TO BLEU
FIRST SIX MONTHS OF 1955

Commodity	*Value ($)*
1. Wheat	10,920,607
2. Flaxseed	1,578,746
3. Aluminum in primary forms	1,348,329
4. Asbestos milled fibres	1,046,933
5. Drugs and chemicals	1,031,773
6. Lead in ore	678,155
7. Oats	603,640
8. Salmon, Chum, canned	581,398
9. Barley	554,450
10. Newsprint paper	511,873
11. Pulp sulphate paper grade	284,033
12. Rye	278,079
13. Salmon, pink, canned	258,230
14. Bars, iron or steel	250,224
15. Meats	234,820
16. Streptomycin and products	218,964
17. Zinc in ore	191,808
18. Plates, sheets and strip steel	184,336
19. Asbestos, waste, refuse, shorts	171,573
20. Copper scrap, slag, skimmings	160,685
21. Wood pulp, sulphate, kraft, unbleached	135,267
22. Sparkplugs	134,724
23. Plank boards, Douglas fir	125,958
24. Synthetic fibre, thread and yarn	114,025
25. Pulpwood	104,999
26. Medicinal preparations	102,476

Other commodities of interest outside of metals (such as lead, zinc, nickel), minerals (such as asbestos, feldspar, sulphur, etc.) and grains (such as wheat, corn, barley, rye, oats), which Canada supplies to Belgium are cheese, honey, salmon and lard. At one time Canada also sold apples in this market but because of seasonal difficulties, Australia and South Africa have now become the main sources of supply.

Toys, stoves and heating apparatus are among the products which Canada can and does supply but Germany, the Netherlands and Japan are the main sources for these goods.

According to Belgian statistics for the first half of 1955, the most important imports from Canada, outside of wheat and other cereal grains, were raw materials for industry, including aluminum, asbestos, synthetic rubber and minerals, and pulpwood and wood pulp, thus bearing out the figures shown above.

However, Belgium's rising standard of living should mean a market for new types of goods. A case in point is the tremendous annual increase in the use of paper in Belgium. Packaging techniques and other paper-consuming operations common in other countries for some years are now expanding in Belgium. Paper products such as facial tissues, soft toilet paper, etc., which were virtually unknown to the bulk of the population in Belgium before the war, are now widely diffused at high prices. ●

BRITAIN'S TRADE IN CHEMICALS

Spectacular growth in chemicals industry in Britain has meant sales of Canadian chemicals to this market worth $12.5 million in first seven months of 1955. Prospects are for continued expansion, particularly if British authorities relax import restrictions further.

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

THE EXPANSION IN THE CHEMICAL INDUSTRY, stimulated by a growing demand, has been one of the features of postwar Britain. The Board of Trade index of industrial production for chemicals has risen from 100 in 1948 to 166 in 1954 and a peak of 183 in February 1955. Gross value of production for 1954 is estimated at slightly over £1,000 million. In fact, the United Kingdom has now become the world's second largest chemicals producer.

This increase in production has been made possible by heavy investment. In the five years 1950 to 1954 inclusive, the industry spent about £340 million on new plant, machinery and buildings, which has accounted for about 12 per cent of all new investment in Britain's manufacturing industries. A rapid rise in productivity has accompanied this investment. Up-to-date figures are not available but between 1948 and 1952, though the labour force increased by only 6 per cent, output increased 29 per cent in volume and 61 per cent in value.

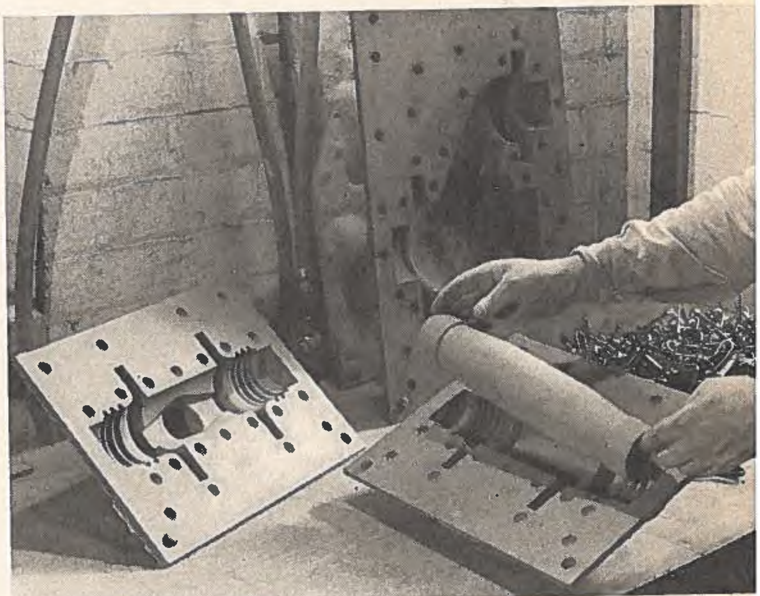
Two Sectors Outstanding

The two sectors of the industry in which the most striking developments have occurred are petrochemicals and plastics materials. The production of petrochemicals is an entirely new postwar development and resulted from the sharp increase in the petroleum refinery industry in Great Britain. To date, some £50 million has been invested in manufacturing facilities for petrochemicals and further investments in this field in the next three years are expected to reach £22 million. The principal products of the local industry are isoprophyl alcohol, acetone, ethylene oxide, glycol and ethylene.

Expansion of Plastics Industry

The most spectacular increase in production has been in plastic materials. Output has jumped from 160 thousand tons in 1953 to 200 thousand tons in 1954 and is expected to reach 240 thousand tons this year. Several new producing units have recently come into operation and many more schemes are planned for the future. It has been suggested that United Kingdom production of plastic materials will reach 700 thousand tons in ten years' time. One of the features of the expansion has been the large contribution made by overseas manufacturers of plastic materials who have established plants in this country, mainly in collaboration with British firms. This has enabled the United Kingdom industry to benefit from the technical know-how of established producers.

The most significant growth in the plastics field has been in polyethylene and polyvinyl chloride. Output of polyethylene in 1955 is likely to total between 30,000 and 35,000 tons, some 15,000 tons more than in 1954 and nearly three times above 1953. So far this



—*U.K. Information Office*

Among the new uses for synthetic resins is as moulds for shells; experts say that their use results in a superior finish for the casting. Here a shell core is being fitted into a resin shell-mould, as part of the manufacturing process.

product has been manufactured by only one firm, but a second plant, with a capacity of about 11,500 tons a year, is to be in production by 1957. The present manufacturer of polyethylene expects to produce about 57,000 tons in 1957.

Polyvinyl chloride production has been growing almost as fast. Output is likely to reach about 55,000 tons this year, compared with 40,000 and 30,000 tons in 1954 and 1953 respectively. It is expected that output of this plastic will continue to increase.

One product in the plastics field which has not done as well as expected in 1955 is polystyrene, which has lost ground to other materials, particularly polyethylene and polyvinyl chloride. Production in 1955 is not expected to exceed 18,000 tons, compared with 20,000 tons last year.

Chemical Exports Rising

Exports of chemicals form an important element in British overseas trade. In 1954 they totalled nearly £204 million, up substantially from £177 million in 1953. Based on the first nine months of this year, exports in 1955 are likely to show a further increase to about £230 million. Principal markets are Australia, India, South Africa, the Netherlands, the United States, and Canada. Exports to Canada in 1954 were worth £6,895,000 and in the first three quarters of 1955, £5,340,000.

SOME BRITISH CHEMICAL EXPORTS, 1954

	(£000)
Inorganic and organic chemical elements and compounds	57,798
Mineral tar and crude chemicals from coal, petroleum and natural gas	4,489
Dyeing, tanning and colouring materials	28,682
Medicinal and pharmaceutical products	33,559
Essential oils and perfume materials, toilet, polishing and cleansing preparations	20,947
Manufactured fertilizers	7,016
Explosives and sporting ammunition	9,195
Plastic materials	23,724

The main increases over 1953 were in lead tetra-ethyl anti-knock compounds, up by £4·7 million, plastic materials, up by £4·0 million and medicinal and pharmaceutical preparations, up by £3·5 million. The most important United Kingdom chemical exports to Canada were titanium oxide, soda ash, aniline dyes, sodium cyanide, disinfectants, dips and sprays, and narcotics.

Some Chemicals Imported

Although the domestic industry has been expanding, it has not been able to satisfy the total British demand for chemicals. Imports of chemicals totalled £74,500,000 in 1952, £75,528,106 in 1953, and £101,612,644 in 1954. Imports for the first nine months of this year were valued at £84 million, an increase of 14 per cent over the same period in 1954.

PRINCIPAL SUPPLIERS OF CHEMICALS TO THE UNITED KINGDOM

Country	*Jan.-Sept. 1953* (£000)	*Jan.-Sept. 1955*	*Percentage Increase*
United States	£10,036	£20,366	102
West Germany	8,705	11,586	33
France	5,412	8,345	54
CANADA	2,715	6,882	153
Switzerland	2,450	5,271	115
Netherlands	4,981	4,386	— 12
Total imports	£52,637	£84,005	59

Currently, Canada ranks as the fourth largest source of supply of chemicals for the United Kingdom. The table above indicates that Canadian exports have risen substantially over the past two years, both in absolute terms and relatively. In the first nine months of this year, Canadian chemical sales to the U.K. were over one and a half times sales in the same period in 1953; exports from all countries increased by only 60 per cent. The increasing share of the import market held by Canada and the United States is the result both of relaxations in import restrictions on dollar chemicals, instituted about a year ago, and the buoyant state of the United Kingdom economy. The index of production in all industries has risen about 11 per cent from 1953 to the present.

West Germany has lost some ground as a supplier of chemicals to the United Kingdom and this fact is of special significance to Canada, because in a number of products Canadian and German exporters compete directly in this market.

Canadian trade figures for the first seven months of 1955 show that the most important chemical exports from Canada to the United Kingdom were synthetic resins ($1,955,071), cobalt oxides and salts ($1,889,007), calcium compounds ($1,585,895), and polystyrene ($369,909). Exports of all chemicals from Canada to the United Kingdom for this period totalled $12,478,024, up 52 per cent from the $8,198,774 achieved in the first seven months of 1954.

Prospects Favourable

Prospects for Canada's chemical exports to the United Kingdom are good, though they are still hampered by import restrictions. However, the marked advance in chemical exports this year, resulting partly from a slight easing in import licensing requirements in the last few months, indicates the strong demand in the United Kingdom for Canadian products. Because the emphasis in liberalizing dollar imports so far has been on raw materials, it seems likely that chemicals will be high on the list for future liberalization moves in Britain. ●

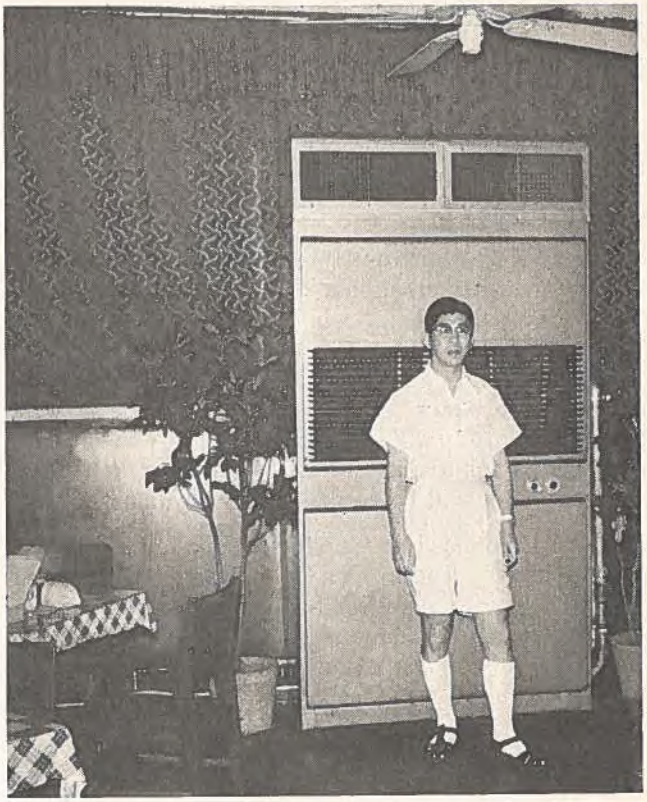
Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In England—This greenhouse in the Midlands has been constructed largely of Douglas fir timber imported from Canada.

In Belgium—The family picnic is made more enjoyable with hot coffee prepared on a portable kerosene stove from Canada.

In Argentina—This Argentine farmer is examining plants in a field of canning peas which were grown from Canadian seed.



In Hong Kong—Mr. Liu, proprietor of the Dragon Wall Restaurant, welcomes his clients in a comfortable, cool atmosphere provided by a Canadian air conditioning unit. The Canadian manufacturer calls his units "packaged" air conditioners because all elements are assembled in one case; they are tested before leaving the factory and are easy to put together. Five or six more of this firm's units have been installed in buildings in Hong Kong within recent months.

How ICA Funds Are Spent

E. H. MAGUIRE, *Commercial Secretary, Washington.*

Canadian companies have opportunity to share in offshore procurement orders placed by International Co-operation Administration in 1955-56. Major portion of $1,681 million voted will go towards purchases for South Asian and Far Eastern countries. Here is advice on what ICA is buying and how to participate.

THE MUTUAL SECURITY ACT OF 1955, signed by the President on August 2, provides foreign economic aid funds amounting to $1,681 million for the fiscal year 1955-1956. (The U.S. Government fiscal year began on July 1.) These funds are administered by the International Co-operation Administration (ICA), the agency which succeeded the Foreign Operations Administration (FOA) on July 1, 1955. ICA also administers the unspent balances of previous economic aid appropriations; on July 1 these were estimated at $1,900 million. Thus ICA started its career with approximately $3·5 billion, a great deal of which is or will be earmarked for civilian goods.

ICA has announced that it will continue to follow FOA procurement policies. This is important and interesting to Canadian suppliers because it means that, for the most part, the administration will continue to buy from the most suitable and economic sources among the free countries. Wherever possible, ICA will try to include as sources countries specified by the recipient governments. Certain procurement limitations will, however, continue in force. Agricultural commodities declared surplus by the U.S. Department of Agriculture must be purchased in the United States and distressed industries there will continue to receive special consideration. On the other hand, it has been announced recently that procurement of coal will be permitted on a world-wide basis instead of restricting it solely to the United States as in the past. It is expected that Canada will remain excluded from procurement of lumber and sawmill products, as in the past.

Percentage of Offshore Procurements

Statistics published by FOA reveal that offshore procurement (i.e., procurement outside of the U.S.) with economic aid funds has by no means been negligible. During the period July 1, 1954-March 31, 1955, the records show that $670 million was spent on commodities, out of which $121 million, or 18 per cent, represented purchases in countries other than the United States. However, the total of $670 million includes $333 million worth of surplus agricultural commodities that, by the terms of the Act, had to be bought in the United States. If agricultural commodities are disregarded, then 35 per cent of the balance of $337 million was spent offshore on various other commodities.

On a commodity basis, experience with offshore procurement in the fiscal year 1954-55 (year ending June 30, 1955) is reported as: machinery and vehicles, 12 per cent; petroleum, 39 per cent; iron and steel materials and products, 36 per cent; non-ferrous metals, 34 per cent; chemicals, 25 per cent; textiles, 51 per cent; non-metallic minerals, 72 per cent; lumber, 57 per cent; metallic ores, 80 per cent; all other industrial products, 25 per cent. It is noteworthy that most of this procurement took place at a time when the American economy was less buoyant than it is now. As a matter of fact, offshore purchasing is permitted in over 90 per cent of non-agricultural commodity authorizations currently being announced. Canadian suppliers are given ample opportunity to participate in this business: in the period July 1 to October 18, 1955, out of a total of $224 million in commodity procurements, $139 million was open to Canadian participation.

Active Agents Essential

It is reasonable to assume that the high level of business activity in the United States will ensure that offshore purchasing will continue, at least on the scale of the past. But this is by no means certain. ICA is currently under strong pressure from domestic industry to give a larger share of ICA-financed orders to United States firms. It remains to be seen whether it will be forced to re-adjust its policy.

Because the majority of ICA-financed orders are placed through normal commercial channels in recipient countries, it is essential for Canadian suppliers who wish to participate in this business to have sales representatives in these countries. In most cases, it is only through the normal commercial process that Canada can be brought to the attention of the local authorities as a source of supply. Active representatives can also keep their principals advised of the requirements for specific ICA-financed projects, and keep in close touch with purchasing agencies which are sometimes set up by recipient governments. It cannot be over-emphasized that ICA procurement, or the decision about what countries will be permitted to offer, originates in nearly all cases in the country that is to receive the goods, not in Washington.

Spotlight on Asia

Canadian firms on the lookout for ICA orders should concentrate their attention on South Asian and Far Eastern countries, for it is to this part of the world that most economic aid funds are now going. Approximately 68 per cent of economic aid funds appropriated in the Mutual Security Act of 1955 are earmarked for Asia as a whole, approximately 15 per cent for the Near East and Africa, about 2·5 per cent for Latin America, and less than 5 per cent for Europe. ICA operations missions in Belgium, Denmark, the Netherlands, Norway and Portugal are being abolished and personnel of the ICA missions in Austria, France, Germany, Italy, and the United Kingdom reduced. Spain and Turkey are the only European countries that have been allotted sizable amounts of non-agricultural commodity aid out of the 1955-56 appropriation—about $28 million for Spain and $50 million for Turkey. Thirty million dollars is earmarked for Yugoslavia and $26 million for Greece, but most of these allotments will be in the form of agricultural commodities.

Direction of Defence Support

On the other hand, fiscal 1955-56 defence support appropriations, (which come out of the economic aid vote) for the Asian countries (Korea, Cambodia-Laos-Viet Nam, Formosa, Thailand, the Philippines and India) total approximately $769 million, most of which will be in the form of commodities. The approximate amounts allotted for defence support aid to specific Asian and Middle East countries are: Cambodia-Laos-Viet Nam, $379 million; Korea, $272 million; Formosa, $62 million; Thailand, $38 million; Philippines, $20 million; Pakistan, $63 million; and Iran, $37·5 million. In addition, a special fund of $100 million has been made available "for purposes of peaceful economic development in Asia" to be spent at the discretion of the President. It is probable that a portion of this amount will be spent on commodities. The U.S. Department of Defence has been authorized to deliver some $295 million worth of civilian-type goods direct to the armed forces of these countries (except India, the Philippines and Iran). This is in addition to the $1,681 million of economic aid.

To illustrate how defence support funds are spent in some Asian countries, import licences were issued to Viet Nam firms for the goods listed below from August 1-September 7, 1955. Countries other than the United States have been named as the sources for most of these goods, many of which are of the consumer type. Similar goods are being supplied to Laos and Cambodia and, to some extent, to Korea and Thailand. Raw materials and capital goods predominate in purchases made by India, Formosa, and the Philippines with defence support funds.

Portland cement
Bicycles, bicycle parts and accessories
Granulated borax
Motor scooters
Insulating panels
Motor cycles
Generating sets and accessories
Motor horns
Cameras and accessories
Inner tubes
Paper and cardboard
Clocks
Gramophones
Ceramic tiles
Pharmaceutical preparations
Automobiles, automobile parts and accessories
Taxicab meters
Motor pumps
Optical and sun glasses
Fountain pens
Studio lighting equipment
Photographic paper
Acetylene lamps
Chinaware
Asbestos sheets
Antibiotic preparations
Cotton fabrics
Gabardine
Porcelain wares
Mirrors
Pressure lamps
Watches and wrist watches
Writing ink
Table glassware
Diesel engines
Newsprint paper
Dental instruments and supplies
Spectacle frames
Kerosene hanging lamps
Film rolls
Sanitary articles
Cotton yarn
Elastic braids
Rayon yarn
Boiled hams
Canned meat
Alimentary paste
Sardines in oil
Tomato purée
Canned green peas
Canned vegetables
Canned mushrooms
Fresh fruits
Potatoes
Cotton thread
Crown corks
Radio receiving sets
Electric batteries
Automobile batteries
Radio phonographs
Zinc foil
Onions and garlic
Biscuits
Copra
Writing paper
Hard fibreboard
Essences for drinks
Fertilizers
Tin ingots
Pig lead

Studying Export Markets

The need for greater interest in export markets and a more careful study of them recently led the British Export Trade Research Organization (1952) Ltd., in co-operation with the Royal Society of Arts, to sponsor a unique contest. The Organization offered a prize of £500 for the best essay on "How Can Market Research Help Towards Profitable Export Marketing". After examining the 25 essays which came in, the judges awarded first prize to the one submitted by the 26-year-old assistant export manager of a firm of manufacturing chemists in London. It dealt with ways of promoting pharmaceutical exports and the winner plans to use the money to finance a trip to Trinidad and Jamaica. There he will study means of increasing sales of these products in the Caribbean area.

62266—2

Cuba's Foreign Trade

Exports rose in first half of year but imports kept pace, with large purchases of capital goods and construction equipment for development projects; trade balance now causing some concern. Most exporters to Cuba offer extended payment terms to customers there.

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

CUBAN EXPORTS in general have held up well during the year and early misgivings over the marketing of her current sugar crop and the possibility of reducing the large reserve stocks now seem to have been exaggerated. The profitable spring sale, subsequent shipments to Russia, and the quota increases in the United States market were important factors in the sugar industry's improved position. Some observers see the possibility of a 20 per cent shrinkage in Cuba's unwieldy reserve sugar stocks by the end of the year.

Forecasters expect that sugar sales in 1955 will exceed the 1954 figures by approximately 150 thousand tons in the U.S. market and 300 thousand tons in other world markets. Although this year's average prices may be a shade lower, indications are that the net result will add over $30 million to Cuba's foreign income.

Other Cuban exports have also gained in value this year. Tobacco exports have exceeded 1954 values by over $2 million, and exports of copper, chrome, nickel, rum and molasses have all earned more than they did in 1954. Shipments of fruits and vegetables, notably fresh pineapples, from the port of Havana in January-June 1955 were almost equal in value to the total for the whole of the previous year. However, iron and manganese operations have not done as well.

Imports Rise

The apparent rise in imports during the first six months of this year over the same period of 1954 is approximately 10 per cent. Indications are that this rate will be sustained throughout the year and perhaps exceeded, because of the larger and more varied imports required by the drive for diversifying agriculture and industry and by the Government's public works plans. The National Bank has estimated the value of total merchandise imports in 1954 at $493 million. Therefore, a one-tenth increase in 1955 would indicate an import value greater than the two previous years and beginning to approach the record figure in 1951 and 1952 of more than $600 million.

Capital goods and tools contributed largely to the increase in purchases abroad. Other major imports were: agricultural machinery, including irrigation equipment, rice harvester combines and tractors; highway and construction equipment, petroleum and mining exploration equipment and machinery; transportation equipment, including diesel locomotives; telecommunications, radio, TV and motion picture equipment; material for the armed forces; equipment for thermal electric power production, and machinery for the cement, paint, cotton printing and other industries.

Main Suppliers

Following its traditional import pattern, Cuba still buys heavily from the United States; approximately 85 per cent of its imports of semi-manufactured and finished goods come from the U.S. However, although U.S. shippers appear to have made a small percentage gain in the total market, outstanding absolute gains have been recorded by European countries, notably Germany, and by Japan. Chief among recent German exports to Cuba have been ships, railway rolling stock, automobiles, motorcycles, electrical goods, hardware and tools, machinery, drugs and pharmaceuticals, earthenware and glass, clocks, watches and instruments, cameras and optical goods.

Japan's sales, so far, have been limited by her exclusion from the Cuban most-favoured-nation rate. Nevertheless, her low prices on household smallwares, crockery, toys, games, novelties and decorations have helped to double Japanese exports to Cuba since 1953.

The table on page 11 lists the countries which suppy 90 per cent of Cuba's total imports and gives the value of their sales during the first six months of 1955, 1954 and 1953. The figures used are official statistics of these countries which have been converted to dollars at the mean rate, New York, September 30, 1955. Approximately 99 per cent of Cuba's imports of manufactured goods—with the exception of Indian jute, Netherlands West Indies and Mexican petroleum, Central American lumber and South American meats, fats and vegetable produce—come from these countries.

Cuba's Principal Suppliers

(millions of U.S. dollars)

Country of Origin	*1955*	*1954*	*1953*
United States	226·4	206·9	211·3
CANADA	7·9	8·5	8·1
United Kingdom	6·5	5·9	5·9
West Germany	7·3	6·3	4·6
Mexico	4·8	4·5	4·5
Belgium-Luxembourg Union	5·1	4·0	4·6
France	3·2	2·6	3·8
Netherlands	2·3	2·4	3·8
Switzerland	2·0	1·9	2·3
Japan	2·6	1·2	·8
Italy	1·3	1·4	1·3
Norway	1·3	1·2	1·1
Spain	·8	·5	·8
Sweden	·7	·6	·7
	272·2	247·9*	253·4*
Total Cuban imports from all countries	....	243·7*	251·6*

* Import totals are official Cuban Treasury figures (January-June 1952, $322·9 million). The difference in the export and import totals can be accounted for, in part, by transportation, time lags between entry and reporting, exchange variations, and rounding of export figures. Cuban figures for total imports from January-June 1955 are not yet available.

Trade with Canada

Figures for the half-year show a slight drop in Canadian sales to Cuba, compared with the same period in 1954, but this is believed to be the result of delays in ordering agricultural machinery and minor buyers' adjustments in the market for salt cod. By the end of the year these commodities are expected to reach or exceed their normal annual average. Notable increases or new entries in the figures for the first six months of 1955, compared with 1953 and 1954, are dried beans, whisky, hides, synthetic fibres, threads and yarns, fishing nets, papermakers' felts, sulphite pulp, paperboard, primary iron and steel, gas engines, mining machinery, kitchen holloware, auto parts, manufactures of iron, antibiotics and dyestuffs, pigments, printing ink, and synthetic resin manufactures.

Cuban exports to Canada in the first six months of 1955 reached a total value of $5,799,912, slightly down from 1954's $6,107,412, chiefly as a result of late shipments of minor fruits, raw sugar and tobacco, and of lack of trade in manganese ore. Particularly noteworthy was the unprecedented shipment in the spring of about $76,000 of Cuban potatoes grown from Canadian seed.

Payment Terms Extended

A recent analysis of some Havana bank collections during the third quarter shows a marked trend on the part of European shippers to extend payment periods. The United Kingdom took part in this shift from cash to ninety days and over, but it was particularly notable in German, Belgian and Dutch collections. United States shippers were not slow to follow this trend. However, collections for Canadian trade do not show the same liberalization of payment terms, perhaps partly because of the nature of some of the commodities. In many cases, the more liberal terms take the form of sight draft for freight, shipping and incidental delivery costs, plus a percentage of invoice value, with the remainder covered by separate drafts at varying periods up to 180 days.

Trade Imbalance Causes Concern

It begins to appear that the terms of trade are adverse to Cuba and that her balance of payments on commercial account has been in deficit since the summer of 1954, with a tendency for the rate of cumulative deficit to increase. National Bank of Cuba preliminary figures for 1954 show exports at 557·3 million pesos and imports at 493·6 million pesos. If assumptions regarding 1955 export and import totals are borne out, it is possible that the expected excess of exports will be cancelled out by the normal deficit on visible items in Cuba's international trade balance. Cuba's international reserves are said, however, to be adequate to meet this, provided the imbalance does not persist indefinitely and provided the reserves are not subjected to too great a strain by the requirements of the Development Plan. Business and the Government are watching the situation closely. The Government's announced policy is to increase national income (reduced since 1952 by progressive restrictions on sugar sales to the U.S. and world markets) and to encourage foreign investment and the promotion of domestic enterprise.

Trade Commissioners on Tour

J. C. DEPOCAS, Canadian Trade Commissioner in Guatemala City, Guatemala, begins his Canadian tour in Vancouver, January 30-February 10, 1956. His itinerary is:

Calgary—Feb. 13	Brantford—March 9
Winnipeg—Feb. 15-16	Hamilton—March 12-13
Toronto—Feb. 20-March 2	Kingston—March 14
Windsor—March 5-6	Halifax—March 19-20
London—March 7	Saint John—March 21-22
Kitchener—March 8	Montreal—March 26-April 13

Businessmen in the various centres may get in touch with Mr. Depocas through the Board of Trade in Brantford, Halifax, Montreal and Saint John; the Chamber of Commerce in Calgary, Hamilton, Kingston, Kitchener, London and Windsor; the Canadian Manufacturers Association in Toronto and Winnipeg, and the Department of Trade and Commerce in Vancouver (355 Burrard Street).

62266—2½

commodity notes

Australia

PAPERBOARD, PULP—Production of paperboard and pulp by Australian Paper Manufacturers Ltd., Melbourne, for the year ended June 1955, at 196,008 tons, topped all previous peaks; capacity of the plant is 205 thousand tons. Total sales in this period rose to a record of more than £20 million. The company's paid-up capital of about £17 million is now supported by over £3·5 million in reserves and undistributed profits. A new paper machine being built at its Maryvale mill is expected to start operating early in 1956—Melbourne, Nov. 29.

Belgium

FERTILIZERS—Nitrogenous fertilizer production is growing steadily in Belgium and plans are under way to modernize the industry and lower production costs. Total production in terms of nitrogen content has risen from 166,000 m. tons in 1950-51 to 235,000 m. tons in 1953-54, and is believed to have reached record proportions in the year ended July 1, 1955. Ammonium sulphate comprises over 60 per cent of production; the remainder is ammonium nitrate and calcium cyanide. Nevertheless, ammonium nitrate is the most popular local nitrogenous fertilizer, followed by ammonium sulphate and calcium cyanide. Ammonium sulphate ranks first in exports and in 1953-54, 500,000 m. tons were shipped abroad. Ammonium nitrate was second with exports of 130,000 m. tons. The greater part of the ammonium sulphate goes to the Far East; Holland and France take most of the ammonium nitrate exported—The Hague, Dec. 8.

Brazil

COFFEE—According to the Brazilian Coffee Institute, coffee shipments during the month of September totalled 1,992,666 bags, of which 1,961,512 bags were exported abroad (1,314,533 to the United States), 30,734 shipped coastwise and 520 consumed on board. Coffee stocks available in Brazilian ports on September 30th totalled 4,005,490 bags—São Paulo, Dec. 2.

El Salvador

COFFEE—El Salvador's 1955-56 coffee crop will be one-third smaller than last year's, according to official estimates recently released. Picking, now well under way, is expected to yield 1·1 million quintals (1 quintal=101·2 lb.), 32 per cent below the 1·65 million quintals produced during the 1954-55 season. Since coffee normally provides about 85 per cent of El Salvador's foreign exchange earnings, the country is certain to suffer a considerable loss of spending power unless world prices improve. (See *Foreign Trade,* October 1, 1955.)

Growers attribute the reduction mainly to the late arrival of the rainy season which has just ended. Bad weather has been general throughout Central America and smaller coffee production is also anticipated in Guatemala, Honduras, Nicaragua and Costa Rica—Guatemala City, Dec. 5.

India

WOOL—The Indian Ministry of Food and Agriculture has drawn up a plan to increase production of raw wool during the second Five-Year Plan. The scheme aims at a yield of nearly 78 million lb. of wool, compared with today's 52 million lb. Wool is an important foreign exchange earner for India; the United Kingdom, the United States and Canada are all important buyers. About 25 million lb. of raw wool worth Rs.68 million is exported annually and, in addition, about 90 per cent of the total output of the carpet industry, which consumes about nine million lb. a year, is exported. Exports of raw wool are controlled by a quota system to maintain the local industries—New Delhi, Nov. 25.

Italy

TEXTILES—Successful tests of the new "Montecatini" process for dyeing and printing textiles prove that it can be used by middle-sized and small textile industries at reduced costs. Operation costs with this process correspond to 76 per cent of the cost of the Du Pont and 63 per cent of the autoclave systems now used—Rome, Dec. 5.

Jamaica

SUGAR—Jamaica's sugar crop for the 1954-55 season is now about completed and is estimated at 396,674 long tons as at August 31. The 1955-56 crop is provisionally estimated at 351 thousand tons; the decline resulted from voluntary restriction of sugar-cane cultivation by the large farmers and also from the fact that the cane to be reaped next season is expected to have a lower sucrose content.

Output has been voluntarily restricted because of the state of the world market for sugar. Restriction by 40,000 tons, or 12½ per cent, will be legally enforced beginning with the 1956-57 season; nevertheless, it is estimated that by that time Jamaica will have on hand an accumulated surplus of about 150 thousand tons—Kingston, Dec. 5.

Kenya

SISAL-JUTE FABRICS—A textile mill at Theka in Kenya is successfully producing a fabric which combines sisal and jute. The fabric has both pliability and strength and is in great demand for bags for the Colony's large coffee industry. It is also popular for grain bags, because the holes which result from sampling are more readily self-sealing—Salisbury, Nov. 22.

Netherlands

CHEMICALS—Last year was a satisfactory one for the Netherlands chemical industry, according to the 1954 report of the Association of Chemical Industries, and 1955 is expected to show further expansion. There are no indications that present conditions will change, although there are factors which might cause a sudden deterioration. Competition is likely to become keener in various markets but it is believed that Dutch factories will in time adapt themselves to changing market conditions. Exports of chemicals are rising very slowly because of high foreign import duties. There will be no question of equal import opportunities, the report says, as long as the great difference between the Netherlands' import duties and those of her main trading partners continues. Imports of chemicals in 1954 were valued at 820·7 million guilders; exports totalled 812·4 million guilders—The Hague, Dec. 5.

South Africa

GOLD—Production during the first nine months of 1955 amounted to 3,766,097 ounces valued at £136·4 million. Winnings were almost £16 million higher than in the same period of 1954 and £26·5 million above the same period in 1953. On September 30, production was nearing a value of £50 million per quarter. Opening of another new field south of the Witwatersrand in the Bethal area has been announced and production from a group of at least five mines of moderate depth will begin in 1958—Johannesburg, Nov. 29.

Sweden

IRON—Swedish production of castings during the first eight months of 1955 totalled 1,307,000 tons, about 15 per cent above the 1,137,000 tons produced in the same period of 1954. Production of rolled and forged iron and steel during the period reached 925 thousand tons (747 thousand in 1954), of which 117 thousand tons (84,000 in 1954) was exported—Stockholm, Dec. 5.

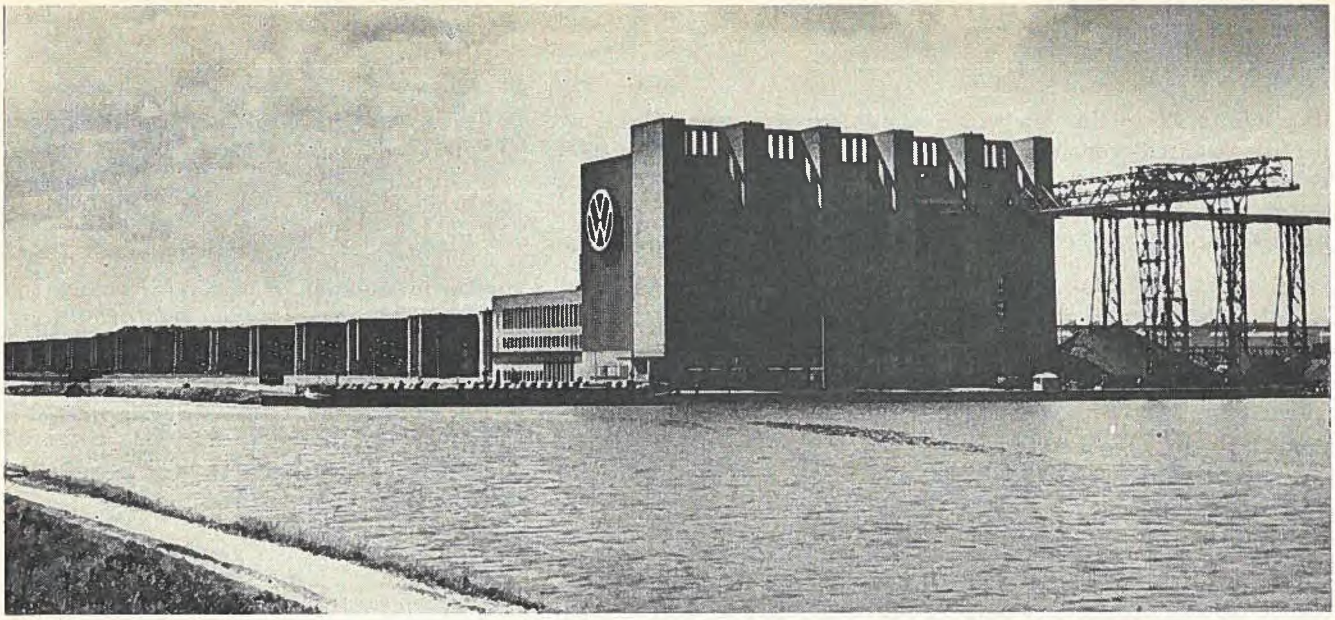
United States

ALUMINUM—A large U.S. aluminum producer is predicting that aluminum, in all colours, may replace a large proportion of other metals in cars of the future. The automobile industry is the largest potential user of aluminum, although now the average weight of aluminum used amounts to only 35 pounds a car. This is a substantial increase over the immediate postwar years when the average was only six to eight pounds per car, but it is considerably less than the figure for one 1956 luxury model which uses 192 pounds of aluminum to replace 400 pounds of steel. One possible large-scale application for the lightweight metal is in automobile roofs where, producers claim, aluminum would lighten total weight and lower the centre of gravity, be fadeproof, easily cleaned, and cooler in summer—Detroit, Dec. 12.

West Germany

PETROCHEMICALS—The first German firm to undertake large-scale production of chemical products, especially plastics, from a mineral oil base has begun operations in a new plant at Wesseling near Cologne. In the Wesseling plant the gaseous by-products from a refinery are processed into polyethylene and then by a high-pressure procedure into lupolen, a plastic material. Ethyl benzene, also derived from ethylene, will be another important product. An initial annual production of 10,000 tons of polyethylene B and up to 12,000 tons of ethyl benzene is expected—Bonn, Dec. 7.

ARTIFICIAL FIBRE—Value of artificial fibre exports from the Federal Republic during the first half of 1955 rose by more than 50 per cent, compared with the same period of 1954, to some DM64 million. Large quantities were exported to the United States. The export quota for rayon rose by approximately 18 per cent to DM57 million. Because of strong international competition, prices obtained in foreign sales were lower in many places, especially in overseas markets—Bonn, Dec. 7.



The great Volkswagen plant at Wolfsburg, rebuilt after war damage, now sells 58 per cent of its production in foreign markets. Recently another 10 million square feet of factory space were added to the works, and output is expected to rise still further.

Germany's Auto Boom Continues

I. V. MACDONALD,
Assistant Commercial Secretary, Bonn.

Surge in automobile output this year has placed West Germany third among world producers. Export demand continues brisk; large domestic market still waiting to be tapped.

PACED BY THE GIANT VOLKSWAGENWERK, West Germany's fast expanding automobile industry has continued to increase output and exports in 1955. In fact, it may soon take first place among European producers. Latest figures indicate that Germany has turned out 432,697 vehicles during the first six months of this year—a substantial production increase over the boom year 1954 when 680 thousand autos of all types were manufactured, including 321,689 in the first six months of the year. Production of passenger cars during the comparative half-year period rose from 243 thousand to 333 thousand units.

Exports have shown a striking rise in 1955. Volkswagen especially has claimed a larger share of the auto export trade, with sales through its 2,800 foreign outlets accounting for 58 per cent of production. About 35,000 Volkswagen cars are slated for the United States in 1955 and 28,000 for Sweden, plus smaller quotas for other leading customers—Belgium, the Netherlands, Switzerland, and Austria. As the largest West German producer, Volkswagen turned out in August its millionth automobile of the same type, a first in the history of the European industry; it now claims to rank after the big three in the United States in output. A recently completed 10 million-square-foot expansion of factory space will enable a further rise in production.

Now Ranks Third

This year's record output places Germany third in world production of vehicles—behind the United States and the United Kingdom and before France, Canada, and Italy. Approximate shares of passenger car production are United States, 71·7 per cent; Great Britain, 9·9; West Germany, 6·7; France, 5·7; Canada, 3·7; and Italy, about 2 per cent. In production of utility vehicles West Germany's share of world production is even higher, reaching almost 10 per cent. Latest figures released by the German Automobile Association show that almost 78,000 motor vehicles were manufactured in June of this year compared with 74,000 in May and 57,000 in June 1954. Exports during June totalled 34,500 vehicles or approximately 44 per cent of production.

Germany's European neighbours took the bulk of West German exports of motor vehicles in 1954. Sweden has been the best single market, followed by Belgium, the Netherlands, Denmark, Switzerland, and Austria, all of which imported more German cars than the whole of North America during 1954. This year the pattern is changing and it appears that the North

American market will assume much greater relative importance. Another leading market among the 100 to which German cars are exported is South America, particularly Argentina, Brazil, and Colombia. However, greatest sales expansion has taken place in the United States and Australia, both of which during the first half of 1955 have already imported more German automobiles than during the whole year 1954.

Volkswagen Paces Field

Exports of German cars to Canada and the United States have shown an almost phenomenal rise during the present year and credit must go largely to the Volkswagen whose popularity will, no doubt, require many to revise their opinions on the saleability of small cars in North America. Sales of the "people's car" in Canada are running at about 500 per month and have exceeded 2,000 a month in the United States, where the Volkswagen now takes top place in the foreign car field, followed by the M.G. sports car with sales of 2,190 during the first half year. As the U.S. Volkswagen distributor*, referring to the newly found buying attraction of the Volkswagen, puts it: "We are not selling chromium, we are selling wheels—in short, transportation." Property has been purchased in New Jersey for the assembly of the Volkswagen in North America. The plan is to fill 40 per cent of the American demand for Volkswagen trucks in as short a time as possible from the New Jersey assembly plant. The Wolfsburg concern in turn imports from the U.S.—it plans to use 120 thousand tons of United States coal during the coming winter. The firm is turning also to foreign sources for steel sheet.

Although it retains the prewar, beetle-like design given it by Professor Porsche, the Volkswagen has met with an almost insatiable demand since mass production began in the postwar period. Most appealing features of this car are solid construction, the use of an air-cooled engine which eliminates the need for anti-freeze in winter, and the torsion-bar type of suspension which gives relatively smooth riding characteristics despite a short wheel base. Like other small European cars, it is economical to operate and easier to park than the standard-size Canadian models. Recent modifications have been an increase in speed, enlarged seating room, change in the transmission gear, and better lacquer. At the present rate of production (almost 1,300 per day) a Volkswagen leaves the production line about every minute; its 3,000 parts are assembled in 100 working hours. New factory space will enable output to be stepped up to 1,500 per day.

Rumours that a new model Volkswagen would soon be announced were spiked by Director Nordhoff, who stated that the two millionth Volkswagen would be identical in external appearance to those now coming off assembly lines. However, the Karmann Body Works, Osnabrueck, a supplier to Volkswagen, announced in July a new sports car of Italian design built on a Volkswagen chassis and with a Volkswagen engine. The second largest German auto maker, Adam Opel A.G., a General Motors subsidiary, has also boosted production and present daily output is about 700 vehicles. Their recent export success is demonstrated graphically by the fact that the first 100 thousand Opel exports covered a period of 37 years but the last 100 thousand only one year.

Following price reductions by Adam Opel A.G. and the German Ford Works earlier in the year, Volkswagen have recently announced that the domestic price of the standard model will be reduced from $901 to $890 and the export model from $1,153 to $1,130. At the same time it was announced that Volkswagen

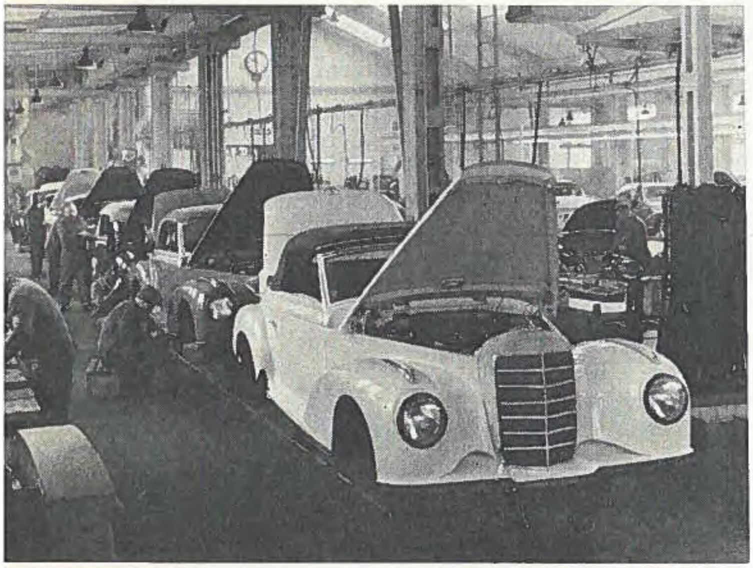
* Mr. Arthur Stanton, President, World-wide Automobile Corporation.

Exports of Motor Vehicles from West Germany

(in units)

	1950	*1952*	*1954*	*Jan.-May 1954*	*Jan.-May 1955*
Total	83,134	136,872	301,142	106,866	178,974
Europe	72,449	106,373	230,687	84,156	129,464
(incl.)					
Belgium	14,112	24,549	44,426	18,515	20,842
Denmark	2,813	7,456	26,689	11,439	9,818
Netherlands	16,864	12,743	31,921	11,959	15,932
Austria	1,671	2,349	21,843	1,401	20,360
Sweden	20,880	18,314	44,003	11,211	31,093
Switzerland	9,652	13,548	24,546	11,252	13,710
North and South America	4,902	15,017	43,938	10,104	24,648
(incl.)					
United States	347	1,526	10,297	2,383	12,519
CANADA	....	356	3,637	1,509	2,654
Argentina	....	....	4,454	1,292	2,660
Brazil	2,311	6,710	6,512	2,435	2,582
Africa	4,342	12,202	20,016	6,901	12,347
Asia	496	2,409	9,979	3,822	6,032
Australia	945	871	4,570	1,883	4,053

(Source: "Der Aussenhandel der Bundesrepublik Deutschland", Part 2)



Work goes forward on the internal assembly and on the body of the Mercedes model 300 S, in the German factory.

exports will be cut to 50 per cent of production in order to speed delivery to domestic buyers who must wait up to four months after placing orders.

Domestic Market Will Grow

The boom in car ownership in Western Germany has been restricted almost entirely to middle-class families; few workers are able to meet the initial expense and operating cost of an automobile. As living standards rise, it is probable that more and more people in the lower income groups will be able to afford the smaller four-passenger cars with their low gasoline consumption. The potential demand of this large untapped market suggests that Germany's automobile producers can look forward to a long period of expanding domestic demand before the saturation point is reached. In the meantime several manufacturers (e.g., Messerschmitt and Bayerische Motorenwerke) have developed small two-passenger vehicles which are not much more expensive than a motorcycle to own and operate.

Only cloud on the horizon is the failure of the highway system and urban parking facilities to keep pace with this rapid development. The Autobahn network, already overcrowded, is being expanded only slowly and the fact that it bypasses most major cities and does not provide suburban access to mid-town areas suggests considerable room for improvement. Despite the increase in traffic, motels and drive-in restaurants are practically unknown. Off the Autobahn, Germany's ancient by-ways are becoming clogged with traffic and the absence of a speed limit strikes a rather ironic note. A novel solution for the highway problem was suggested recently by Dr. Nordhoff, who offered loans from Volkswagen reserves for road improvements.●

Northern Ireland Seeks Industry

TWO TASKS await the newly appointed Northern Ireland Advisory Development Council—the promotion of new industries and the reduction of local unemployment. To accomplish these objectives, it has been given very wide terms of reference, although it is not intended to supplant or cut across what the Northern Ireland Government is already doing to attack these problems. Its efforts will be supported by adequate financing, because both the United Kingdom and the Northern Ireland Governments realize that greater industrial employment can only result from substantial capital investment in new or expanded plants.

Appointed chairman of the Council is the Rt. Hon. Viscount Chandos, D.S.O., M.C., chairman of the British Thomson Houston Company. The six other members include two industrialists, three trade union officials, a shipping and transport expert, and the head of the Information Division of H.M. Treasury. The latter will take on the job of publicizing, both at home and in North America, the advantages afforded to industrialists who are prepared to establish new industries there. These include government grants, the leasing of factories on favourable terms, and an ample supply of labour. The Council has set up headquarters in the Ulster Office in London.

Lord Chandos already has personal knowledge of the facilities that Northern Ireland offers. The British Thomson Houston Company is building a new factory at Larne, Co. Antrim, which is expected to cost £8 million. When it is completed, it will design and manufacture steam turbo-generators ranging from 30,000 kw. up. In fact, when the plant is in operation in 1957, it is expected to be the largest steam turbine works in Europe. The project is regarded as one of the most important postwar contributions to the setting up of heavy industry in Ireland.

The importance which the British Government attaches to the work of the Council was recently illustrated in another way. In the supplementary Budget brought down by the Chancellor of the Exchequer, no restrictions were placed on capital investment in Northern Ireland. In fact, authority will shortly be sought from the House of Commons to increase the Northern Ireland Government's borrowing power under the Industries Act from £10 million to £25 million.

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

Cocoa from Bahia Plantations

Leading supplier of cocoa beans to Canadian market is Brazil, where efforts to meet African competition have borne fruit; cocoa now ranks third among Brazilian exports, though price fluctuations continue.

H. M. MADDICK, *Commercial Secretary, Rio de Janeiro.*

EVERY HOUSEHOLDER knows that Brazil ranks as the world's leading producer of coffee, but few realize that she is also the second largest producer of cocoa. In fact, the export figures show that cocoa comes third among Brazilian exports, following coffee and cotton, and accounts for 10 per cent of the total.

The cocoa plant is actually native to Brazil, unlike coffee, and was first found growing wild in the valley of the Amazon River. Before it was used in the form of chocolate and as a beverage, the native Indians made out of the pulp a fermented drink.

In 1678 the government of the day, realizing the importance of the crop, ordered its cultivation and it was first introduced into the State of Bahia in 1746. Since that time, this state on Brazil's north-east coast has become the centre of the cocoa plantations and today accounts for about 98 per cent of the country's production.

The cocoa beans grow in large pods on low-spreading trees and rich soil, shade and a damp atmosphere are necessary for a high yield. When the pods are ripe, they are gathered and the beans extracted and dried. The tree itself has a long life and trees seventy years old still bear a good crop.

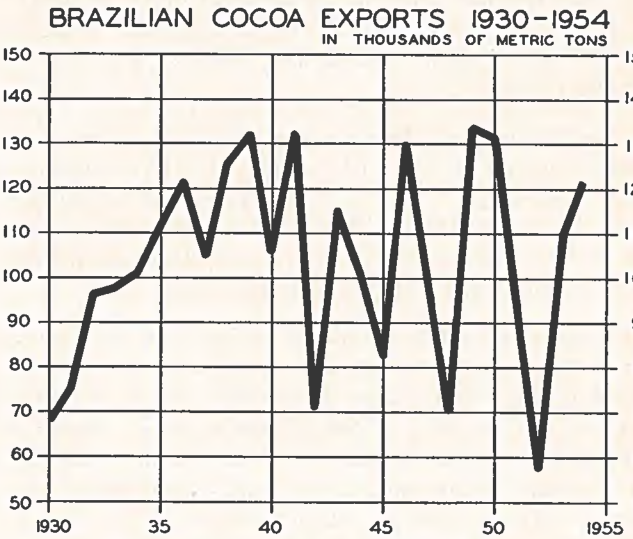
Developing the Industry

In 1931, producers realized that they must take some action to consolidate the industry in order to meet the competition from the growing African plantations. They formed a co-operative Cocoa Institute in Bahia for the purpose of aiding and developing the industry. The Institute operated for ten years as a co-operative but in 1941 it was transformed by state decree into an autocratic body, which has done a splendid job of putting Brazilian cocoa on a competitive basis in the world markets. Production has increased from 132 thousand tons in 1941 to 166 thousand tons for the 1954-55 crop year. However, the years in between have not been without their troubles and the crops of 1951-52 and 1952-53 hit a low of 90,000 tons because of severe drought and disease.

There are approximately 500 local candy factories in Brazil which use small amounts of locally-produced cocoa butter. However, cocoa is essentially an export crop and overseas purchases absorb practically the entire production.

For over fifty years the bulk of Brazil's exports of cocoa was shipped to the United States but with the recovery of Europe after the war the pattern began to change, and large quantities moved to Europe.

Because of Brazil's economic difficulties in 1952 and the desire of European countries to expand their overseas markets, Brazil concluded trade agreements with many of these countries; this resulted in even greater quantities of cocoa being sold to Europe. As a result of such an agreement, Germany in particular increased her purchases and in 1953 moved ahead of the United States as Brazil's best cocoa customer. She maintained this position last year. Other major markets are Argentina, the United Kingdom, the Netherlands, Italy, and France, in that order.



The violent fluctuations in Brazilian cocoa exports during the last 24 years are graphically illustrated in the table above.

Last year Canada bought 2,000 short tons of cocoa directly from Brazil and a further 15,000 short tons from other sources, including 7,500 tons from the United States. It may reasonably be assumed that some portion of the latter originated in Brazil.

The following table shows Brazilian exports of cocoa for the past four years:

Brazilian Cocoa Exports

(in metric tons)

	1954	*1953*	*1952*	*1951*
Germany	45,000	38,000	5,000	8,000
United States	29,000	37,000	32,000	51,500
Argentina	8,000	10,000	5,500	6,500
Great Britain	7,500	4,000	531	6,000
Holland	7,500	2,500	5,500	7,000
Italy	5,500	4,500	3,000	6,000
France	5,000	257	500	4,000
Others	13,500	12,743	5,969	7,000
Total	121,000	109,000	58,000	96,000

The Cocoa Market

Cocoa is essentially a luxury food and as such has had violent ups and downs in the world markets. During the depression years, consumption dropped and cocoa sold for about 4½ cents per pound. After the last war, with the recovery of Europe and with the economy of North America at a high level, consumption of chocolate products increased and the world demand for cocoa exceeded world production. Poor crops in the two leading producing countries—Brazil in 1952 and Africa in 1953—aggravated the situation. Prices started to rise and reached a new high of 70 cents per pound in July of 1954. With prices at this level, demand dropped off and confectioners reduced the percentage of cocoa in chocolate and looked for substitutes. Fortunately for the producers, this situation did not last long, as good world crops in 1954 resulted in a gradual reduction in prices and confectioners once again entered the market and started buying freely.

Prospects are that the crop for the 1955-56 season, which ends on July 31, 1956, will reach 161 thousand tons, according to a Ministry of Agriculture estimate. This about equals the 1954-55 crop and means that the export market should be well supplied and prices should remain about the same as last year.

As long as conditions continue to be good in cocoa-consuming countries, it is anticipated that world demand will be in excess of supply. Because of this demand and because of the system of export bonuses currently in effect, Brazil should have little difficulty in meeting world competition and maintaining her cocoa exports at their present high level. Cocoa should therefore continue to play its part in helping to relieve Brazil's foreign exchange problem.●

Retirements in the Service

A TOTAL of ninety-one years of service has been completed by three senior officers of the Canadian Trade Commissioner Service who retired this year. They are L. M. Cosgrave, 1922-55, F. W. Fraser, 1925-55, and M. B. Palmer, 1927-55.

LAWRENCE MOORE COSGRAVE began his career as an Assistant Trade Commissioner in the London office. Promoted to Trade Commissioner he was posted to Shanghai in 1925, to Melbourne in 1934, Sydney 1936, Shanghai 1946, Vancouver 1949 (as Western Representative), and to Lisbon, his last post, in 1952 as Commercial Counsellor. In 1942, while in Australia, Mr. Cosgrave was appointed Military Attaché to the General Staff. He was official signatory for Canada when the Japanese surrender document was signed in 1945, and was an alternate delegate to the Far Eastern Commission to Japan in 1946. Mr. and Mrs. Cosgrave have chosen to live in Westmount, Quebec.

FRANK WISE FRASER was appointed to the Service in 1925 and was posted the following year to Dublin as Assistant Trade Commissioner. In 1927 he was promoted to Trade Commissioner there. Mr. Fraser left Dublin in 1929 to take charge of the Kingston, Jamaica, office and remained at that post until 1945, when he was transferred to Melbourne. He was promoted to Commercial Counsellor at Melbourne in 1949, and in 1952 went to Stockholm, his last post. While in Kingston Mr. Fraser was a member of the Jamaican Imports, Exports and Prices Board. Mr. and Mrs. Fraser have been living in Bear River, Nova Scotia, since retirement.

MAX BAYARD PALMER joined the Trade Commissioner Service in 1927 and the next year went to Hamburg as Assistant Trade Commissioner. In 1932 he was transferred to Mexico City as Trade Commissioner; postings to Port-of-Spain in 1936 and to Chicago in 1940 followed. Mr. Palmer was recalled to Ottawa in 1943 and loaned to the Wartime Prices and Trade Board until 1945. His next and last post was Kingston, Jamaica. While in charge of that post, he attended the 1949 Canada-West Indies Shipping Conference in Barbados, the B.W.I. Trade Liberalization Plan conference in Ottawa in 1951, and the conference of the Incorporated Chambers of Commerce of the British Caribbean in British Guiana, 1952. Since retirement, Mr. and Mrs. Palmer are making their home in Enderby, British Columbia.

General notes

China

FOREIGN TRADE—Radio Peking has announced that Communist China's foreign trade during the first eight months of 1955 was nearly 13 per cent greater than in the same period last year. Trade with the Soviet Union and other Communist countries showed an increase of 10·8 per cent; trade with South East Asia and other (non-Communist) countries was up 22·4 per cent. The State's import-export schedule for the year was fulfilled—69 per cent of projected imports, 67 per cent of planned exports. Imports stressed equipment and materials needed in the construction of the key projects in China's industrial development program—Hong Kong, Nov. 25.

Cuba

TRADE AGREEMENT WITH ICELAND—Cuba and Iceland have signed a three-year reciprocal trade agreement, effective October 18, 1955. Under the agreement, Iceland undertakes to purchase for internal consumption Cuban refined sugar in a quantity equivalent to 75 per cent of her annual needs but in no case less than 4,000 long tons a year. Iceland also undertakes to buy $5,000 worth of tobacco and $3,000 worth of rum a year. In return, the Cuban Government will extend to Icelandic products (such as codfish) unconditional most-favoured-nation treatment whenever they are imported into Cuba, up to a value of $750 thousand a year—Havana, Dec. 1.

Egypt

NEW BANK ESTABLISHED—The Egyptian Government has just established a new bank, to be known as The Bank of the Republic, and empowered it to carry out all normal banking operations. Of the total capital of one million pounds, the Government is contributing 25 per cent and the remainder is expected to come from workers' unions, co-operatives, etc. The bank will be under the direction of the Ministry of Finance—Cairo, Nov. 30.

Federation of Rhodesia and Nyasaland

ENGINEERING SCHEME—Nyasaland, smallest of the three territories in the Federation, has announced that a ten-year, large-scale irrigation and hydro-electric scheme will begin immediately in the Shire Valley, at a cost of $215 million. According to plans, the work will be completed in three phases; the capital expenditure for the first is estimated at $65 million. The resultant electric power, it is hoped, will give impetus to Nyasaland's industrial expansion—Salisbury, Dec. 2.

Hong Kong

ELECTRIC POWER—The Hong Kong Electric Co. Ltd. is building a new HK$25 million thermal electric power station as an addition to its existing facilities on Hong Kong Island (which now provide 120 thousand kw.) to keep abreast of industrial and residential development. Initially, and by 1959, the new station will provide extra capacity of 30,000 kw. from one steam turbine coupled with its own high-pressure, oil-fired boiler. Long-range plans allow for a further 30,000 kw., if necessary, by the duplication of all this first equipment—Hong Kong, Nov. 29.

Pakistan

GAS PIPELINE—A new $10 million contract has been awarded to build a 16-inch pipeline for 188 miles from the Sui gas fields to Multan. This line will later be extended to Lahore, with branches to other centres. A 388-mile gas pipeline from Sui to Karachi was recently completed. Work on the new line will begin in mid-1956 and will take about seven months—Karachi, Dec. 1.

Philippines

JAPANESE TRADE AGREEMENTS RENEWED—The Philippine Department of Foreign Affairs has announced that the Japanese-Philippine trade and financial agreements have been further extended for the period beginning October 1, 1955, up to and including January 31, 1956—Manila, Nov. 30.

Portuguese East Africa

EXPORTS DECLINE—Preliminary figures for Portuguese East African trade during the first four months of 1955 show a decline in the value of domestic exports by about 10 per cent to $18·8 million.

Principal exports during the period were: black tea, $2,857,600; cotton lint, $2,511,400; raw cashew nuts, $2,509,500; copra, $1,333,900; sisal, $1,225,800; sugar, $892,100. Principal markets and the percentage of total exports sold in them were: Portugal, 24·2 per cent; India, 16·8 per cent; United Kingdom, 11 per cent; Union of South Africa, 9·6 per cent; United States, 7·9 per cent, and West Germany, 5·8 per cent—Johannesburg, Nov. 30.

South Africa

OIL FROM COAL—The SASOL oil from coal project has passed its trial period and commercial production has begun to the accompaniment of growing rumours that a further plant of similar or larger capacity will be built. Speculation is concerned with the location of the second plant rather than with the likelihood of its construction. Possible locations include the coal area of Natal and, more particularly, the Northern Transvaal, where the proven Thabazimbi coal fields have yet to be developed—Johannesburg, Nov. 30.

CREDIT FACILITIES CURTAILED—Interest rates in the Union were increased by ½ per cent on September 29th to temper inflationary tendencies. The discount rate of the Reserve Bank was increased from 4 per cent to 4½ per cent; the rates for three and six months' bills were advanced by ½ per cent to 3 per cent and 3½ per cent, respectively. The Reserve Bank recommenced open market operations in government stocks "to ensure an orderly upward adjustment of gilt-edged rates". The National Financial Corporation advanced its call rate to 2⅞ per cent.

A tightening of instalment plan terms for motor cars will become effective on February 1, 1956; present maximum terms of 10 per cent down payment and 90 per cent over 36 months are being reduced to 45 per cent down and the balance over 18 months. Labour-saving devices and durable consumer goods for the home still remain at 20 per cent down and the balance over 30 months, but increased deposits and shorter periods of payment are anticipated—Johannesburg, Nov. 30.

Sweden

ATOMIC POWER STATIONS—The Swedish Waterfalls and Power Administration plans to construct an atomic heating centre of about 75,000 kw. in Vasteras, scheduled for completion in 1960. An atomic power station of 100 thousand kw. is to be built in south Sweden and should be completed by 1963. The cost of the two atomic installations will be about 200 million kronor—Stockholm, Dec. 2.

United Kingdom

GOLD AND DOLLAR RESERVES—A loss of $14 million in the gold and dollar reserves of the sterling area was the smallest recorded so far in the second half of this year. At November 30th the reserves totalled $2,283 million. This deficit was more than accounted for by $32 million paid to EPU in settlement of October transactions and by $2 million paid to Europe in bilateral settlements. Defence aid from the United States was valued at $2 million during November, so that on normal trade and currency movements the sterling area earned $18 million. During November there was a substantial drop in the United Kingdom deficit with Europe, which stood at £4 million compared with £15 million in October and £38 million in September.

Official sources regard the November figures as indicating an encouraging movement towards the achievement of a net surplus—London, Dec. 10.

United States

NEW HEATING SYSTEM—Electric heating by cable embedded in ceiling plaster has recently made its appearance in this area and already 600 such systems are estimated to be operating in southeastern Michigan. The cable used is one-eighth of an inch in diameter. It is stapled to gypsum lath in the ceiling at regular intervals and standard plaster is then applied in the normal manner. The wires warm the entire ceiling surface which radiates an even and easily controlled heat. Costs in one local building are estimated to be less than half the cost of a fuel-fired system. In addition, the system offers maintenance-free operation for the life of the building. Thorough insulation of walls and ceilings is necessary for proper operation—Detroit, Dec. 14.

Venezuela

BANKING—On October 27 the Banco de la Construccion was set up with a capital of Bs.20 million. Its main function will be financing construction and new industrial development by granting short-term credits. (For full report on banking in Venezuela see *Foreign Trade*, August 20, 1955)—Caracas, Dec. 1.

Yemen

OIL PROSPECTING—A United States company is reported to have secured a concession for oil prospecting in northeast Yemen on a 50/50 profit-sharing basis—Cairo, Nov. 28.

Argentina Relaxes Exchange Controls

New system of foreign exchange controls introduced on October 28 brought in single official exchange rate, covering at least 90 per cent of permitted imports from all currency areas at official rate. Free exchange market also established and other important changes made.

C. S. BISSETT, *Commercial Counsellor, Buenos Aires.*

EFFECTIVE OCTOBER 28, the Argentine Government made radical alterations in the system of foreign exchange control, involving relaxation in the restrictions on trade. The present relaxations are said to be the first of many to be introduced in coming months. The aim is to eliminate all hampering controls gradually, and in due course to return to a system of uncontrolled imports and exports working under the ordinary law of supply and demand.

Official Market

The first point of the new exchange system is that the previous system, composed of a basic rate of 5 pesos, a preferential rate of 7·50, and a so-called official free rate of about 14 pesos per US$1 (or their equivalents in other currencies), together with a host of other rates sandwiched in among these three main rates, was abolished from October 27th. A new official single rate of 18 pesos per US$1 (or its equivalent in other currencies) was substituted. This 18-peso rate applies to all imports from all currency areas listed as eligible for the official rate of exchange. This official list covers, at the present time, at least 90 per cent of the permitted imports, valued in a normal year at about US$1,250 million. Chief commodities on the list are fuels, essential raw materials, drugs and chemical products, paper and newsprint, certain foods, timber, an extensive list of iron and steel and other metal goods, some kinds of agricultural machinery and spare parts, motors for locally manufactured agricultural machinery, tractor spare parts, aircraft spare parts, and some musical instruments. As a transitional measure, importers entering goods under licences issued before October 27 must pay a surcharge equal to the difference between the exchange rate formerly in effect and the new rate of exchange.

Similarly, the 18-peso rate will apply to at least 95 per cent of the total exports, including grains and meat and their by-products; hides, skins and leather; wool; dairy produce, eggs, honey and farm produce generally; timber; quebracho and urunday; yarns and threads; ores and mineral products; re-exports and locally manufactured goods of which more than 20 per cent of the value is represented by imported material.

Part of the peso proceeds arising from the sale of export products will be retained for the Rehabilitation Fund. (This is discussed later in the article.) These retentions will vary between 10 and 25 per cent of the export sales price. Some examples are: grains, oilseeds and other cultivated farm products, 10 per cent; quebracho and urunday, 10 per cent; meat, most dairy products, carded wool and wool tops, and most pastoral by-products, 15 per cent; scoured wool, 20 per cent; greasy wool, dry and salted hides, timber, and all re-exports, 25 per cent.

The former system required a combined import and foreign exchange permit and this will be continued for all products in the official market lists.

Free Market

The second essential feature of the new system is the establishment of a true free exchange market where the peso will be allowed to fluctuate according to supply and demand. Bearing in mind the former comprehensive system of controls, this change appears probably the most radical. The aim is gradually to widen the scope of this market by slowly eliminating the controls which have been retained. The commercial banks and the exchange houses have now regained the right, hitherto held solely by the Central Bank, to deal legally in foreign exchange.

This free rate is to apply to certain specified *imports* only, but it will apply to all products for *export* which are not included in the official market list. These are mainly goods of local manufacturing industries, very few of which were able to compete in foreign markets while the old exchange rates were in force. It is hoped that this change will encourage manufacture for export and prove a source of foreign exchange earnings.

The import products eligible to be brought in at the free market exchange rate will total at the beginning only some 8 or 9 per cent of the usual annual import value. These goods, with the exception of electric generators, will not require either an import or a foreign exchange permit but may be imported at will. There are two such lists. The products in the first may be imported at the free rate without surcharge. This list includes spices; needles; aromatic, synthetic and vegetable essences; filter paper; printed music and books; certain chemicals; electric power generating apparatus, and spare parts for bicycles. The second list is surcharged by 20 pesos per US$1 of invoice value c. and f. Buenos Aires (or the equivalent in other currencies). Products in this list include engines for automotive vehicles and a wide range of accessories and spare parts, such as those for automotive chassis and bodies, for engines, ignition systems, transmission, steering, etc., as well as spare parts of industrial and non-industrial machinery, business machines, sewing machines, wood and metalworking machines, and textile machines. Because the free market rate is now fluctuating between 31 and 32 pesos per US$1, the cost of products in the latter list will range between 51 and 52 pesos per US$1 of invoice value, c. and f. Buenos Aires. A special surcharge is to be placed on automobiles, but it has not yet been announced.

Other Regulations

The exchange necessary to feed this free market will come at the beginning mainly from tourists' expenditures, remittances from abroad, incoming capital investments, and from the exports permitted at free market rates. Exporters will also be permitted to sell in the free exchange market any excess of exchange they may receive from exports at the official market rate. This presupposes a minimum export valuation for all export products, but no list of these prices has yet been published. When this regulation goes into force, all exporters will be required to turn over to the Central Bank the minimum amount of foreign exchange which would be produced by multiplying this export valuation by the 18-peso rate. This also means that no product is likely to be sold abroad at prices less than those to be set by the Administration.

Remittances and other inward and outward movements of funds which are not concerned with imports or exports will be completed at free market rates. No prior authorization by the Central Bank will be needed. Income on foreign capital investments earned after June 30 may be freely remitted. However, such income accumulated up to June 30 may not yet be remitted and accounts or holdings of owners resident abroad which were blocked at that date remain blocked for the time being.

Rehabilitation Fund

The third point of importance is the establishment of the "Fund for the Rehabilitation of the National Economy". This fund is to be used mainly for social purposes. Among these will be the subsidizing of certain foodstuffs, including meat and bread, to prevent the cost of living from getting out of hand. It will also be used for technological advances in agricultural and pastoral production. The fund will be fed by the surcharges on imports and by the retentions on certain exports.

Trade Prospects

The removal of licensing requirements for less essential goods, import of which is permitted through the free exchange market, provides new export opportunities for Canadian companies.

Imports at the official rate of exchange and subject to prior licensing requirements will be limited by the availability of official dollar exchange. So far the goods which will be authorized for import from the dollar area have not been announced. However, those which have been permitted entry over the past two or three years are mainly drugs and chemical products, both medical and industrial; asbestos fibre and certain manufactures; certain iron and steel and other metal products, chiefly in primary form; marine motors for fishing boats; garden and field seeds; spare parts of agricultural and some industrial and non-industrial machinery, and a fairly wide range of raw materials for local industry.

General Effects

As economic conditions improve, the Government proposes to increase the importance of the free market by making a gradually increasing number of products eligible for import in this way. This presupposes an improvement in the free market quotation on the peso, at present about 31, to approximate more closely the official market rate of 18.00 pesos. If this happens, it would eventually permit the abolition of most of the exchange and other controls and return Argentina to multilateral trading, the announced goal.

A further goal, already announced, is the withdrawal of the Government from the international export and import trade as well as from the manufacturing of products for resale in competition with private Argentine enterprises. The proposal is to turn back both of these fields to private enterprise. The liquidation of the State entity, Instituto Argentino para la Promocion del Intercambio, commonly known as I.A.P.I., has been decreed and is already in motion. This entity and its counterpart, the National Meat Institute, has had a monopoly control over the export of every important Argentine export product except wool and also controlled the import of most raw and primary products. ●

Details regarding the exchange rates applicable to specific commodities may be obtained on request from the International Trade Relations Branch.

Michigan and Ohio: *a business view*

Conditions in Michigan and Ohio, booming industrial states, promise well for 1956, with the steelmakers and automobile manufacturers optimistic. Busy industry and high wages create rich market for raw materials, food products, etc. Selected Canadian exports should do well in this area.

M. J. VECHSLER, *Consul and Trade Commissioner, Detroit.*

MICHIGAN AND OHIO appear to be headed for continued business expansion in the next few months, according to information available late in November. A new boom in auto manufacturing is beginning to move ahead on schedule as increasing numbers of 1956 models appear. Though the odd voice has been heard predicting a decline in automotive production and sales during the coming year, automotive officials do not agree. They are optimistic that 1956 will prove at least as good as 1955, which set an all-time record.

Steelmakers Working at Capacity

Similarly, local steelmakers are having their best year; they are working at 98 per cent of capacity, (in one case at 100 per cent), even higher than the national average. With the motor industry forging ahead, steel production is expected to continue strong, at least for the first half of next year. Since the war's end in 1945, billions of dollars have been poured into plant expansion in Michigan and Ohio. However, notwithstanding the fact that metropolitan Detroit used 15 per cent of the nation's steel production, it produced only about 5 per cent. Present plans are for continued expansion. Producers of both steel and non-ferrous metals have been unable to meet the huge demand for their output. Freight car shortages, too, have been a bottleneck.

At the moment, no evidence has appeared that spending plans of business and consumers have been revised downward. In fact, it was announced last week that the Chrysler organization alone plans to invest one billion dollars in a five-year expansion program.

Other Signs of Prosperity

The steady progress of the construction industry has levelled off slightly though it continues good, with heavy demand for all types of construction materials.

Retail trade continues to be brisk. Nationally, department store sales increased 7 per cent for the first nine months of the year, but the increase in Detroit was 12 per cent. Passenger car output during the period was some 45 per cent above that of 1954 and furniture and major household appliances made substantial gains. One large appliance manufacturer hopes for a further 20 per cent rise in sales in 1956.

Agricultural Production

Both states, though generally regarded as primarily industrial, are also heavily engaged in agriculture. Here the picture is somewhat mixed. As a whole, both enjoyed good harvests but complain of low prices. Because the main products are chiefly marketed in each state and consumed by local populations with high purchasing power, returns to producers can be termed average to good.

Prospects for Canadian Sales

Prospects for the sale of Canadian exports to this area vary, depending upon the commodity. Not everything made in Canada can be sold in Michigan and Ohio. On the other hand, the expanding economy does indicate definite prospects for increased trade. Here are a few opportunities.

The healthy state of the construction and building industries is calling for increased amounts of building materials such as lumber, plywood and veneers, cement, building board (gypsum), and many other products which are in short supply. Expansion in the steel industry gives warning of the need for increased supplies of iron ore, nickel, ferro-alloys, and other metals.

Newsprint consumption continues to grow; so do paper and board consumption. Fish and fish products, including the many varieties of canned fish, shellfish, etc., are finding a growing market. Prepared meats, bacon, hams, etc., are finding distribution outlets, in some cases even at premium prices, as do certain other of our products. Natural gas consumption is going up and here again there are future prospects, as there are for our oil. On the other hand, the outlook for manufactured consumer goods, other than a few specialty items, is not as promising. Canadian whisky and beer is finding a growing market. So are a number of other commodities, but here again there is some special feature, coupled with vigorous advertising.

The two states contain a population slightly greater than that of the whole of Canada and their combined production is great. Per capita earnings are high: the average auto worker earned over $105.00 per week, according to last returns, for an average 44-hour week. When one pauses to think that these people must be fed, housed, and clothed, that the industries require materials of all kinds, that public utilities, railroads, shipping, construction, and the cities and towns themselves all require a multitude of goods or services—the potential is evident. There cannot help but be openings here and there where suitable Canadian products may find an entrée, provided they are competitive in price and suited to the market.

trade and tariff regulations

Brazil

CLARIFICATION OF IMPORT REGULATIONS—The Brazilian Federal Court of Appeals recently handed down a decision indicating that merchandise imported into Brazil without an import licence and consular invoice must be returned to the point of origin, not seized and sold at auction as has previously been the case—Rio de Janeiro, Nov. 23.

Cuba

IMPORTS FOR NEW REFINERY EXEMPTED—A Cuban Government decree of November 14th extends the benefits of the Industrial Stimulation Law to the new petroleum refinery of the Texas Company (West Indies) at Santiago de Cuba. The Texas Company's president announced that construction would begin in Santiago in November, and that refinery operations were expected to begin early in 1957. Under the Industrial Stimulation Law, imports of machinery and equipment for the project will be exempt from duties and taxes—Havana, Nov. 21.

Greece

CUSTOMS TARIFF AMENDMENTS—The November 26th issue of *Foreign Trade* carried a report on page 26 concerning reductions in various rates of duty in the Greek customs tariff. These reductions resulted from negotiations which Greece held under the GATT to compensate for increases in duties on other items. A draft law has now been tabled in the Greek Parliament which, among other things, puts into force the tariff increases negotiated under the GATT.

The increases, which came into force on November 4th, take various forms. For example, the previous specific (weight) duties have been replaced by higher ad valorem duties on the following items: aluminum in sheets, planks and boards of hardwood, veneer sheets, staves and small planks for barrels and other purposes, motor buses, absorbent cotton dressing, straw hats, joints and other accessories of iron and steel pipes. Direct increases in the duty apply to iron bars of a circular section, motor trucks and certain passenger automobiles. Moreover, ad valorem minimum duties were introduced for certain articles dutiable by weight including planed lumber of pine, fir and beech, and motorcycles.

On the other hand, crude beeswax imported directly by producers of artificial beecomb foundation has been exempted from customs duty and taxes, and substantial reductions in customs duties are provided for direct imports of leaf tobacco by manufacturers of cigars, and for direct imports of preparations for enamelling metal objects by recognized Greek manufacturers of enamelled products—Athens, Nov. 17.

Hong Kong

IMPORT DUTIES ON LIQUORS INCREASED—Under a resolution of the Legislative Council of

Hong Kong, the rates of duty on certain types of liquors imported into Hong Kong have been increased, effective November 29, 1955. Of these amendments, the following are the most important for Canadian exporters (the former rates are shown in brackets).

Liquors and brandy, $53.00 per gallon ($47.00) of Commonwealth origin; $61.00 ($55.00) of foreign origin.

Whisky, gin and other spirituous liquors, $53.00 per gallon ($44.00) of Commonwealth origin; $61.00 ($52.00) of foreign origin.

Canadian goods are entitled to the preferential rate of duty.

Japan

DOCUMENTATION REQUIREMENTS REVISED—Under the authority of a Cabinet order, the Government of Japan now requires a certificate of origin for all shipments entitled to the reduced rates of duty, including those under the General Agreement on Tariffs and Trade. Canadian goods are entitled to these lower rates of duty.

The decree states that any person who, with respect to imported goods, desires to obtain the benefit on Customs duty as provided for in the special provisions of a convention shall, at the time of import declaration, submit to the Director of Customs a certificate of origin certifying that the goods involved are the growth, produce, or manufacture of the foreign country to which such special provision shall be applied. Exemption from this requirement is provided for postal matters and any goods not exceeding 90,000 yen ($250.20 Canadian at the current rate of exchange).

The certificate of origin, the decree advises, shall contain marks, number, descriptions, quantity, value, place of origin, purchase, provenance and destination of the goods. The document shall be certified by the Japanese Consulate or similar Japanese diplomatic establishments in the place of origin, purchase, provenance or shipment, or by the Customs authorities, other government agency concerned or Chamber of Commerce in their places, if no Japanese Consulate or similar diplomatic establishment is located there. No prescribed form of certificate of origin is available.

New Zealand

REPRESENTATIONS RESPECTING THE TARIFF—The New Zealand Board of Trade proposes to inquire into the question of what rates of import duty should be imposed on a number of items. Those of possible interest to Canada, together with their tariff structure, are as follows:

Item No.	—	British preferential tariff	Rate to Canada	Most-favoured-nation rate
			(per cent)	
294	Paper seed-pockets, printed or lithographed, specially suited for packing seeds....ad val.	3	3	20 plus 22½ of duty
295(2)	Glazed, transparent, greaseproof paper, greaseproof imitation parchment paper, and similar paper of such qualities as may be approved by the Minister....ad val	3	3	3
155	Felt piece goods, not elsewhere included in the tariff, not including felted textiles.ad val.	3	3	10 plus 22½ of duty
156	Felted textiles, in the piece, on declaration that they will be used only for such manufacturing and industrial purposes as may be approved by the Minister....ad val.	3	3	10 plus 22½ of duty
180 Ex(7)	Textile piece goods of synthetic fibre of a type and weight suited for use in substitution for wool in the manufacture of suits, coats, costumes and other similar outer clothing.............ad val.	3	3	15 plus 22½ of duty

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the New Zealand Board of Trade. The most effective method of making representations is for such firms to request their representatives in New Zealand 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.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade and Industries announced on November 5th that it had received the following representations respecting the tariff:

Increase of duty on:

1. (*a*) Non-soapy detergents in powder, paste or solid form (whether in packages for direct sale or in bulk for repacking), not for industrial use, from various rates of duty to 25 per cent ad valorem.
(*b*) Chemical compounds or mixtures of chemical compounds resulting from the processes of sulphonation and/or sulphation intended for the local production of non-soapy or synthetic detergents, not for industrial use, from various rates of duty to 25 per cent ad valorem.

2. Belt backing, from free of duty to 50 per cent ad valorem.

3. The following harness and saddlery fittings, of metal, from various rates of duty to 40 per cent ad valorem: buckles, bits, saddle trees, stirrups, miscellaneous fittings.

Bringing into operation of the suspended duty on:

1. Plastic buttons of a free-on-board price not exceeding 2s. per gross, to the extent of the whole suspended duty.

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

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of making representations is 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.

Sweden

CUSTOMS DUTY AND IMPORT FEE ON WHEAT AND RYE—Due to the crop failure this year, the Swedish Board of Agriculture has permitted the import of unground rye and wheat for use as fodder, effective September 12th until further notice. These imports are exempt from customs duty and from the customary import fee.

The import fee on wheat was reduced, effective October 1st, from 13 öre to 10 öre per kilogram net weight; the import fee on rye is unchanged at 10 öre per kilogram—Stockholm, Nov. 21.

Thailand

CHANGES IN IMPORT REGULATIONS—On September 14, 1955, the Government of Thailand introduced new import control regulations under which import licences are required only for, (*a*) goods appearing on a list of 17 banned items and, (*b*) goods appearing on a list of 23 controlled items. These lists are as follows:

Prohibited Imports:

1. Watermelon seeds (excluding those for planting)
2. Betel (areca) nuts
3. Rattan
4. Attap leaves and other leaves for rolling cigarettes
5. Slippers and sandals of straw or wood
6. Coconut oil, peanut oil, palm oil
7. Wood veneer
8. Old newspaper
9. Fans of paper or wood
10. Toothpicks
11. Chopsticks
12. Fireworks
13. Bamboo hats
14. Matting made of rattan, bamboo, coconut fibre, or other vegetable material
15. Non-metallic basket work
16. Mortars, pestles and hand mills, not for industrial use
17. Mosquito coils

Controlled Imports:

Commodities requiring import licences may be imported only in limited quantities.

1. Meat, fresh, frozen or prepared
2. Fruits, fresh, dried or preserved
3. Garlic
4. Fans
5. Works of art
6. All types of yarn for weaving
7. Iron saucepans
8. Articles made of paper, as follows: files, bags, writing pads, exercise books and worshipping papers
9. Writing materials, as follows: ink erasing solution, slates, glue, paste and rulers made of wood or plastic
10. Miscellaneous manufactures, as follows: joss sticks, shuttlecocks, combs, elastic bands, soap boxes, clothes, clips, rice spoons, dummies, clothes hangers
11. Flavourings
12. Paper: writing, printing, wrapping
13. Grey shirtings, drills, loin cloths, printed textiles and embroidered textiles whether in rolls or in pieces
14. Cement
15. Earthenware, glazed or otherwise
16. Gold and silver and Niello ware
17. Tin sheet
18. Enamelled metalware
19. Oil and hurricane lamps
20. Motor cars
21. Oils for mixing with paints, with iodine value of less than 170
22. White sugar
23. Matches

United Kingdom

LIGHTER FLINTS REQUIRE MARK OF ORIGIN—An order effective February 1, 1956, made under the British Merchandise Marks Act 1926, requires that imported lighter flints must bear an indication of origin before they can be sold or exposed for sale at retail in the United Kingdom. The order also applies to sale at wholesale, as well as to exposure for sale wholesale by other than a wholesale dealer. Details regarding the method of marking are available on request from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Tour of Territory

W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, plans to visit Medan in Sumatra for about two weeks late in January or early in February. Businessmen who would like Mr. Wallace to undertake assignments for them should get in touch with him as soon as possible.

Foreign Commercial Representatives in Canada

ARGENTINA
Montreal—Consul General of Argentina, 1111 Beaver Hall Hill.

AUSTRALIA
Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, 643 Hornby Street.

AUSTRIA
Ottawa—Chargé d'Affaires a.i., Legation of Austria, 445 Wilbrod Street.
Toronto—Austrian Trade Delegate, Suite 106, 77 York Street.
Vancouver—Austrian Trade Delegate, Room 111, 525 Seymour Street.

BAHAMAS
Toronto—Assistant Trade Commissioner, Victory Bldg., 80 Richmond Street, West.

BELGIUM
Montreal—Consul General of Belgium, 709 Sun Life Bldg.

BOLIVIA
Montreal—Consul General of Bolivia, 5612 Canterbury Avenue.

BRAZIL
Montreal—Commercial Attaché, Brazilian Government Trade Bureau, Room 302, 400 St. James Street West

BRITISH GUIANA, BRITISH HONDURAS, BRITISH WEST INDIES
Montreal—Trade Commissioner for British Guiana, British Honduras and British West Indies, 37 Board of Trade Bldg.

CHILE
Montreal—Consul General of Chile, Apt 131, 3445 Cote des Neiges.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA
Ottawa—First Secretary, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA
Ottawa—First Secretary and Consul, Suite 16, Roxborough Apartments.
Montreal—Consul General of Colombia, 1822 Sherbrooke Street, West.
Toronto—Consul General of Colombia, 499 Oriole Parkway.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA
Montreal—Consul General of Costa Rica, 1465 Mackay Street, Apt. 4.

CUBA
Montreal—Consul General of Cuba, 1117 St. Catherine Street West.

CZECHOSLOVAKIA
Montreal—Commercial Attaché of Czechoslovakia, 1255 Phillips Square.

DENMARK
Ottawa—Royal Danish Legation, 451 Daly Avenue.
Montreal—Consul, Royal Danish Consulate, Room 815, Keefer Building, 1440 St. Catherine Street West.
Toronto—Secretary (Commercial), Royal Danish Consulate, 114 Danforth Avenue.

DOMINICAN REPUBLIC
Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

ECUADOR
Montreal—Consul General of Ecuador, 5409 Coolbrook Street.

EGYPT
Ottawa—Commercial Attaché, Egyptian Embassy, Roxborough Apts., Apt. 39.

EL SALVADOR
Montreal—Consul General of El Salvador, Apt. 14, 1452 Bishop Street.

FINLAND
Ottawa—Second Secretary, Legation of Finland, 140 Wellington Street.

FRANCE
Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.
Montreal—Commercial Attaché of France, 610 St. James Street West.
Toronto—Commercial Attaché of France, 185 Bay Street.

GERMANY
Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 580 Chapel Street
Montreal—Consulate General of the Federal Republic of Germany, 1529 McGregor Street.
Toronto—Consulate of the Federal Republic of Germany, 77 York Street.
Vancouver—Consulate of the Federal Republic of Germany, 213-214 Crown Bldg., 615 West Pender Street
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.

GREECE
Ottawa—First Secretary, Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA
Montreal—Consul General of Guatemala, 401 Metcalfe Avenue, Westmount.

HAITI
Ottawa—Consul General of Haiti, 18 Rideau Street.
Montreal—Consul of Haiti, 1405 Bishop Street.

HONDURAS
Montreal—Consul General, Consulate General of Honduras, Suite 423, 1117 St. Catherine Street West.

INDIA
Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street

INDONESIA
Ottawa—Commercial Counsellor, Indonesian Embassy, 160 Metcalfe Street.

IRAQ
The Consul General of Lebanon is in charge of Iraqi interests. See address below.

IRELAND
Montreal—Irish Trade Representative (Irish Export Promotion Board), 1015 Beaver Hall Hill.

ISRAEL
Montreal—Vice Consul of Israel (Commercial), 1555 McGregor Street.

ITALY
Ottawa—Commercial Attaché, Embassy of Italy, 136 Queen Street.

JAPAN
Ottawa—Second Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.
Toronto—Japanese Consulate, 180 University Avenue.
Vancouver—Japanese Consulate, 510 Hastings Street West.

LEBANON
Ottawa—Consul General of Lebanon, 470 Wilbrod Street.

LUXEMBOURG
Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO
Montreal—Consul General of Mexico, Room 806, Castle Bldg.

MONACO
Montreal—Consul of Monaco, Room 35, 35 Notre Dame Street West.

NETHERLANDS
Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Montreal—Netherlands Consulate, 1103 Castle Bldg., 1410 Stanley Street.
Toronto—Netherlands Consulate, 159 Bay Street.
Vancouver—Netherlands Consulate, 475 Howe Street.

NEW ZEALAND
Montreal—New Zealand Trade Commissioner, Room 609, Sun Life Bldg.

NORWAY
Ottawa—Secretary, Norwegian Embassy, 140 Wellington Street.
Montreal—Vice-Consul of Norway, 1410 Stanley Street.

PAKISTAN
Ottawa—Commercial Attaché to the Pakistan High Commissioner, 505 Wilbrod Street.

PERU
Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

POLAND
Ottawa—Acting Commercial Attaché of the Polish Legation, 362 First Avenue.

PORTUGAL
Ottawa—Embassy of Portugal, 285 Harmer Avenue.
Montreal—Consul of Portugal, 1499 Bishop Street.

SPAIN
Ottawa—Commercial Office, Spanish Embassy, 149 Daly Avenue.

SWEDEN
Ottawa—Secretary, Royal Legation of Sweden, 720 Manor Road, Rockcliffe Park.
Montreal—Commercial Secretary, Royal Consulate General of Sweden, 1511 Bishop Street.

SWITZERLAND
Ottawa—First Secretary, Swiss Legation, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 600 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 210 Mitchell-Copp Bldg., 334 Portage Avenue.

THAILAND
Toronto—Consul of Thailand, 200 Bay Street.
Vancouver—Consul of Thailand, 5416 Marguerite Street.

TURKEY
Ottawa—Commercial Counsellor and Secretary, Turkish Embassy, 197 Wurtemberg Street.

UNION OF SOUTH AFRICA
Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Street

UNION OF SOVIET SOCIALIST REPUBLICS
Ottawa—Trade Counsellor, Embassy of the USSR, 24 Blackburn Street.

UNITED KINGDOM
Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—United Kingdom Trade Commissioner for Alberta, Imperial Bank Bldg., Jasper Avenue.
Halifax—United Kingdom Trade Commissioner for the Atlantic Provinces, 65 Spring Garden Road.
Montreal—United Kingdom Trade Commissioner for Quebec, 1111 Beaver Hall Hill.
Toronto—United Kingdom Trade Commissioner for Ontario, 119 Adelaide Street West.
Vancouver—United Kingdom Trade Commissioner for British Columbia, 540 Burrard Street.
Winnipeg—United Kingdom Trade Commissioner for Manitoba and Saskatchewan, 504 Main Street.

UNITED STATES
Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, Toronto General Trusts Bldg.
Edmonton—Consul of the United States, 214 Empire Block.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Street.
Niagara Falls—Consul of the United States, Newman Hill, Falls Street.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 204 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, 355 Burrard Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY
Ottawa—First Secretary, Embassy of Uruguay, 170 Laurier Avenue, East.

VENEZUELA
Ottawa—Commercial Counsellor, Embassy of Venezuela, Roxborough Apts., Apt. 21.
Halifax—Consul, Room 401, Roy Bldg., Burrington Street.
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.
Toronto—Consul, 25 Adelaide Street East.
Vancouver—Vice Consul of Venezuela, 525 Seymour Street.

YUGOSLAVIA
Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Toronto—Consul General of the FPR of Yugoslavia, 27 Montclair Avenue.

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

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar 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 importers. 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 equivalent multiply by 1·00125.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 9	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05549	18·02	(3)
		Free	·02813	35·55	
Australia	Pound		2·2395	0·447	
Austria	Schilling		·03841	26·03	
Belgium-Luxembourg	Franc		·01996	50·10	
Belgian Congo	Franc		·01996	50·10	
Bolivia	Boliviano	Official	·00526	190·22	
British West Indies	Dollar		·5832	1·71	(4)
	Pound		2·7994	0·357	(5)
	Dollar	British Honduras	·6998	1·43	
Brazil	Cruzeiro	Effective selling			
		Category I	·01157*	86·41*	tax 10% (2)
		Category V	·00313*	319·84*	*Nov. 22
		Official buying	·05440	18·38	(6)
Burma	Kyat		·2097	4·77	
Ceylon	Rupee		·2100	4·76	
Chile	Peso	Official	·00499	200·24	(1)
		Exceptional	·00331	301·88	(7)
Colombia	Peso	Basic	·3995	2·50	(8)
		Free	·2474*	4·04*	*Dec. 7
Costa Rica	Colon	Official	·1779	5·62	
		Controlled free	·1504	6·65	
Cuba	Peso		·9988	1·001	tax 2% (2)
Czechoslovakia	Koruna		·1387	7·21	
Denmark	Krone		·1446	6·92	
Dominican Republic	Peso		·9988	1·001	
Ecuador	Sucre	Official	·06659	15·02	
		Free	·05766	17·34	
Egypt	Pound	Official	2·8680	0·349	
Fiji	Pound		2·5220	0·397	
Finland	Markka		·00434	230·31	
France	Franc		·00285	350·38	(9)
French Africa	Franc		·00571	175·19	(10)
French Pacific	Franc		·01570	63·69	(11)
Germany	D Mark		·2370	4·22	
Greece	Drachma		·03329	30·04	
Guatemala	Quetzal		·9988	1·001	
Haiti	Gourde		·1998	5·01	
Honduras	Lempira		·4994	2·00	
Hong Kong	Dollar	Free	·1704*	5·87*	*Mar. 25
Iceland	Krona	Official	·06133	16·31	
		Special buying	·04834	20·69	
		Special selling	·03805	26·28	(12)
India	Rupee		·2100	4·76	
Indonesia	Rupiah	Basic	·08749	11·43	(13)
Iran	Rial	Certificate	·01318	75·84	
Iraq	Dinar		2·7965	0·358	
Ireland	Pound		2·7994	0·357	
Israel	Pound		·5549	1·80	
Italy	Lira		·00160	623·83	
Japan	Yen		·00278	360·36	
Lebanon	Pound	Free	·3075	3·25	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 9	Units per Canadian dollar	Notes (See below)
Mexico	Peso		·07990	12·52	
Netherlands	Guilder		·2611	3·83	
Netherlands Antilles	Guilder		·5261	1·90	
New Zealand	Pound		2·7994	0·357	
Nicaragua	Cordoba	Effective buying	·1513	6·61	
		Official selling	·1417	7·06	
Norway	Krone		·1398	7·15	
Pakistan	Rupee		·2100	4·76	
Panama	Balboa		·9988	1·001	
Paraguay	Guarani	Basic	·04756	21·03	(1)
		Group I	·03699	27·03	
		Group II	·02854	35·04	(14)
Peru	Sol	Certificate	·05257	19·02	
Philippines	Peso		·4994	2·00	tax 17% (2)
Portugal	Escudo		·03486	28·69	(15)
El Salvador	Colon		·3995	2·50	
Singapore & Malaya	Straits dollar		·3266	3·06	
South Africa (Union of)	Pound		2·7994	0·357	
Spain & Dependencies	Peseta	Basic buying	·04561	21·93	
		Basic commercial selling	·06081	16·45	(1)
		Free	·02564	39·00	
Sweden	Krona		·1931	5·18	
Switzerland	Franc		·2331	4·29	
Syria	Pound	Free	·2825	3·54	*Nov. 15
Thailand	Baht	Free	·04676	21·39	*Oct. 28 (1)
Turkey	Lira		·3567	2·80	
United Kingdom	Pound		2·7994	0·357	
United States	Dollar		·9988	1·001	
Uruguay	Peso	Official	·6575	1·52	
		Basic buying	·5611	1·78	
		Special buying	·4250	2·35	tax 6% (2)
		Basic selling	·4756	2·10	(1)
		Special selling	·3567	2·80	
Venezuela	Bolivar		·2981	3·35	
Yugoslavia	Dinar		·00333	300·39	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Argentina: Additional rates result from exchange retentions on export proceeds and surcharges on imports.
4. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
5. Bahamas, Bermuda, Jamaica.
6. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rates plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
7. Chile: Official rate applies only to most essential imports.
8. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
9. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
10. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
11. New Caledonia, New Hebrides, Oceania.
12. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
13. Indonesia: Basic rate applies to all exports and a few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 or 400 per cent depending on products.
14. Paraguay: Paraguayan exports subject to basic rates plus variety of exchange subsidies and surcharges.
15. Portugal: Approximately same rate for Portuguese Territories in Africa.

transportation notes

Australia

RECORD PROFIT FOR TAA—The government-owned Trans-Australian Airlines made a record net profit of £221,059 last financial year, £106,649 more than in 1953-54. The profit was made after £473,410 had been provided for depreciation and £328,023 for superannuation.

TAA proposes to increase its Viscount fleet to 11 by 1957. The Viscounts, which have been in operation only six months, have significantly improved TAA finances, the Minister for Civil Aviation stated—Sydney, Dec. 2.

Basutoland

SCHEDULED AIR SERVICE PROPOSED—Regular air service between the administrative centre of Maseru and nine points in the Protectorate of Basutoland are foreshadowed in a call for tenders by the secretary of the territory. The conditions of tender provide for an exclusive air transport franchise for an approved operator prepared to maintain scheduled service with a guaranteed minimum movement a year of 100 thousand lb. of mail, 100 thousand lb. of freight and 600 passengers—Johannesburg, Nov. 30.

Egypt

SUEZ CANAL IMPROVEMENT—Construction of two side channels in the Suez Canal, one south of Port Said and the other at Kabrit, has begun. The new channels permit the passage of 50 ships a day. Cost of the construction is estimated at £E2 million —Cairo, Nov. 28.

Portuguese East Africa

HARBOUR FACILITIES IMPROVE—More than £10 million have been spent on harbour works in Portuguese East Africa since 1949, largely to improve loading and transhipment facilities at the major ports of Lourenço Marques and Beira. With a new ore conveyor system and a specialized mineral-loading wharf, the port of Beira was able to handle 366 thousand tons of chrome ore in 1954, and two more new wharves have increased docking facilities by 70,000 square feet. At Lourenço Marques, harbour extensions have provided additional berths for deep-sea vessels, and dredging has improved the low-water depths alongside. The installation of a battery of mobile heavy-duty cranes has accelerated cargo handling rates. Improvements have also been made in terminal facilities at the lesser ports of Quelimane, Nacala and Port Amelia. Railway siding facilities at all ports have been improved—Johannesburg, Nov. 30.

South Africa

RAILWAY DEVELOPMENT—A five-year development plan for the Union's railways has been announced, with £200 million to be spent for rolling stock and improvement to the lines, etc. This compares with an expenditure of £320 million during the past ten years—Cape Town, Dec. 2.

Venezuela

OCEAN FREIGHT RATES—A general increase of approximately 10 per cent in ocean freight rates from eastern Canada to Venezuela will take place effective December 14, 1955. It is understood that the rate increase will not apply to newsprint, automobiles, fertilizer and agricultural machinery.

On the same date (December 14) the reclassification of the port of Maracaibo to the same basis as other ports in Venezuela will take effect and the surcharge of $2.00 per ton will be cancelled.

West Germany

LUFTHANSA EXTENDS SYSTEM—For the winter season which began on October 2nd, Deutsche Lufthansa has scheduled four more continental routes and has put two new DC-3's into service. Stuttgart, the important traffic centre in southern Germany, is now included in their system and all Lufthansa's North Atlantic routes can easily be reached by this DC-3's feeder service. Lufthansa expects an increase in its total revenue of approximately DM5 million a year (3·6 million on the North Atlantic route and 1·8 million on the continent). Other improvements in Lufthansa service are the extension of the flight beyond Madrid to Lisbon and alterations in the time-table, especially at Frankfurt, to achieve better connections—Bonn, Dec. 10.