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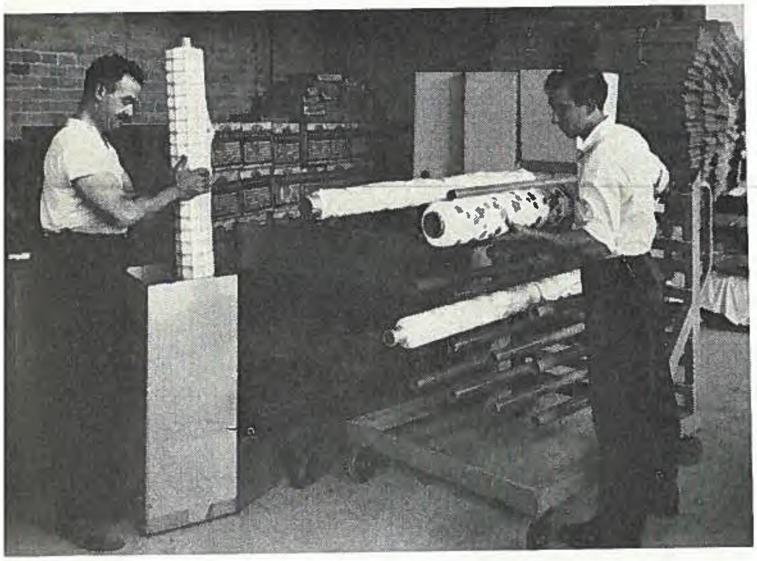
cover In a Canadian control laboratory, a skilled worker operates a polyvinyl chloride mill. P.V.C. is among the plastic raw materials which Canada's fast-growing plastics industry sells in a number of foreign markets. For a review of sales possibilities for these materials in seven South American countries, see pages 2-10.

—Photo by Monsanto Canada Limited



—Shawinigan Water and Power

In a Canadian plant, rolls of multi-coloured printed vinyl film are packaged for shipment to an overseas market. Finished plastic products move to many countries but in those which have fabricating industries of their own, Canada finds sales opportunities for her output of primary plastics.

PRODUCTION OF PRIMARY PLASTICS in Canada has expanded at a phenomenal rate over the past ten years. Last year, Canadian plants turned out $49·3 million worth of synthetic resins as against $6·8 million in 1945—a sevenfold increase in little more than a decade. In fact, primary plastics is one of the fastest growing of all Canadian industries; already it has gained an important position in the billion-dollar chemical field.

Exports of plastic raw materials constitute from one-quarter to one-third of total output. Sales abroad last year amounted to $13·1 million (more than half of it polystyrene) compared with $1·4 million in 1945. Exporters shipped plastic raw materials to 44 different countries in 1955 but eleven countries accounted for 87 per cent of total sales. Leading customers, in order of importance, were: United Kingdom ($2·8 million), Hong Kong ($1·7 million), France ($1·6 million), the Netherlands ($1·5 million), West Germany ($933 thousand), Japan ($879 thousand), and Australia ($661 thousand). Polystyrene exports outstripped the total for all other plastics shipped to Hong Kong, the Netherlands, West Germany, Japan and Italy; the United Kingdom and France accounted for nearly 60 per cent of exports of all other types of synthetic resins.

As the output of primary plastics grows, the need for widespread export markets increases. This fact has led Foreign Trade *to investigate sales possibilities for Canadian-made primary plastics in many areas. In this project, we enlisted the services of the Canadian Trade Commissioners abroad and the Chemicals Division of the Department here at home. The resulting reports, classified by areas, will be presented in five issues beginning with South America in this number.*

In writing to the Trade Commissioners, we asked them to investigate the development of the plastics industry in their territory, the types and quantities of raw materials imported, the main sources of supply, tariffs and other import barriers, and the best opportunities for Canadian suppliers. Because our space is limited, we cannot publish some of the detailed statistics that we received. They are on file in the Department and interested readers may obtain a copy by writing to the Chemicals Division, Department of Trade and Commerce.

Plastic Raw Materials

the markets in South America

ARGENTINA—*Some 700 plastics fabricators provide steady market for variety of thermosetting plastics and thermoplastics. Import of all types not made locally eligible from any source, without permits and at free market rate.*

SEVEN HUNDRED PLASTICS FABRICATORS produce a wide range of plastic articles for the domestic Argentine market and the list is growing month by month. It includes such products as film, sheet, adhesives, laminates, tubing, paints, wire coatings, electrical devices, and a wide range of injection mouldings. The list of finished products in fact resembles a similar Canadian list. Some of the raw materials which go into the production of these articles are produced locally by approximately twelve plastics manufacturers; others are imported. The imports are most often in a basic form such as basic chemicals (urea, phenol), monomers, or compounded materials; sometimes in semi-fabricated form (sheets, tubes, laminates, etc.), but seldom as consumer goods.

Imports Now Freed

The development of the industry has been seriously hindered in recent years by import controls and restrictions caused by shortage of foreign exchange. Effective January 9, 1956, however, the import of all important plastic materials, except those made locally, was placed on the free market—i.e., imports are eligible from any source without permits and payable at the free market rate of exchange. Eligible materials which have not been placed on the free list are added when and if a demand for them arises. Because some supplies entered the country in 1955 at the exchange rate of 7.50 pesos per U.S. dollar, others (between October 28, 1955, and January 9, 1956) at the present official rate of 18 pesos per dollar, and the most recent at free market rates which have ranged between possibly 28 and 45 pesos to the dollar, the market is currently somewhat unsettled. However, the longer-term outlook is bright. The Argentine people appreciate material progress and modern design and hence are very interested in plastics, synthetic fibres, etc. One company is bringing a new plant into production by the end of this year and two others have firm plans for expansion. Overall demand is expected to increase rather dramatically during the next few years and to continue expanding. Because the market is now a completely free and competitive one, Argentina should provide interesting possibilities for exporters who can meet international competition in price, quality, terms and service.

Plastics in Argentina and Their Uses

Plastic	*Uses*	*Estimated Consumption Metric Tons* 1956	1957	1959
THERMOSETTING PLASTICS				
Phenolformaldehyde moulding powders	Wide range including telephone instruments, light switches, normal phenolics applications	2,400	2,900	4,000
Resins	Cloth or paper laminates for industrial purposes such as gears, etc., and decorative purposes such as panelling, etc.			
Urea formaldehyde moulding powder	Similar to phenolics but give brighter colours, different properties	2,400	2,900	4,000
Resins	Textile finishing, glues for plywood and furniture, paper treatment, etc.			
Melamine formaldehyde moulding powders	Wide application, houseware, dishes, toys, electric articles, etc.	400	480	700
Resins	Decorative laminates			
Alkyd resins	Used in paint manufacture	500	600	800
THERMOPLASTICS				
Polystyrene	Complete range of sheets and injection mouldings, toys, household articles, etc.	2,500 to 3,000	3,800	4,800
Polyethylene	Complete range of film, squeeze bottles, etc., and plans exist to make piping	1,500 to 1,800	3,800	5,900
Polyvinylchloride	Complete range including sheeting, electric wire covers, garden hose, flooring, imitation leather, etc.	2,500 to 3,000	6,500	5,900*
Polyvinylacetate	Paints	120	?	?
Polymethylmethacrylate	Sheets for refrigerator parts, decorative sheeting, injection moulding and general machinery	500	500	500
Cellulose acetate	Combs, screwdriver handles, toys, toothbrush handles and photographic films, etc.	400	450	500
Nylon (plastics applications)	Mainly for injections, mouldings, industrial articles.	10	20	30

* This reduction is anticipated as a result of expected use by 1959 of locally produced high-impact polystyrene sheets.

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A wide range of thermosetting plastics and thermoplastics is used in Argentina. In the first group are phenol formaldehyde, urea formaldehyde and melamine formaldehyde resins and moulding powders, polyester resins, and alkyd resins. The thermoplastics include polystyrene, polyethylene, polyvinylchloride, polyvinylacetate, polyvinylformal, polyvinylbutyral, polymethylmethacrylate, cellulose nitrate, cellulose acetate, cellulose acetobutyrate, ethyl cellulose and nylon. Official consumption figures are not available but private estimates suggest that total consumption of plastics during 1956 will range between 13,000 and 15,000 metric tons. By 1959, it is expected to exceed 21,000 tons. Individual estimates where available are included in the table.

Although a few of the named materials are being used in a limited way or are just being introduced into this market, the majority have wide applications, very similar to uses in Canada or the United States. The table provides details about some of the main uses for each plastic.

Sources of Raw Materials

Formaldehyde is produced locally and is used with imported urea and phenol to produce the phenol and urea formaldehydes. Domestically produced phthalic anhydride is also used in the local manufacture of alkyds. At present the remainder of the thermosetting plastics and all the thermoplastics are imported. However, local production of polystyrene will begin shortly and plans call for domestic production of polyethylene, polyvinylchloride and possibly nylon within two to three years. The materials can be imported in the following forms: phenol, urea, melamine, styrene and maleic anhydride in their natural form; polyester resins as solids or liquids; polyethylene, polyvinylacetate, cellulose acetate, cellulose acetobutyrate and ethyl cellulose as liquids, powder, paste, pellets or granules; polystyrene and polyvinylchloride in the previously named five forms and as rigid sheets; polyethylmethacrylate and cellulose nitrate as sheets, tubes, rods or other semi-fabricated form, and nylon as powder, paste, pellets or granules.

Formerly imports came almost exclusively from countries with whom Argentina had bilateral trade agreements. Since imports have been freed, the pattern has not become clearly established but purchases from dollar countries have been substantial. To date, Canada has participated only in a minor way, and the major sources include the United Kingdom, Germany, France and Italy.

Because plastics have been placed on the free market list, all exporting countries have equal access to the Argentine market. Imports are subject only to the customs duties which apply equally to those from all sources—18 per cent ad valorem for the plastic materials and phenol and 12 per cent for urea.

Prices, Terms and Representation

Little price information is available but the following examples of current c. & f. Buenos Aires prices may be indicative: polystyrene crystals 66 cents per kilo; polyvinylchloride (general electrical compound) 70 cents per kilo; polyethylene 88 cents per kilo. Quotations to Argentina should preferably be made c. and f. in U.S. dollars. Business in the past has generally been done on an irrevocable letter of credit basis but at the present time the supply of money in the country is so short that a number of suppliers are giving terms up to 180 days. At the moment such terms would more than offset any but a substantial difference in prices, because bank advances to cover such imports would cost 7 per cent interest. Delivery, quality, technical information and service, and customer contact are all important factors in obtaining and retaining business. The normal method of selling is through an exclusive representative whose commission is 5 per cent. The material is consigned direct to purchaser, as holding of stocks is impractical because of wide fluctuations in the international value of the Argentine peso.

—W. F. HILLHOUSE,
Agricultural Secretary, Buenos Aires.

BRAZIL—*Rapid development of local industry is shrinking market for imported plastic raw materials. But certain materials still bought abroad, chiefly in Europe.*

BRAZIL is rapidly becoming self-sufficient in the manufacture of plastic raw materials. At the present time, local industry can supply Brazilian requirements of polyvinylchloride, urea formaldehyde, polyvinylacetate, alkyds, and polyesters. For polystyrene, the monomer is being imported but by the end of this year it will be produced locally. Polyethylene is bought abroad but plans have been made to manufacture it in Brazil by the end of next year. Phenol-formaldehyde is being made locally from imported phenol and domestic formaldehyde. Two firms are considering the manufacture of phenol and by the end of next year Brazil should be self-sufficient.

Among other products, local manufacturers are supplying acetic anhydride, metal stearates, phthalic anhydride, synthetic iron oxides, acetic acid, acetone, ethyl alcohol, isobutyl alcohol, formaldehyde, n-butyl alcohol, n-butyl acetate, phenolic resins, vinyl chloride, urea and glycerine.

Acrylic resins, some vinyl resins, melamine formaldehyde, formaldehyde in pulp, pentaerythritol and methanol are still imported. The latter will be produced locally within two years if present plans are carried out.

From February 20, 1956, to July 16, 1956, 172 import licences were issued in São Paulo for the import of artificial plastic materials and synthetic resins. An examination of these licences reveals the following information:

Commodity	*Number of licences issued*	*Weight in kilograms*	*Usual country of supply*
Urea formaldehyde in pulp	22	104,360	Sweden, U.S.
Melamine formaldehyde	8	36,199	Sweden, U.S.
Celluloid sheets	21	41,149	Japan
Polyethylene	18	83,590	U.S., Yugoslavia, U.K.
Phenolic plastic sheets	13	35,780	Denmark, Germany, Czechoslovakia, U.S., Hungary
Vinyl resins, n.o.p.	9	108,571	U.S., Japan
Acrylic resins	8	15,880	Germany, U.S., Denmark
Polyhexamethyl, adipamide resins	8	127,276	Canada, Italy, France
Polyvinylchloride	4		
Polyvinyl alcohol	5	18,075	Italy
Artificial casings	6	8,692	United States
Various other products	59	12,482	U.S., Canada

The reader should note that, although the Brazilian production of urea formaldehyde is sufficient for local needs, the quality is such that local manufacturers prefer the imported product for some purposes.

It should also be remembered that imports from Canada are often shown as originating in the United States.

Local Industry Develops

The amazing development of the local plastics industry can be accounted for by the entry of a number of foreign firms into the Brazilian market. Among these are Union Carbide and Carbon, the Borden Company, Goodrich, Reichold, Solway, Monsanto, Koppers', Bunge Borne and Rhodia.

Brazil is making a wide range of plastic products: in 1953 the State of São Paulo alone had 116 factories turning out plastic goods. Polystyrene is used for dishware, dolls and electrical appliances; polyvinylchloride for curtains, table-cloths, hose, cable covers and electrical appliances; polyethylene for packaging; polyester for lightweight construction material when mixed with glass wool; urea formaldehyde for adhesives, kitchenware and electrical appliances; polyvinylacetate for imitation leather; alkyds for paint manufacture, and phenol formaldehyde for formica board. The import of plastic manufactures is prohibitively expensive.

Market Possibilities for Canadians

As this report shows, Brazil is a small and constantly diminishing market for Canadian-made plastic raw materials. Even when there is a demand, Canadian manufacturers must compete with European sources of supply which have a price advantage under the current foreign exchange regulations (see *Foreign Trade* of August 20, 1955). When the market becomes large enough to support a local industry, the import regulations make the establishment of a branch factory very attractive to foreign firms. Once local production is deemed sufficient to meet national needs, the product is reclassified in a higher category and imports are effectively priced out of the market.

There are still sales possibilities when there is no local production—or at least when production is insufficient for local needs and the material cannot be obtained from a country whose currency can be purchased at a lower auction price.

Brazilian importers carefully study the fluctuations in the cost of foreign exchange from the various countries of supply and they purchase on a spot basis to meet their needs for a relatively short period. For those products still being imported, it is essential that Canadian firms advise their Brazilian buyers immediately of any price changes in order that they may take advantage of any fluctuation in the auction price of the foreign exchange.

—G. F. OSBALDESTON,
Vice-Consul and Assistant Trade Commissioner, São Paulo.

CHILE—*Expanding market for polyesters and new low-pressure polyethylenes. Market for plastic materials well developed but competition from established suppliers keen.*

THE PLASTICS INDUSTRY IN CHILE is one of the oldest and the most advanced in South America; the first plant to manufacture goods from plastic was established in Santiago in 1932. This factory produced electrical fittings such as panels and switches, using phenol formaldehydes.

During the Second World War and immediately after, the industry expanded rapidly and today consists of

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40 independent firms. Except for polyvinylchloride, which is brought in as a resin and compounded locally, the raw materials for the industry are imported as compounds ready for moulding. The most important of these and the products which are made from them in Chile are:

Phenol formaldehyde—Radio cabinets, telephone cases, electrical articles (switches, coverings), accessories for industry.

Urea formaldehyde—Tableware, chess sets and accessories for industry.

Polystyrene—Tableware, toys, transparent articles.

Polyethylene—Film, flexible bottles, extruded trimmings for such trades as upholstering.

Cellulose acetate—Toys, films, accessories for industry.

In addition, polyvinylchloride is used to make film, extruded forms, and imitation leather textiles; polyvinylidene chloride is used in thread-making, and melamine in tableware. Pure phenolic resins are used, in powder form, as part of brake linings and clutch facings and as impregnations in safety helmets, insulating boards and industrial gears. Alkyds are employed extensively in the local paint industry. Polyvinyl acetate is not used in Chile at the present time.

The most important plastic imports into Chile in the past year were polyvinylchloride, polystyrene, phenol formaldehyde, cellulose acetate and polyethylene. Principal suppliers were the United States, the United Kingdom, Germany and Italy.

Small quantities of phenol formaldehyde are made locally but not nearly enough to meet demand. Production of alkyd resins started several months ago, but most of the industry's needs are met from abroad. Casein is the only plastic entirely manufactured in the country at the present time. German technicians introduced this material into Chile before the turn of the century.

Import Restrictions Relaxed

For many years, Chile experienced exchange difficulties and used import licences to re-direct most of its purchases to soft currency areas or to countries willing to sign compensatory and barter agreements. These restrictions were enforced for primary plastic materials until very recently. The Government has now removed restrictions against dollar suppliers for a number of products, including the basic ones that manufacturers of plastic goods require.

The Chilean plastics industry today makes a complete range of goods and can supply local requirements. The most recent development is the manufacture of film from polyethylene; output for 1957 is estimated at 225 metric tons. Demand for plastic products, and particularly for articles in the retail and building trades, has slackened in the past few months as a result of government credit control. Finished plastic goods, with the exception of laminations in bars and sheets, are not allowed to enter the country.

Competition Is Keen

The sale of plastic raw materials to Chile has possibilities but competition from established suppliers is keen. They dominate a substantial portion of the market, and many are companies that obtained a firm foothold during periods of exchange difficulties.

The industry has demonstrated its ability to grow and keep pace with technical developments. Increased use of polyesters in the manufacture of reinforced plastics and more moulding with the new low-pressure polyethylenes are predicted for the future.

Plans are afoot to establish a local synthetics industry to make plastic resins and plasticizers. Raw materials would be obtained from the petrochemical industry, from by-products of steel manufacture, and from the cellulose industry now being established in Chile.

—L. D. BURKE,
Assistant Commercial Secretary, Santiago.

COLOMBIA—*Opportunities for sale of four types of plastic raw materials to growing domestic industry; stiff competition from United States and European producers.*

COLOMBIA has a growing plastics industry which is absorbing an increasing amount of raw materials each year. Today there are nearly one hundred firms varying in size, none very large, that are manufacturing or processing plastic materials. These are independent and privately operated.

The main plastic raw materials in use at the present time are: polystyrene and polyethylene (in good quantities) and phenol formaldehyde and polyvinyl chloride (in lesser quantities) for moulding and extruding; polyvinyl acetate for the paint industry, and urea formaldehyde for the textile industry.

Small quantities of the secondary compounds are produced in Colombia. In the main, however, the industry imports resins and the compounded material ready for fabrication, as well as semi-fabricated articles. The import of finished consumer goods is negligible.

Although Colombian imports of various plastic and allied materials are classified in some 25 groups for Customs purposes, the bulk of the items imported in 1955 appear under the following headings:

	net kilos.*	c.i.f. value (pesos) (1US$=2.50 ps.)
Artificial plastic materials, based on phenols, urea, phthalic acid, etc. (artificial resins), with incorporation of paper or textiles and other plastic materials and thermoplastics, including modified rubber, in thin sheets, of less than 0·75 mm. thickness	412,215	2,185,888

The following countries supply Colombia with this type of plastic materials:

	Net Kilos	c.i.f. value in pesos
United States	339,233	1,921,396
Germany	49,366	176,347
Canada	20,765	67,894
United Kingdom	1,488	14,881
Japan	834	3,854
Belgium and Luxembourg	482	1,102
France	43	386
Switzerland	2	18
Peru	2	10

* 1 kilo=2·2 lb.

Artificial plastic materials, based on phenols, urea, phthalic acid, etc. (artificial resins), with incorporation of paper or textiles, and other plastic materials in blocks, plates, tubes, bars, or sheets, polished or worked in some other way on the surface	263,833	1,399,901

	Net Kilos	c.i.f. value in pesos
United States	196,359	1,105,307
Germany	32,178	117,100
United Kingdom	19,858	106,392
Canada	12,200	56,112
Sweden	3,235	14,984
France	3	6

Colombia does not produce any plastic raw materials nor is it likely to in the near future. Present prospects for continued industrial development and the fact that this country will probably not be a producer of plastic raw materials for some time give good promise of increased sales of these raw materials.*

An Open Market

Canada enjoys most-favoured-nation treatment with Colombia; there is no discrimination nor are there any special restrictions against exports from Canada in favour of those from any other country.

In addition, Colombia earns more dollars than all other foreign currencies combined. This means that the Canadian exporter's opportunities are not restricted because he wants to be paid in dollars. However, he should bear in mind the report in trade circles that U.S. and Canadian prices are in some cases 30 per cent higher than European (specifically German) prices for these products.

—W. B. McCULLOUGH,
Commercial Counsellor, Bogota.

* More complete statistics on various other types of plastic products and materials are available on request.

PERU—*Demand for polyvinyl chloride and polyethylene expected to double this year, though local industry small. Credit terms important in this market.*

RELATIVELY SMALL QUANTITIES of Canadian plastic raw materials are sold in Peru, although this is an attractive market, for several reasons. The infant domestic industry must import all its raw materials, there are no import restrictions, and Canadian products receive the same tariff treatment as those of the leading supplying countries. Yet the United States supplies over half the Peruvian demand and Germany and the United Kingdom most of the remainder.

The total capital—practically all of it domestic—invested in the plastic moulding industry probably is less than half a million dollars, and production is limited to small household articles and miscellaneous items. In 1955 the moulders used the following raw materials, according to a recent estimate:

Polystyrene	185 tons
Urea and phenol formaldehyde	80 tons
Polyethylene	12 tons
Polyvinyl chloride	2 tons

Largest Users

Two copper wire manufacturers are the largest users of polyvinyl chloride which they employ for coating electric wire. In 1955 they used an estimated 60 tons of p.v.c., seven tons of polyethylene, and some quantities of neoprene. (A small amount of material for plastic garden hose is included in the above figures.) The second factory is just commencing operations and therefore 1956 consumption is expected to be double.

Local paint companies are using more synthetic resins to manufacture a larger proportion of the so-called plastic paints. Half a dozen fair-sized factories are producing most of the 1956 estimated total production of 7,000 tons of various paints. About one-half contained proportions of the estimated consumption of 110 tons of alkyds, 90 tons of phenolic and 45 tons of maleic resin. A further 30 per cent is estimated to have contained latex, a synthetic rubber the use of which has increased considerably.

Until last year blank discs were the chief raw material imported for the phonograph record industry. Now, however, the local industry imports the ethyl cellulose and p.v.c. and prepares its own compounds. The 1955 consumption is estimated at 25 tons and five tons respectively.

Some 75 tons of plate, 50 tons of sheet and 10 tons of acrylic emulsions are estimated to have been used by the footwear industry, the furniture manufacturers and the makers of advertising items.

All other users consume approximately 200 tons of assorted plastic materials for manufacture principally into consumer goods, such as ladies' handbags, seat and upholstery covers, plastic bags, etc.

In 1955, 287 tons of cellulose acetate in flakes were imported for the manufacture of synthetic textile fibres. This was more than double the 1954 imports. Slightly over 50 per cent came from the United States and the remainder from Germany, which also supplied the 125 tons imported in 1954.

(Unfortunately, space does not permit the inclusion of all the statistics provided on the import of plastic raw materials and of plastic semi-manufactured and finished goods into Peru. Readers who would like to obtain them should write to the Chemicals Division, Commodities Branch, Department of Trade and Commerce.)

Despite the imposing of tariffs to protect the local industry, imports of finished plastic articles continue to grow as local demand increases with the introduction of a wide variety of new plastic products manufactured abroad.

Future Prospects

The 1956 trade figures indicate that there will be at least a 30 per cent increase in the overall consumption of plastic raw materials in 1956, with an equal or greater increase in 1957. Demand for polyvinyl chloride and polyethylene is expected to double. In the near future, in addition to increased output of items already produced here, new lines will undoubtedly be introduced. However, the small domestic market precludes expansion of the industry into fields where the process is too complex or which require heavy capital investment in costly machines.

Canadian exporters of raw materials, if they expect to obtain business in this highly competitive market, must not only quote competitive prices but also must be prepared to grant credit to their distributors. The bulk of the plastic raw materials sold in Peru are delivered from consigned stocks held by local distributors who sell to the manufacturers with payment, in some cases, up to 120 days after delivery.

—H. J. HORNE,
Commercial Secretary, Lima.

URUGUAY—*All plastic raw materials imported, but chronic shortage of dollars favours European suppliers. Best approach to market through local agents, familiar with import regulations and customers' needs.*

NO PLASTIC MATERIALS are manufactured on a commercial scale in Uruguay, largely because the necessary ingredients are not available locally. At one time two firms in Montevideo made casein formaldehyde, but the plants were closed down two years ago and this material has since become an item in the first category of imports. Experiments are going on continually but without success. The material which gives most promise of being made locally is phenol formaldehyde in powdered form. Small quantities are being turned out from imported raw material but no marketing has yet been attempted.

Materials Imported

The raw materials for the fabricators of plastic products must all be imported and they cover most of those currently used in other countries, including:

Alkyd Resins—for use in paint-making.

Phenolics—imported in the form of powdered phenol formaldehyde at the rate of from 180 to 200 metric tons per year. This material is used principally in the production of bottle tops, electrical accessories, certain mechanical parts, buttons and radio cabinets. The import of cast-phenolic materials in sheets and bars has ceased; other plastics now moulded locally from polystyrene, polyethylene, P.V.C. etc., are used.

Urea Formaldehyde—consumption runs to approximately 60 tons a year, largely by makers of buttons and electrical accessories.

Polyethylene—consumption is estimated at 200 to 300 tons per year, for the manufacture of such items as infants' unbreakable feeding bottles, packaging materials, flasks, sheeting, etc.

Melamine Formaldehyde—small imports of from two to three tons per year. It is used almost exclusively for plates and other tableware.

Polystyrene—consumption is put at from 300 to 500 tons a year. Polystyrene is imported in colourless form in two grades—common and high impact. Tinting is done locally. Its main use is in toys.

Polyvinyl Chloride—estimated yearly requirements vary from 400 to 500 tons. The primary use for this material is for covering electric wire and cable. Rigid P.V.C. sheets—about 20 tons per year—are imported for fashioning refrigerator inner doors and cabinets. Requirements of P.V.C. plastisols for the manufacture of plastic textiles are estimated at from 20 to 30 tons a year.

Import statistics* obtained from government sources provide the best indication of the extent of production and consumption of plastic products. Unfortunately they are not available in any great detail. For instance, imports of polystyrene, polyethylene, and P.V.C. are all included under the single heading of "plastic materials or non-specified synthetic resins". There is no record of Uruguay ever exporting plastic materials or plastic products.

Local Industry

There are some 130 factories in Uruguay processing plastic raw materials but only about ten of these are important in size and output. The remainder, though definite factors in the overall picture, are for the most part small establishments. Of the ten large firms, eight operate by injection and extrusion, one laminates, and one employs only the coating process.

The principal types of articles turned out—and there are many variations—come under the general headings of toys, electrical equipment and accessories, pharmaceutical specialties, toiletries and household articles. Certain foreign trademarks are copied here under contract. Almost all the important firms have arrangements with foreign companies for the use or rental of moulds because of the high cost of these and the limited size of the market. As far as is known, however, there are no agreements on marketing or the exchange of technical information.

There appears to be an ever-growing demand for plastic products which provide good and serviceable substitutes for things formerly made from metal, wood, clays and glass, all of which are in short supply and expensive. Because finished plastic articles are not permitted entry, the whole emphasis is on imported raw materials. The sources of supply vary considerably since imports are subject to the availability of exchange. The chronic shortage of dollars means that European producers have figured prominently in the trade. The United States is none the less a strong contender. Her energetic sales efforts—including a good measure of know-how in merchandising—combined with the popularity here of American styling, help in combating the lower prices of certain European materials. Were it not for the careful rationing of dollars, United States participation would be appreciably greater.

It is generally agreed that exporters of plastic raw materials to this market are best served by local agents, because of the complexity of the import regulations and the large number of small consumers.

—BLAIR BIRKETT,
Commercial Counsellor, Montevideo.

* Unfortunately space does not permit publication of the statistics provided but interested firms may obtain them by writing to the Chemicals Division, Department of Trade and Commerce.

VENEZUELA

Prosperous Venezuela is using more and more plastics. Local production of finished goods favoured and U.S. firms participating. Canadian suppliers of plastic raw materials face a tough selling job.

THE DOMESTIC PLASTICS INDUSTRY in Venezuela does not appear to have settled into its final pattern. There are now 26 plastic manufacturers in this country, not including those who merely cut and seal film or perform only a single-step process. Only one firm imports a monomer (styrene); shipments are quite small and originate with the parent company in the United States. Other firms treat polymers and co-polymers using the powdered or granulated form. Most manufacturers favour injection moulding; a small amount is done by extrusion.

The industry is scattered but will shortly organize as the Association of Venezuela Plastics Manufacturers; it receives quite adequate protection against imports of finished goods. For example, plastic playing cards and combs enter only after paying a duty of $3.00 per gross kilogram (including packing). Semi-manufactures of plastic enter at $0.06 per gross kilogram.

Item 411-A of the Venezuelan tariff is designed to cover imports of plastic raw materials: It reads:

> "Unmanufactured artificial plastic materials; with phenolic, urea, phthalic acid or similar bases, hardenable or hardened artificial resins".

The duty charged is $0.015 per gross kilogram. This is also the duty charged for Item 411-N, "Coumarone resins and artificial resins not hardenable".

Styrene polymers are the leading plastic raw materials imported. The products are seen in a variety of forms, but chiefly in household sundries, tableware, etc.

The vinyl resins rank as important materials. Products made from these are used widely in outdoor advertising devices and more recently in household goods, such as lampshades.

Urea formaldehyde and phenol formaldehyde are also prominent imports. They find a variety of uses, chiefly in small sundries such as buttons.

The continuous building boom and adventurous Venezuelan architecture promise an increasing market for plastics adapted to structural and decorative uses. Acrylic, which is imported in sheet form only, is prominent in this field.

Imports from Canada Small

Imports of plastic raw materials from Canada, although they rank second in the official Venezuelan statistics, are dwarfed by the volume coming from the United States.

U.S. EXPORTS OF PLASTIC MATERIALS TO VENEZUELA 1955

Product	*Amount (lb.)*	*U.S. Dollars*
1. Styrene polymer and co-polymer resins	2,280,277	$481,530
2. Alkyd resins	1,420,482	319,945
3. Vinyl and vinyl co-polymer resins (uncompounded)	110,759	47,103
4. Vinyl and vinyl co-polymer resins (compounded)	352,247	115,951
5. Vinyl and vinyl co-polymer resins, semi-finished	33,449	30,391
6. Tar acid resins, powder, flake, lump, etc.	273,955	43,307
7. Urea formaldehyde, melamine formaldehyde, and other amine resins	524,933	119,966
8. Resins—unfinished and semi-finished	201,370	71,575
9. Film and sheeting, synthetic resins	862,113	657,283
10. Phenol and cresol formaldehyde laminated sheets	14,559	15,155
11. Laminated and moulded laminated plastics	302,155	233,373

Venezuelan statistics unfortunately do not show the individual plastic materials within the general categories of unmanufactured and semi-manufactured materials. Latest Venezuelan figures show imports of 297,674 kilograms of unspecified plastic materials from the United States, and from Canada (second on the list) 22,764 kilograms. The relative figures for semi-manufactured plastics are United States 447,488 and Canada 45,418; Germany places second in this group with exports of 102,476 kilograms. Because the United States is the main supplier in both groups, the details of U.S exports to Venezuela should serve to indicate the importance of specific synthetic resins imported.

Canadian statistics for 1955 show $110,813 worth of synthetic resin manufactures exported, $6,312 worth of polystyrene, and no synthetic resins. During the first six months of 1956, synthetic resins valued at $2,539.00 and plastic manufactures worth $82,481 were shipped from Canada. No polystyrene was shipped during this period. There is a quite emphatic increase in the already significant shipments of manufactured goods. Competition from Germany seems likely to be a limiting factor in this development; it supplies about four times the value of Canadian shipments of finished products.

To Expand Plastics Production

Because of graduated tariff protection, the structure of Venezuelan industry will probably remain more or less the same for the present; that is, quite a few small firms, most of them elaborating semi-manufactures, and some working polymers and co-polymers. Investment in these enterprises is steadying and already a few marginal firms have dropped out. The needs of these firms for raw materials will probably not change much.

Plans of several large U.S. firms to produce plastics in Venezuela indicate that a major change in the future structure of the industry is on the way. The General Tire Co. hopes to begin plastic production late this year at its new plant in Valencia. The first products will be vinyl asbestos tiles and polyurethane film. Reports indicate that other big companies are considering entry into the field. Plastics production is likely to expand rapidly, especially in materials for industrial use. However, it is unlikely, because of the U.S. connections of these plants, that Canadian exporters will find much greater opportunities to sell primary resins. Another development to watch is the intention of the government-sponsored Petrochemical Institute to produce plastic raw materials. Planning is still in the initial stages but it is probable that something concrete will be done within the next year or two.

—W. G. BRETT,
Assistant Commercial Secretary, Caracas.

Two Canadian-made "Otter" aircraft prepare to take off from one of the 18 feeder-line airports maintained by Philippine Air Lines. PAL hopes to step up the number of these airports to 33 and plans to use more "Otters" in reaching its objective of bringing air service to within 50 miles of nearly every Filipino in the course of the the next few years.

Canadian Planes Serve Philippines

TAKE ONE PLANE, built for service in rugged country. Add a smart sales campaign carried on by an alert agent, aided and abetted by the Trade Commissioner and the Canadian manufacturer. Result: success in a tough market. And the product? Canadian-made *Otter* aircraft, three of which are now flying "feeder" routes in the Philippines.

The story started three years ago with a general agent living in one of the Philippine provinces. This agent realized that the Canadian *Otter* was just the plane to use on "feeder" lines. These lines link the main air routes in the Philippines with the more remote towns and cities spread over twelve large islands and several thousand small ones. The *Otter* had an outstanding qualification for this particular job—for, although it can carry eleven passengers, it is airborne in 600 feet. This means it can take off from small, inexpensive runways which can be built in rural areas difficult of access either by land or water.

One of the difficulties which the agent had to face was the fact that Filipinos are accustomed to buying United States goods. A Canadian aircraft needed more selling. He enlisted the help of the Canadian Trade Commissioner in Manila who advised the agent about what people he should see and also made some calls on his behalf. For two years, the agent kept visiting prospects and distributing pamphlets about the plane and information on its performance. Finally he persuaded officials of the Philippine Air Lines to go to Canada, confer with the makers of the *Otter,* and learn more about its special qualities.

In January 1955, his persistence and that of the manufacturers paid off—the agent received an order for three *Otters.* They soon proved their worth. Today they serve 14 communities and bring their passengers in to Cebu, Cagayan, and Davao—all traffic centres on the main PAL 600-mile trunk route that connects the principal Philippine cities. In addition to spurring on rural development, the *Otters* have increased traffic on the regular DC-3 routes by feeding more people into their terminals. Two more planes were ordered this year.

PAL is so happy about these husky little planes that it is including them in its development plans. Although it expects to increase the number of trunk routes and of airports on its regular route, the feeder service that the *Otters* provide is not a mere stopgap that will disappear when larger aircraft and airports are available. PAL hopes also to step up the number of feeder airports to 33 and to use more Canadian *Otters* to bring air service within 50 miles of nearly every Filipino.

W. J. JENKINS, *Vice-Consul and Assistant Trade Commissioner, Manila.*

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Foreign Tariffs and the Exporter--II

An important factor in determining tariffs is preferential arrangements, such as those which operate within the British Commonwealth. In this, the eighteenth article in our series on the techniques of export trade, the author discusses present tariff preferences. He also touches on customs unions, free trade areas, import and exchange restrictions, and other aspects of tariff legislation which concern the exporter.

H. V. JARRETT,
International Trade Relations Branch.

CANADA, as a partner in the British Commonwealth, enjoys tariff preferences for her products in many countries of the Commonwealth over similar products of non-Commonwealth origin. The preferential tariff system of the Commonwealth as now operating had its inception in 1898 when Canada granted reduced duties to imports from the United Kingdom. By 1907 all the self-governing Dominions had adopted preferences in favour of the United Kingdom. Before the First World War, the United Kingdom levied duties on only a very limited number of products but by 1919 had accepted the preferential principle by extending preferences to the whole Empire on such goods as were dutiable.

The year 1932 witnessed a notable expansion of intra-Imperial preferences. Included was the adoption by the United Kingdom of a new and comprehensive tariff on foreign goods, establishment of preferences in several British Colonies for the first time, and reciprocal trade agreements between various units of the Commonwealth concluded at the Imperial Economic Conference at Ottawa.

Preferences have since been modified and supplemented by subsequent negotiations among various members of the Commonwealth. Under arrangements at present in force, preferential rates of duty favouring Canadian products as compared with those of non-Commonwealth countries are provided for most articles imported into the following countries:

United Kingdom
Australia
New Zealand
Federation of Rhodesia and Nyasaland (preferences do not extend to the whole area)
Ceylon
British West Indies (13 Colonies)
Bermuda
British Guiana
British Honduras
Gambia
Sierra Leone
Somaliland Protectorate
Mauritius
Seychelles
St. Helena
Malta
Cyprus
Fiji
Western Samoa
British Solomon Islands
Gilbert and Ellice Islands
Tonga

In the following Commonwealth countries, the preferences enjoyed by Canada are restricted to a few items, in some cases because the tariff itself is of very limited scope:

Union of South Africa (including South-West Africa, Basutoland, Bechuanaland, and Swaziland)
Federation of Malaya
Singapore
Hong Kong
Brunei
Sarawak
North Borneo
Gibraltar
Cayman Islands
Falkland Islands

Some preferences are also accorded to Canada by the Republic of Ireland although that country is no longer a member of the Commonwealth.

For the first section of Mr. Jarrett's article on tariffs, see *Foreign Trade* of October 27, 1956.

The tariffs of the following parts of the Commonwealth do not give preferences to any Canadian products:

India	Zanzibar
Pakistan	Nigeria
British East Africa	Gold Coast

Preference Conditions

To obtain preference, Canadian goods must comply with certain specified conditions. The conditions are not standard and vary from country to country throughout the Commonwealth.

The prime condition in granting preferences is that a certain proportion of the material and labour entering into the product be of Canadian origin. A distinction is usually made between articles which are grown or produced in Canada and those which are manufactured in Canada. The former generally must be wholly of Canadian origin; the latter may contain anywhere from 25 to 75 per cent of Canadian material and labour (depending upon commodities and country). In most cases materials of other Commonwealth countries may be included to make up the required content but in Australia the prescribed content must be either Canadian or Australian. In Australia and New Zealand, there is a provision that goods that are *wholly manufactured* in Canada may contain basic raw materials, or certain specified partially processed materials, of non-Commonwealth origin in any proportion.

Another condition for obtaining preference is that the goods be consigned direct from Canada to the countries of import. This does not mean that they must be shipped from a Canadian port but that when they leave Canada, their final destination is the Commonwealth country to which they are being sent. If the goods are consigned first to a country not entitled to preference—to the United States, for example—and thence re-consigned to the Commonwealth country, the privilege of entry at preferential rates is lost.

Other Preferential Arrangements

A preferential agreement between the United States and Cuba has been in force since 1902. It was revised in 1934 and has been modified by GATT and by agreements made by Cuba with other countries. Under this arrangement the United States and Cuba grant each other exclusive preferences, consisting of percentage reductions from the minimum rate, on a wide range of products exchanged between the two countries.

An agreement between the United States and the Philippine Republic provides for the reciprocal granting of tariff preferences. These preferences, however, are to be eliminated gradually by annual reductions in the preferential margins and are due to be eliminated entirely by 1974.

France and her overseas territories have an extensive preferential system and preferences are also exchanged between Portugal and her colonies.

Customs Unions and Free Trade Areas

A customs union is an agreement which eliminates tariff barriers between two or more countries and in which the countries in the union have a common tariff against imports from the rest of the world. Each state in the union maintains its own sovereignty in all matters other than those affecting customs.

The most notable modern example of a customs union is that between Belgium, the Netherlands and Luxembourg, commonly called Benelux. There are others of lesser significance and a few more are in the process of formulation or under discussion.

A free trade area differs from a customs union in that the countries comprising the area, while removing, in whole or in part, tariff barriers against each other's products, do not have a common tariff on imports from other countries. There is a relationship of this kind between Chile and Peru and between El Salvador and Nicaragua.

Another type of arrangement is that illustrated by the European Coal and Steel Community. Members of this Community are France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. They have agreed to establish among themselves a common market for coal, iron ore, steel and scrap by reducing duties on each other's imports and maintaining separate tariff rates on these products when imported from other countries.

Tariff Relations with Other Countries

Canada's tariff relations with countries outside the Commonwealth are governed by commercial agreements, trade treaties and some less formal arrangements in force between Canada and other countries and by the General Agreement on Tariffs and Trade (GATT). These arrangements unite Canada with all the major trading nations of the world and with most other countries, and protect trade from discrimination in the application of tariffs.

The chief feature of all these arrangements is that they provide for exchange of most-favoured-nation treatment among the parties to the agreement. This means that the contracting states agree that each party will accord to the goods of the other the benefit of the lowest duties applied to similar goods originating in any other country. There are exceptions to this rule. For example, there are provisions that the preferences

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exchanged among members of the British Commonwealth may not be claimed by countries outside the Commonwealth. Similarly, preferences exchanged exclusively between the United States and Cuba, the United States and the Philippine Republic, France and her overseas possessions, and similar arrangements based on historical, political or geographical grounds are excepted from the application of the most-favoured-nation principle.

Canada signed the Protocol of Provisional Application of the General Agreement on Tariffs and Trade on October 30, 1947, and it went into force on January 1, 1948. GATT, as well as assuring most-favoured-nation treatment among the contracting parties, provides for scheduled tariff concessions and lays down rules and regulations to govern the conduct of international trade.

The first round of tariff negotiations at Geneva in 1947 involved more than one hundred pairs of negotiations between individual countries, the results of which were consolidated into a single comprehensive annex to the Agreement, divided into schedules. These schedules covered some 45,000 separate tariff items. Subsequent rounds of tariff negotiations at Annecy in 1949, at Torquay in 1950-51, and at Geneva in 1956 extended these concessions to many other items and have brought more countries within the orbit of the agreement, which at present comprises 35 contracting parties. The concessions negotiated on these occasions are to remain in force until January 1, 1958, and thereafter, unless modified in accordance with the terms of the Agreement.

Export Duties

Export duties are not of prime concern to exporters but are worth some mention because of their incidental interest and to complete the tariff picture. Most export duties are levied for revenue purposes and, since there is no desire to handicap exports unduly, they are usually very low. In some cases there may be a protective implication, when a country wishes to discourage the export of a product in short supply which is needed for domestic industry. Not many countries have gone into the export duty field. Export duties in most countries which employ them are levied on only a limited range of products, but one or two countries apply them to the generality of exports.

Import and Exchange Restrictions

Import restrictions are frequently used in place of, or in addition to, tariffs to regulate imports and therefore should be considered in any general study of tariff legislation. They are, indeed, a more exact method of control since by their use imports can be limited to certain predetermined amounts or can be excluded altogether if this is deemed desirable.

Quantitative restrictions or other similar forms of import control have been adopted in many countries. They began to be seriously used between the two wars and after the Second World War became widespread. They have been used chiefly in countries in balance-of-payments difficulties but have also been employed as a device for protecting home industries.

Import restrictions take many forms. Sometimes they are "global" quotas in which the amount to be imported from the world is fixed and the supplying countries compete for a share of the quota. In other cases individual quotas are established for each supplying country, with the amount usually based on proportions supplied in some previous period. These two methods may be combined by first setting up a global quota and then allocating shares of this quota to various countries. In still other instances, no quotas may be announced, and imports are regulated by licences which are issued to (or withheld from) individual importers on the merits of each application as it is presented.

Another form of limiting imports is exchange control, in which the restriction applies not to the goods themselves but to obtaining exchange to pay for them. The effect, of course, is the same as a restriction on imports since an exporter is seldom willing to sell goods for which he is paid in currency which he cannot use. In conjunction with this type of control, some countries classify imports into categories and provide funds at officially set rates of exchange for each category. The more favourable treatment is accorded to goods considered most necessary to the country's economy. The same effect is achieved in some other countries by levying exchange taxes at various rates in accordance with the essentiality of the product.

The General Agreement on Tariffs and Trade prohibits in principle the use of quota restrictions on imports. However, since it is recognized that, under present conditions, this ideal is not immediately attainable in every country, certain clearly defined exceptions are permitted. One of these is that products of a kind which are controlled internally, such as agricultural and fishery products, may be subjected to import control. Any such restrictions must be non-discriminatory—that is, applicable equally to imports from all countries. Another type of restriction permitted is that enforced temporarily to protect the foreign exchange reserves of a country or for balance-of-payments reasons. In this case discriminatory application of restrictions as between sources of supply may be employed. For example, countries in the sterling area and others similarly situated, because they need to conserve their dollar holdings, exercise stricter control against imports from dollar countries, such as Canada and the United States, than against non-dollar sources of supply.

A continuing effort is being made to reduce the burden of import restrictions and progress has been significant. In both the sterling area and in Europe the liberalization of dollar imports has opened up new opportunities for Canadian trade.

There are a few countries which impose few, if any, restrictions on imports, among them Canada and the United States. Some important Latin American and European markets, such as Cuba, Peru, Venezuela, Belgium, Switzerland, are also relatively free of import control.

It is important that Canadian exporters make sure before shipping abroad that their customers have fulfilled all the licensing requirements. If a licence is necessary, the customer usually informs the exporter of the licence number or, in some cases, sends him a copy of the licence itself.

Where to Obtain Tariff Information

The Canadian exporter who wishes information about tariffs and other measures relating to the import of goods into other countries may obtain it by writing to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. The Branch has on file as complete a collection of the tariffs of the world and of subsidiary legislation as it is possible to obtain. This is kept up-to-date by a constant supply of amendments received from Canadian commercial representatives in the field. It is supplemented by notices and news items appearing in official gazettes, trade papers, bank reports, and reference works and by similar material received from many sources. Translations of tariffs are supplied by the International Customs Tariffs Bureau at Brussels, an organization founded in 1890, to which all the major trading nations including Canada subscribe.

In requesting information about tariffs, the exporter should describe the product in as much detail as possible, with particular reference to its use and component materials. Samples of the products should, if practicable, be supplied. Illustrated catalogues or brochures describing it also help in determining tariff classifications. If the tariff classification is not clear, or cannot be easily determined from the information available, the Branch is in a position to request an official ruling from the customs officials of the country concerned, through the commercial representative. Assistance is also available to an exporter who, through some inadvertence, may find himself in difficulties with the customs authorities of another country.

Much practical assistance is also afforded to exporters by such organizations as the Canadian Manufacturers' Association, Canadian Exporters' Association, and Boards of Trade and Chambers of Commerce in the larger cities. ●

New Zealand Develops Electric Power

NEW ZEALAND is continuing to make steady progress in the development of her natural hydro-electric resources. Canadian manufacturers have participated in this growth by supplying much of the equipment for three hydro-electric projects since 1952. Altogether, Canadian firms have furnished turbines, generators and other electrical equipment worth over $4 million. New Zealand's development projects will undoubtedly offer further opportunities to Canadian contractors but these will continue to depend upon the dollar exchange position. Imports from the dollar area are still restricted but industrial machinery and equipment that is competitive in quality and price receives favourable consideration.

The Roxburgh power station, largest of fifteen built to date in New Zealand, has just been brought into operation. A combine of overseas firms which took over the installation work during the latter part of 1952 (joined later by a New Zealand firm) was able to complete it months ahead of schedule. This station, which includes a dam 1,200 feet long and 250 feet high, has been supplied with four Canadian-made 56,000 h.p. turbines. The spiral casings for these vertical-type turbines were made in sections in New Zealand to the Canadian manufacturer's design and specifications. The plan calls for eight penstocks 18 feet in diameter, about 190 feet long. These lead to vertical-type turbines which are in turn coupled to generators, each rated at 40,000 kilowatts at 11,000 volts. Four more turbines are to be added and, with the original four, will raise the station's capacity to a total of 320 thousand kw. This will more than double the amount of electric power available on the South Island.

Power boards and municipalities have been restive for some time under the enforced system of power restrictions. With the onus on it to meet the demand, the Government will continue to exploit the country's power resources. It has been urged to construct steam generating plants but the Ministry of Works has been firm in its stand that it takes just as long to set up these units as to harness waterpower. In addition, there is a shortage of fuel. Therefore, the emphasis will be on hydro-electric power development, mainly in the mountainous regions of the South Island. In the North Island, engineers will continue their efforts to harness geothermal steam in the active thermal region around Kawerau.

—JOHN MACNAUGHT,
Assistant Commercial Secretary, Wellington.

commodity notes

Argentina

WOOL—A record price of 300 pesos per ten kilos has been paid for a parcel of 28,000 kilos of new clip wool. Although this price was exceptional even for this year, prices in general are well above those of 1955-56. A reasonable comparison with last year can be drawn from the results of one sale involving 157 thousand kilos of fine crossbred wool from Corriedale sheep. This year, prices for dams' wool, lambs' wool and belly wool, at 260 pesos, 180 pesos and 94·40 pesos per ten kilos, were 63, 40 and 40 per cent above last year's.

The strong demand for wool, combined with an increase in clip which is provisionally estimated at 5-10 per cent over last year, makes the Argentine wool outlook the most attractive in several years—Buenos Aires, Oct. 12.

Australia

PLASTIC MATERIAL—A new £150 thousand factory, which will process several million yards of plastic material a year, will soon begin production at Moorabbin, a suburb of Melbourne. The factory is owned by a Dutch-Australian firm known as Plastalon Pty. Ltd., which claims to be the largest rainwear manufacturer in the southern hemisphere. The factory will be equipped with the latest high-frequency electronic welding machines—Melbourne, Oct. 29.

Chile

COPPER—The Copper Department of the Central Bank of Chile reports that copper production for August reached a peacetime record of 40,130 metric tons. This compares with first and second quarter monthly averages of 33,450 metric tons and 35,616 metric tons. The increase is attributed to intensified production as a direct result of the copper law passed last year, which provided improved exchange treatment for larger producers—Santiago, Oct. 15.

WOOD PRODUCTS—During the first six months of 1956, Chilean exports of wood products (including plywood, planks and boards) fell to US$3·1 million compared with US$11·9 million for the first six months of 1955. According to the Chilean Association of Wood Manufacturers, the decline resulted from a rise in export prices of these goods brought about by higher internal taxes related to exports and a new export duty. Comparisons between the two periods are, however, slightly misleading because in 1955 wood manufacturers enjoyed privileged rates of exchange; these rates have now been abolished. In May and June sales of wood products to Argentina increased but they have since fallen off. In 1950 and 1951 Chile made good sales of wood products to the United Kingdom but this market too has since disappeared—Santiago, Oct. 15.

Indonesia

METAL PIGMENTS—Though the metal pigment market in Indonesia is not large, there is a substantial demand for aluminum powder and paste. Main supplier is the Netherlands with lowest quotations (Rp. 8.50 a kilo c. and f. Djakarta), followed by Germany and the United Kingdom. Annual requirements of this commodity amount to 50 tons, with a strong preference for aluminum paste rather than powder, imports of which are gradually diminishing. There is also a limited demand for bronze powder, although to date this is said to be solely supplied by the United Kingdom—Djakarta, Oct. 18.

Jamaica

SUGAR—Because of shortfalls in sugar production in other Commonwealth countries, Jamaica has been able to dispose of the 92,000 tons of sugar carried over from last season. Up until the middle of this year the industry was faced with the prospect of having £3 million tied up in sugar stocks, for which additional storage facilities would have to be built. Sale of the carryover has wiped out this dreary prospect and enabled the Government to rescind the 12½ per cent cutback in acreage ordered last year—Kingston, Oct. 14.

New Zealand

MEAT—New Zealand meat exports during the season which ended on September 30th earned a record income from sales to the United Kingdom and other markets. Receipts will be well in advance of last year's record total of £50 million. The past year was exceptional because of the heavy carryover from the 1954-55 season and substantially greater shipments of New Zealand's 1955-56 output. During the last season, 430 thousand tons of frozen and chilled meat were exported, 50,000 tons more than the whole of the 1954-55 season's frozen meat production for export, and 30,000 tons more than the actual 1955-56 season's output.

Future prospects for the meat industry are good. Approximately 60,000 tons of meat were still in store at the end of the 1954-55 season, but it is expected that final figures for the end of the 1955-56 season will show not much more than 30,000 tons in storage. Exporters hope to clear this remaining tonnage by the end of October—Wellington, Oct. 16.

Norway

ALUMINUM—A Norwegian aluminum company, A/S Aardal & Sunndal Verk, is developing a new source of hydro-electric power and expanding its plant to increase annual production by 150 per cent, or 36,000 tons. A new company in the north, Mosjøen Aluminium A/S, plans to start operations in 1958 with an initial production of 20,000 tons of aluminum a year, increasing later to 60,000 tons. Of the capital required for this project, one-third (kroner 150 million) is being provided by a Swiss company—Oslo, Oct. 19.

South Africa

GOLD—Production of gold has continued to rise, reaching a peak of 1,386,000 ounces in August valued at \$17·4 million, compared with £17·1 million in July. Total value of output for the eight months was £131 million, compared with £120·8 million last year and £106·4 million in the same period of 1954—Cape Town, Oct. 12.

CITRUS FRUIT—The latest estimate indicates a record export of 7·7 million cases of citrus fruit this year, an increase of 23 per cent over 1955. With more trees coming into bearing next year, the marketing problem will become more difficult—Cape Town, Oct. 12.

Turkey

FISHING AND FISH PROCESSING EQUIPMENT—In an effort to encourage exports of fisheries products, Turkey will permit 10 per cent of the foreign exchange obtained from the f.o.b. value of such exports to be allocated for imports of equipment for fishing, transportation, processing, etc., for the use of fishermen, processors and exporters. The Meat and Fish Office of Turkey will handle the special account at the Central Bank and allocate the equipment to be imported. It is reported that during 1955 the catch amounted to 111,523 metric tons of fresh and salt-water fish, of which 15,050 tons (f.o.b. value \$3·6 million) were exported (14,000 tons fresh or frozen). Greece, Italy and Rumania were the principal buyers—Athens, Oct. 16.

United States

SUGAR—Total 1956 maple sugar production in New England was approximately 6,027,000 pounds, 7 per cent less than the 1955 production of 6,487,000 pounds, and 5 per cent less than the 1945-54 average of 6,342,000 pounds—Boston, Oct. 24.

CHRISTMAS TREES—Woodland owners in four New England states are forming new organizations to improve production and marketing of their forest products, including Christmas trees. The State of Maine has organized a Maine Christmas Tree Association to develop grades for trees and to improve quality. The Association will also provide a medium for exchange of information on the subject. A similar association has also been established by Vermont and New Hampshire producers operating jointly. Woodland owners in Rhode Island have secured the services of a Connecticut forestry co-operative which will provide a forester in that state to supervise production and give marketing help—Boston, Oct. 24.

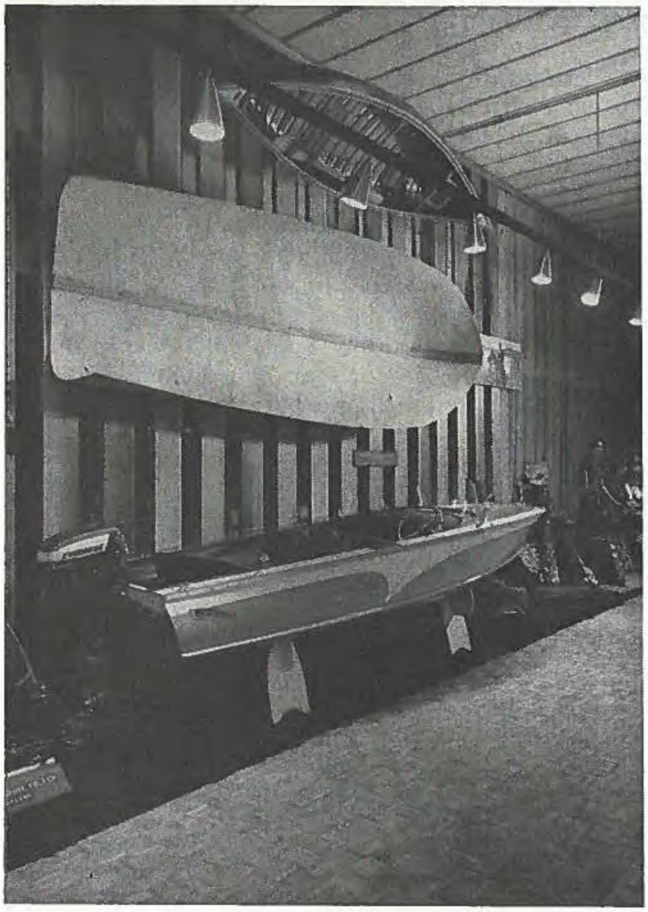
FISH STICKS, FISH BLOCKS—Eight plants on the Boston Fish Pier produced an estimated 2·5 million lb. of fillet blocks in 1955 for use in manufacturing fish sticks. However, this was only a very small part of the total raw material used—the bulk was imported from Canada. Six plants in the Greater Boston area produced fish sticks in 1955. All told, fish sticks were produced in 20 states by 52 plants, 15 of which were in Massachusetts.

In 1955 the industry operated at capacity for the first time and production totalled over 65 million lb., a 31 per cent increase over the previous year. By mid-year output caught up with demand and most producers revised peak capacity production schedules downward. Monthly production rates dropped from a peak of more than seven million lb. in March to an average of about five million lb. for the remainder of the year. Production of fish sticks in the first half of 1956 (at 27,916,200 lb.) was nearly 23 per cent less than the 36,053,200 lb. produced during the same period of 1955. Since late 1955, prices have been depressed and demand has declined on a falling market. Some of the foremost packers have adopted the new government standards of quality as a means of increasing consumer confidence—Boston, Oct. 24.

Canada at the

FROM A TO W—from antibiotics to washing machines—a long list of Canadian products made up the effective displays which drew visitors past the totem pole at the entrance to Canada's exhibition at the Comptoir Suisse, September 8-22. Canada was guest of honour and the only foreign exhibitor at this year's national Swiss fair in Lausanne, and the entire guest pavilion was at her disposal. The displays of manufactured products and handicrafts and the panels of photographs graphically describing Canada, its people, its industry and its resources were designed and co-ordinated by the Canadian Government Exhibition Commission. The results won enthusiastic praise from the fair authorities and the close to one million people who visited the pavilion. Some of the products exhibited are shown in the photographs on these pages. Others included:

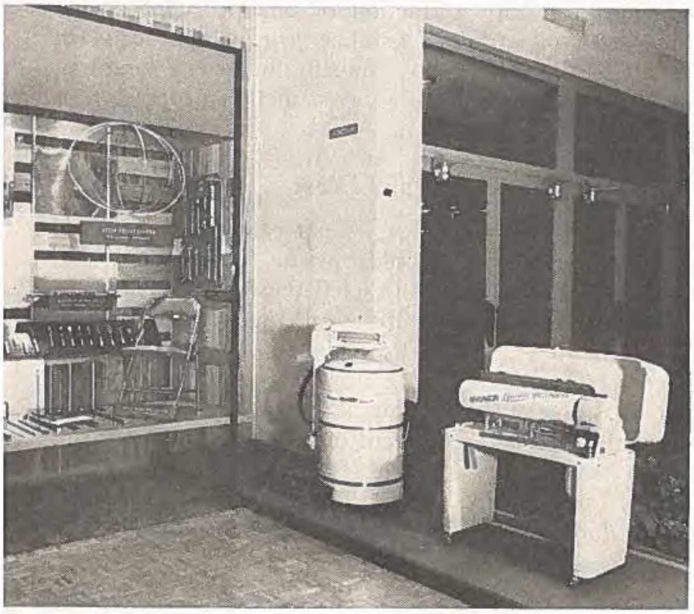
Aircraft, air-conditioning equipment, asbestos.
Bathing suits, books, brake linings, burners (oil), buttons.
Cable (arc furnace and dredge), chairs (metal), chemicals (industrial and pharmaceutical), clothing, clutch facings (automotive), compressors (air), copper (electrolytic wire rod), cutlery.
Desks (steel), die-casting machines.
Engines (gasoline).
Fence controllers (electric), fish, flaxseed, freezers (home), fruits (canned).
Gin, gloves (rubber), grains, grass seed.
Handicrafts, heaters (oil), hockey equipment.
Instruments (electronic), ironers (electric).
Jewellery.
Lanterns, leather (calf and side upper), lighters (cigarette).
Macaroni, maple butter and syrup, milk (powdered and evaporated), motors (small electric and outboard), mowers (power lawn).
Nickel.

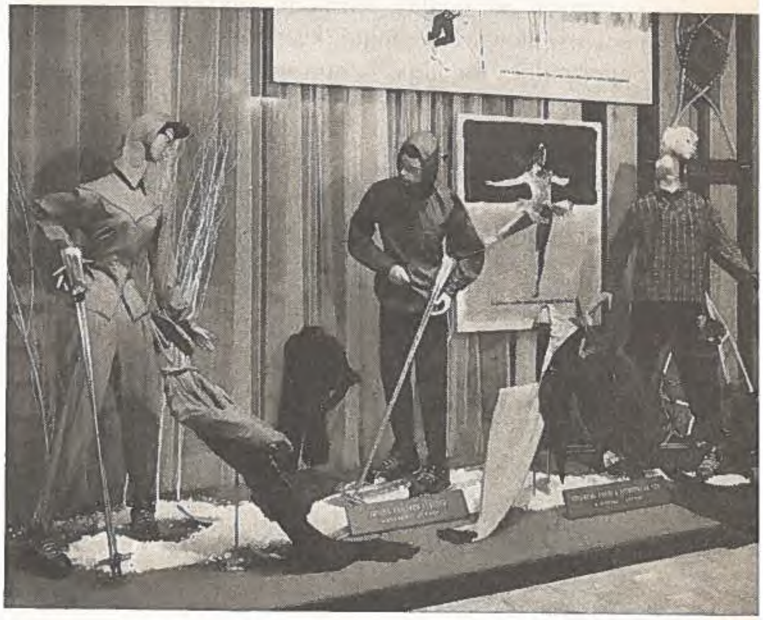


Comptoir Suisse

Oil-burning apparatus.
Pens (fountain), photographic equipment, pole line material.
Radiotelephones, ranges (electric), rapeseed (oil and meal), refrigerated display counters, ring mountings (jewellery), rubber (synthetic).
Separators (specific gravity), skates (ice), snowshoes, soups (canned), sprayers (paint), steel, stellite, stoves (portable camp), sweaters.
Telephone protective equipment, tobacco, towels and towelling, toys and dolls, taps (steam), typewriters.
Utensils (cooking).
Valves (pressure), vegetables (canned).
Wallpaper, whisky.

By the end of the fair, attendants in the Canadian pavilion estimated that they had received 435 serious inquiries from Swiss businessmen and buyers from other countries. A visitor from Bangkok, for example, was interested in the plywood boat; the die-casting machine attracted buyers from London, Scandinavia and Italy; a businessman from Jidda felt that the pole line equipment could be sold in Arabia. Swiss engineers were interested in the electronic equipment and the torsion device for transmission cables; a Swiss buyer asked for information about the powdered milk on display, and a Lausanne department store requested samples of one dress manufacturer's spring collection. Many women visitors asked where they could buy fur coats, capes and stoles like those displayed. An importer was anxious to obtain the agency for some of the Canadian toys, and a building contractor asked about prices of and terms on the power tools, powdered cement, wheelbarrows, electric pump, and aluminum ladders and window frames. Many other inquiries, not detailed here, may bring worthwhile business to Canadians in coming months.





U.S. Furniture Trade Sets Fast Pace

Prospects for sales of Canadian dimension stock appear good . . . U.S. furniture industry expects increased sales by year-end despite mid-year slump . . . some opportunity for sales of Canadian furniture of high quality and good design.

R. F. RENWICK,
Consul and Trade Commissioner, Chicago.

MORE AND MORE AMERICAN HOUSEHOLDERS are seeking well-designed quality furniture, especially styles incorporating modern and traditional features with natural-wood finishes. This demand, in turn, means sales for Canadian suppliers of hardwood dimension stock and components and, to a lesser degree, of made-up quality furniture. It is interesting to note that buyers at the midsummer Chicago Home Furnishings Market held in June maintained orders for high-quality merchandise but cut orders for volume lines. Orders were down by 2 per cent in June compared with the same month of 1955. But despite a spring sales lull, by year's end retail furniture sales are likely to be 3 to 6 per cent above 1955 totals and this promises well for Canadian exporters. Another outstanding year for the U.S. furniture industry is likely.

Exporters of quality furniture and furniture components, however, should keep in mind the limited opportunities for imported furniture; the keen competition among companies and modest profit margins for U.S. furniture manufacturers; the shift in manufacturing to the South and West; the trend towards centralized furniture wholesaling in the Chicago area, and the importance to the industry of retail credit buying.

Opportunities for Imported Furniture

American manufacturers, because of the competition, strive to sell their goods to consumers at a little lower price than their competitors. There are signs that householders are becoming more interested in higher class merchandise. People with higher incomes and better education, or who have had opportunities for travel, are demanding better designs; the trend to more home entertainment is also a factor.

The modest but relatively stable market for quality furniture of good style has enabled foreign furniture manufacturers to participate modestly. Imports, however, are not important considering the total volume of furniture sales: they amounted to only $4·2 million in 1955. Canada's share last year totalled only $236 thousand, at a time when that of Italian producers reached $775 thousand, in spite of a 20 per cent duty. The Scandinavian countries taken together did well, with Denmark, Sweden and Norway sharing sales totalling more than one million dollars. Shipments from the United Kingdom amounted to $580 thousand and from France to $330 thousand. West Germany made smaller sales.

Competition Is Keen

The United States furniture industry is a big one, with retail sales approaching $3·5 billion a year. Although there are some 4,000 producers—hundreds of them small shops with a handful of workers—there are indications that the industry is becoming increasingly concentrated in fewer hands.

However, this process has a long way to go; according to a recent survey, 80 per cent of the production is carried out by firms with fewer than 500 employees. One company, the largest producer of upholstered furniture, with a sales volume of $76 million last year, accounts for only a fraction of one per cent of the total furniture trade. Another firm which leads in production of case goods (mostly dining and bedroom furniture), can count on an even smaller proportion of the market.

Industry Shifts South and West

Hourly wages account for 20 per cent to 25 per cent of the manufacturer's sales price. This factor, and ample timber supplies, attracted the furniture industry to the southern states fifty years ago and the trend has continued. North Carolina, the most important case-goods manufacturing area, ranked fifth in total production in 1950; today it is the most important, turning out over 12 per cent of all United States furniture. New York State ranks second, with slightly less than 10 per cent of the total; Illinois, Indiana, Michigan and Ohio are also important producing states. The value of shipments from the midwest states amounts to 32 per cent of the United States total. Michigan, once a leading producer, retains eighth place because of its craftsmanship and leadership in style and design. California is the seventh most important area, despite high labour costs. West Coast manufacturers are close to their markets, enabling them to compete readily with eastern manufacturers who have to cope with higher shipping costs.

Shipping charges on a manufacturer's raw materials are important when it comes to locating a plant, although such costs are reduced if finished dimension stock and components are shipped. Because this method is followed, hardwood producers from as far away as the Maritime Provinces—with other Canadian exporters more centrally located—have sold their products to the United States industry. The increasing use of metal furniture (production up 7·7 per cent in 14 years) exerts pressure on plants to locate or remain near their main markets.

Chicago Main Furniture Market

Sales by manufacturers to dealers are largely by use of display models supplemented with illustrated brochures and catalogues and fabric swatches. Manufacturers govern production runs according to orders they receive; wholesalers and manufacturers do not carry large stocks of finished goods because of the huge floor space necessary and financing required.

Seventy per cent of the business done by the entire furniture industry is in the hands of manufacturers with permanent display or sales offices in Chicago. Twice a year, the Home Furnishings Market attracts dealers from all over the United States as well as buyers from Canada, Mexico, South America and Europe.

In January and again in June, about 22,000 buyers descend on the city. Most of them register at the American Furniture Mart and the Merchandise Mart, two great buildings located adjacent to Chicago's main business section, or at the Exhibitors Building, also located in Chicago's near-north side. These sites house permanent showrooms and sales offices of the manufacturers who turn out the bulk of the nation's furniture, bedding, floor coverings, radio-TV and other goods used in the home. Some dealers are interested in all the lines but furniture is the main attraction.

Twenty-five years ago the industry adopted the practice of holding four markets a year. For the past five years there has been a partial revival of this practice with shows held in April and October; the major markets, however, continue to be in January and June.

Markets serving mainly regional interests continue to thrive and some have grown in relative importance. These are located at High Point, North Carolina; Grand Rapids, Michigan; Jamestown, New York; San Francisco and Los Angeles in California, and Dallas, Texas. Last June, Grand Rapids furniture manufacturers also opened permanent displays in Chicago.

Credit Determines Sales

Retail furniture sales are traditionally made on credit; charge accounts and conditional sales contracts with 10 per cent down constitute about 90 per cent of the business. Any immediate substantial increase in furniture sales will be in direct proportion to the growth in instalment buying. Producers are fairly certain that the average family in the United States refurnishes its home once every 20 years and that furniture buying keeps pace with total consumer spending. Furniture manufacturers bank on the replacement market rather than on new home owners, who are likely already heavily taxed by credit payments and unforeseen extras. Although the number of new housing starts and marriages do influence the furniture market, their relationship to sales has not proved reliable enough for a manufacturer to base his production on these figures.

Setback Not Serious

A cutback in furniture orders amounting to 2 per cent below those for June 1955 was reported at the midsummer Chicago Home Furnishings Market. Furniture thus joins automobiles and home appliances as one of the spotty consumer durables that bears watching.

Retailers are refraining from buying as much as last season because their inventories are up 10 per cent in some cases. They also feel they don't need to place orders immediately as they usually expect and receive prompt shipment from the manufacturer. By the end of the year, retail sales should actually exceed last year's total although early spring retail sales were slower. Buyers were more cautious and selective than they have been in the past 15 years. Some manufacturers reported receiving only half the orders they took in June 1955.

Actually the setback was only slight considering the whole industry and production was at an all-time high in the first half of 1956. Unfilled and new orders were up 10 per cent over the first six months of last year, employees increased by 5 per cent, and payrolls rose 13 per cent. The dollar value of unfilled orders in the hands of manufacturers at the end of June was 8 per cent larger than at the end of May and 6 per cent above unfilled orders at the end of June last year. The United States furniture industry appears headed for an outstanding year despite a mid-season setback. ●

Israel Buys Drugs and Chemicals

Despite growing domestic industry and stiff competition from other suppliers, Canadian producers could increase sales to Israel of insecticide and pharmaceutical chemicals, plastic raw materials, and materials for the important domestic paint, varnish and lacquer industry.

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

LAST YEAR Canada's share of the Israeli chemical and pharmaceutical market more than doubled over 1954. However our sales of $152 thousand still represented only a little over 1 per cent of imports into Israel of these commodities, which reached a 1955 total of $14·4 million. Canadian producers, in fact, have only barely scratched the surface of this substantial and rapidly growing market.

This has been due partly to problems beyond our control. A scarcity of foreign exchange and an established pattern of trade has led Israel to purchase her main chemical and pharmaceutical requirements from West Germany under war reparations financing, from the United States with ICA funds, and from France, Belgium and the Netherlands under bilateral trade agreements.

Domestic Industry Developed

Moreover, development of the domestic chemical and pharmaceutical industry has made considerable progress. Government efforts have led to the construction of local plants which turn out a wide range of products for use by the domestic consumer, industry and foreign markets. Imported basic chemicals and bulk pharmaceuticals are widely used in these industries, as well as such indigenous materials as Negev phosphates, Dead Sea potash and other mineral salts. Foreign investment has been encouraged successfully by the Government's liberal investment law which has succeeded in attracting substantial amounts of foreign capital to participate in new and established enterprises.

Already the Israeli plants are doing some export trade. Last year sales abroad of chemicals, fertilizers and pharmaceuticals reached $2·9 million, a 25 per cent increase over the previous year. Acids led these sales, with a total value of I£1·4 million, followed by drugs (I£937 thousand), colours, colour materials and lacquers (I£536 thousand), penicillin and procaine penicillin (I£506 thousand), potassium chemical fertilizers, (I£484 thousand), phosphatic chemical fertilizers (I£460 thousand) and aniline dyes (I£310 thousand).

The main buyers were Turkey for colours and lacquers; Greece, Rumania and Turkey for penicillin; Greece, Turkey, Yugoslavia and Rumania for drugs and medicines; the Union of South Africa, the United Kingdom, Japan and Ceylon for potassium chemical fertilizers; and the U.S.S.R., Finland, France, the United Kingdom and Turkey for essential oils. Trade with the majority of these countries was conducted under bilateral clearing arrangements.

Imports Still Needed

Despite good progress in building up its own chemical and pharmaceutical industries, Israel will continue to import large quantities of chemical and pharmaceutical products.

Well over a hundred different types of basic chemicals, fertilizers, processed and bulk pharmaceuticals, for immediate use or for further processing by local industry, entered the Israeli market during 1955. The more important imports were:

CHEMICAL AND PHARMACEUTICAL IMPORTS

	Value in Is.£ (Is.£1·8=US$1)
Industrial Chemicals	
Aniline dyes	1,188,017
Alkylated aromatic hydrocarbons	822,532
Butane gas	779,953
Sodium carbonate	750,133
Sodium hydroxide (caustic soda)	680,627
Solvents, other, n.e.s.	612,791
Carbon black (except black aniline dyes)	564,844
Pigments, other, n.e.s.	424,892
Colour materials, colours, lacquers, n.e.s.	363,990
Colouring substances, dried, other, n.e.s.	262,768
Plasticizers	248,480
Calcium carbide	230,162
Lithopone	223,758
Citric acid	215,965
Enamel powder	210,078

	Value in Is. £ (Is.£1·8=US$1)
Glycerin (glycerol)	208,273
Minium (red lead)	160,089
Acetic acid	123,588
Sodium hydrosulphite	117,922
Chemicals, n.e.s.	3,941,055
Agricultural Chemicals	
Ammonium sulphate	4,366,432
Insecticides, n.e.s.	1,101,283
Nitrogenous chemical fertilizers	719,730
Pharmaceutical Products	
Proprietary drugs and medicines	1,975,508
Drugs, n.e.s.	1,982,856
Streptomycin	454,604
Tetracycline	239,045
Aureomycin	232,350

Canadian Opportunities

Last year Canada's shipments consisted mostly of penicillin, streptomycin, acetylene black, zinc oxide, synthetic resins and miscellaneous chemicals. Through active representation and competitive offers, Canadian suppliers could conceivably increase their share of this worthwhile market.

Israel has a single tariff structure and Canadian products are therefore on an equal footing with those of other supplying countries. Recently the Canadian Trade Commissioner's office in Athens has received requests from Israeli firms for Canadian sources of supply of industrial chemicals for the paint, varnish and lacquer industry; insecticide chemicals; pharmaceutical chemicals; and plastic raw materials. The Trade Commissioner's office in Athens would be pleased to assist in finding reliable and aggressive local representatives for Canadian firms interested in supplying part of Israel's chemical and pharmaceutical needs.

Christmas Trees for the South

Survey made by New Orleans office shows Canadian Christmas trees sell well in South, if shippers cater to the dealers' insistence upon uniform grades and sizes.

A. A. CARON, *Consul and Trade Commissioner, New Orleans.*

CANADIAN SHIPPERS OF CHRISTMAS TREES have a good market in the South despite the fact that snow seldom appears in this area. Each household has at least one tree and often two or more, and public places, hotels, stores and clubs are decorated with Christmas trees during the holiday season.

The majority of these trees are handled by produce wholesalers, who order Canadian trees directly from Canadian shippers or through United States brokers operating close to the Canadian-United States border. Canadian shippers should not forget, however, that a sizable number of trees are bought directly by service clubs such as the Rotary, Kiwanis, Optimist, etc., in several southern cities. Furthermore, civic governments in some cases buy directly from Canada; as an example, Canal Street, the main street of New Orleans, was decorated last year with Canadian Christmas trees bought by the City Administration.

The following sizes are used by the trade when ordering from Canadian and United States suppliers:

	Size
Special singles	12 feet or more
Regular singles	10-12 feet
Bundle of two's	8-10 feet
Bundle of three's	7- 9 feet
Bundle of four's	6- 8 feet
Bundle of five's	5- 7 feet
Bundle of sixes	4- 6 feet
Bundle of eight's	3- 5 feet
Bundle of table trees	1½-2½ feet

Note: One carload generally contains 500 bundles of various sizes.

This office has recently carried out an extensive survey of local importers, and the replies received indicate that the various parts of the South have different preferences about the origin, sizes and types of trees required. The following resumé shows, for example, that the Southeast is a better market for our exporters than the Southwest. The Mid-South (Arkansas, Louisiana and Mississippi) prefers spruce and buys chiefly in the United States because of the long rail haul. On the other hand, Texas and Oklahoma in the Southwest buy only fir trees grown in Washington, Oregon and British Columbia.

	Country of Origin		Preferences Sizes	Types
SOUTHEAST				
North and South Carolina	Canada	70%	5'-6'	Fir
	U.S.	30%	3'-5'	
Georgia	Canada	75%	5'-6'	Fir
	U.S.	25%	4'-8'	
Tennessee	Canada	70%	5'-6'	Fir
	U.S.	30%	7'-8'	Spruce
Florida	Canada	40%	5'-6'	Spruce
	U.S.	60%	7'-8'	
Alabama	Canada	65%	5'-6'	Spruce
	U.S.	35%		
MID-SOUTH				
Arkansas	U.S.	.	7'-8'	Fir
			5'-6'	Spruce
			3'-4	
Louisiana	Canada	22%	4'-5'	Spruce
	U.S.	78%	6'	
Mississippi	Canada	20%	4'-5'	Spruce
	U.S.	80%	7'-8'	
SOUTHWEST				
Oklahoma	Canada	20%	3'-5'	Fir
	U.S.	80%	5'-6'	
Texas	Canada	40%	5'-6'	Fir
	U.S.	60%	7'-8'	
			3'-4'	

The answers received from southern importers show that rail shipments are used exclusively for both Canadian and United States trees, because transportation by rail is more economical. Some importers mentioned that, in any event, it would be difficult to interest truckers in transporting trees from Canada to the South during the month of December.

Some British Columbia shippers are having remarkable success in the Southwest because they sell under a brand name Christmas trees that are well selected and of uniform quality only. Unfortunately, too many brokers mentioned that they would buy more Canadian trees if our exporters would provide more uniform grades and sizes. Thousands of trees are shipped each year to the Southern States which cannot be sold and there is no doubt that if our trees were better selected, it would mean savings for both shippers and receivers.

Local brokers contract for purchase from Canadian shippers from July to the middle of November, and deliveries are made during the first two weeks of December.

Delivered Prices

The delivered prices this year range from $3.25 to $4.65 per bundle, depending on quality and transportation costs. A bundle may contain one or more trees, depending on the size of each tree.

Canadian shippers could increase their already important sales in the South if they were more careful about supplying the types and sizes of trees required. In fact, they could sell their trees at a premium price on this market if they studied the dealers' preferences.

Canadian firms are invited to communicate with this office, Consul of Canada and Trade Commissioner, 215 International Trade Mart, New Orleans 12, Louisiana, for additional information and for the names of southern importers. ●

Peru Boosts Iron Ore Exports

HIGH-GRADE IRON ORE from Peru will soon begin pouring into U.S. eastern seaboard steel plants at an increasing rate. The Marcona Mining Company is ready to step up production 10 to 15 per cent at its open pit mine in southern Peru; target for this year is set at 2·7 million tons of ore, all marked for export. As a comparison, the output of ore from the vast Quebec-Labrador iron deposits was just under 8 million tons last year—roughly half of Canada's total production; 90 per cent of our ore was exported.

The tremendous scope of the developments associated with the Peruvian venture parallels the great investment in facilities necessary to move Canada's Quebec-Labrador ore. The company in Peru had to conquer a wilderness to start with, build a new port, and provide complete facilities for the hundreds of men on its payroll and their families. Included in development expenses are costs of housing and food, schooling for 600 children, complete medical and dental care, and recreational facilities. In addition the company had to build a plant to distil fresh water from the sea and set up its own air service to Lima from the port of San Juan.

The iron ore deposits are mined by the open-cut method and are located about 30 kilometres (18 miles) from the port. Moving the bulk ore is a difficult problem; so are the stripping of the overburden and disposing of waste. The ore is blasted loose for the big power shovels and heavy-duty trucks transport it to the mine crushers. From the stockpile, conveyors load the crushed ore into 55- to 60-ton truck trailers which take it to the storage, screening and sorting area at the port. Conveyors are also used to move the ore along the pier and onto the ships.

The company is carrying out an extensive exploration program and has built an experimental pilot plant for ore beneficiation. Recently the firm has started to acquire a fleet of ore carriers of 30 thousand tons capacity; the first ship of this type is already operating between San Juan and Baltimore. The company has a 30-year lease with Santa Corporation, a Peruvian Government entity, to which it pays a royalty of 6 per cent on the first million tons exported each year and 7 per cent on additional tonnage. Marcona must also supply ore to the Peruvian Chimbote steel plant when it begins operations.

—H. J. HORNE,
Commercial Secretary, Lima.

What Venezuelan Paint-Makers Buy

With the domestic paint industry growing and branch plants being established, Venezuelan market for imported paints and varnishes is shrinking. Canadian chemical and metal processors, however, should investigate demand for raw materials which industry buys from abroad.

F. B. CLARK, *Commercial Secretary, Caracas.*

VENEZUELAN PRODUCTION OF PAINTS AND VARNISHES continues to increase in volume and in variety; in fact, paint is now the most important product of the domestic chemical industry. Considerable private investment and a big share of the federal budget are spent on construction projects, and all of the new buildings finish the exterior with paint for appearance and preservation. Fortunately there is no smoke in this tropical country to darken the bright colours which are usually selected. Most of these exterior oil-base paints are sold on a discount for quality, without much advertising of various brands.

Effective sales promotion of interior finishes takes the form of free decoration manuals, professional advice on colour schemes, and substantial national advertising budgets which have successfully introduced the new easy-to-apply paints made with a synthetic rubber base. These are outpacing the paints in powder for mixing with water.

The steady development of the cabinet and furniture trade has improved the market for varnishes and lacquers. Most of the local plants now make these finishes.

Production Rises Steadily

The first paint factory was established in Venezuela in 1945 and produced 850 metric tons that year. Production did not improve significantly until 1950 when another plant opened; combined output for the year amounted to 3,000 tons. These domestic establishments required protection against imports and in 1952, when a revision of the trade agreement with the United States was under review, the duties on paints were raised. Distributors of big international paint companies in the United States which shared most of the market then urged their principals to consider branch plants in Venezuela. As a result, the domestic paint industry embarked on a production push to meet expanding requirements.

The domestic industry has expanded considerably since 1952, primarily because of successful branch plants. However, there is still enough business to keep the smaller independent producers at capacity production as a record number of new buildings accelerate the demand for paint. Well-known trademarks in the paint industry display the "Made in Venezuela" sign—Sherwin-Williams, Pittsburgh, and Montana, for example. Du Pont plans to have a factory in operation in 1957. There are also some local well-advertised trade names that represent Venezuelan paint firms associated with foreign interests through licensing agreements and a share in capital and management. The industry has a total capital investment of over $6 million, divided among the 12 paint factories in operation. Combined annual sales total $9 million. The following table gives the production growth for the various types of paints and varnishes made in Venezuela.

PRODUCTION OF PAINTS, ENAMELS AND VARNISHES

(in metric tons)

Year	*Oil Paints*	*Powder*	*Enamels*	*Others*	*Varnishes*	*Total*
1948	403	669	250	36	10	1,108
1949	328	836	216	67	11	1,231
1950	555	2,101	358	394	16	3,050
1951	984	1,862	402	421	26	3,267
1952	2,144	2,744	722	496	54	5,384
1953	3,201	3,350	1,072	1,216	222	7,767
1954	4,395	4,290	2,186	2,232	847	10,917
1955	5,329	4,034	2,451	2,474	1,523	11,837

Imports of processed paints are declining in proportion to the growth of local production under the protection granted in 1952. Paints are a heavy substance and duties are assessed on gross weight, which includes the weight of container and case. The following rates have proved to be an effective form of protection for development of the national industry.

Tariff Item	Description	Rate per Gross Kg. Bolivars	dollars
371A	Paints in oil, paste, or liquid	1·50	0·45
371B	Varnishes	2·60	0·78
371C	Bituminous paints for ironwork	1·30	0·39
371E	Paint in powder	2·60	0·78
371F	Cellulose lacquers	3·90	1·17
372	Fine paints in flasks or tubes (liquid, solid, or paste form)	2·60	0·78
373	Paint for fabrics	2·60	0·78

Import Picture

Despite these high duties and domestic competition, imports have not yet been cut drastically. In 1955, the value of imported paints and varnishes reached $1,245,000. However, this is low in comparison with the peak year 1952, when imports exceeded $4 million. A good proportion of the foreign paints that still enter Venezuela are special types such as paint for plastic mixes, rust inhibitors, metal preservatives and marine paints. Particular brands for these varieties are well known in Venezuela and their proven performance warrants a higher retail price. It is practically impossible to interest an agent or distributor in introducing new lines of imported paints unless the brand has some exceptional features.

Primary Materials Needed

Canada was not a significant supplier of finished paints or varnishes to Venezuela even when the market depended entirely on imports; the United States and United Kingdom have always been the leaders. There is an opportunity, however, for Canadian chemical and metal processors to participate in the market for raw materials, most of which are imported. In order of importance, the following paint ingredients are bought from foreign suppliers: titanium white, carbon black, lithopone, ultramar blue, zinc white, and chromate green.

Imports of these items totalled $500 thousand in 1953, the last year when statistics were available for this classification. A conservative estimate of 1956 purchases of the same materials is $1·5 million, calculated on the additional capacity of plants in operation and new plant requirements. In addition to these specific components for paint preparations, there is a "non-specified" group in the import statistics for materials required that reached a value of $400 thousand in 1953. Business for exporters in this section for 1955 probably exceeded $1 million.

Although some of the branch plants buy their materials from their parent organizations, all of these companies say that they consider direct offers from foreign manufacturers as well as solicitations from resident agents. Whether a representative on a commission basis should be appointed depends on the volume of the particular material. The Commercial Secretary of the Canadian Embassy can provide a market report and also the names of recommended agents specializing in chemical sales. The paint manufacturers require samples for analysis, and they consider quality as much as price. Repeat business with favourable terms is the reward for the exporter who matches acceptable materials with competitive quotations.

Tours of Territory

K. F. NOBLE, Canadian Trade Commissioner in Johannesburg, South Africa, intends to visit the Orange Free State (with calls at Bloemfontein, Welkom, Harmony, Virginia, and Odenaalsrust), in mid-November.

R. W. BLAKE, Commercial Secretary in Melbourne, Australia, will visit Tasmania from December 10-19.

G. F. OSBALDESTON, Vice Consul and Assistant Trade Commissioner in São Paulo, Brazil, will visit Porto Alegre, Curitiba, Joinville, Blumenau, Florianopolis, and Paranagua for three weeks, beginning November 16th.

C. O. R. ROUSSEAU, Assistant Commercial Secretary in Mexico City, will visit the Mexican cities of Mazatlan, Culiacan, Los Mochis, Ciudad Obregon, Guaymas, and Hermosillo, and Baja California.

W. G. BRETT, Assistant Commercial Secretary in Caracas, Venezuela, will spend ten days in Maracaibo, beginning November 12th.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, plans to visit the Bahamas from November 11-17.

Businessmen who would like these officers to undertake assignments for them in these areas should get in touch with them at their posts as soon as possible. Mr. Noble can be reached at his office in Johannesburg, Mr. Blake at Melbourne, Mr. Osbaldeston at São Paulo, Mr. Rousseau at Mexico City, Mr. Brett at Caracas, and Mr. Campbell at Kingston.

general notes

Chile

JAPANESE TRADE MISSION—A recent Japanese trade mission to Chile has offered to sell rolling stock to the State Railways on deferred payment terms or under barter agreement involving the exchange of raw materials. The delegates of the mission, which included representatives of nine of the principal Japanese manufacturers of railroad equipment, said that credit terms might be granted up to five years or longer. The mission pointed out that since 1945 Japan has exported 33 locomotives to Chile and 55 to Argentina, and 300 freight cars to Uruguay. The trade group, which has already visited Mexico, Brazil, Uruguay and Argentina, proceeded to Bolivia, Peru and other Latin American countries, continuing its study of this market.

In the early part of this year, the Chilean authorities accepted a financial advisory body's recommendation not to encourage new barter schemes—Santiago, Oct. 12.

Denmark

NEW APPLE VARIETIES SOUGHT—During the last five years Danish fruit growers have been experimenting with some 10,000 apple trees imported from the United States to find out which varieties will prove competitive in export markets. These experiments are the result of the decline in Danish apple exports. In 1955, apple exports were worth D.kr. 18·6 million, of which D.kr. 10 million was earned during the first six months of the year. In the first six months of 1956, the value of apple exports dropped to D.kr. 5 million.

Denmark's two leading export varieties, Graasten and Cox Orange (sold principally in the United Kingdom, Finland, and Sweden) have been unable to meet the competition. The seasonal bans on apple imports in several importing countries often last as late as November, and as Graasten is an early variety it cannot get a foothold in these markets. The Cox Orange variety is marketed at the right time but is small and colourless compared with Australian, New Zealand, and Italian apples—Copenhagen, Oct. 17.

DAIRY PRODUCTS PROMOTION—Up to February 1957, the Danish Butter Export Committee and the Danish Cheese Export Committee will arrange a number of shop demonstrations in the United Kingdom in co-operation with the Danish Agricultural Producers' Information Service in London. The demonstrations will begin in Edinburgh and Preston and other towns to be visited are Glasgow, Blackpool, Birmingham, Chester, Leeds, Southport, Middleborough and Sunderland.

Danish domestic science advisers will assist at the demonstrations and the lur-branded dairy products will be featured in shop windows and sold in the shops. Consumer information will be provided for British housewives.

Since the butter trade has been freed in the United Kingdom this lur-branded commodity can be included in the demonstrations and the Danish domestic science advisers will sell butter in casks or packaged in aluminum foil which is becoming increasingly popular in the British market—Copenhagen, Oct. 16.

Finland

BALANCE OF TRADE—Despite the seasonal increase in exports during July, the Finnish balance of trade remains unfavourable. Exports, which amounted to 19·6 billion marks, were practically at the same level as in July last year; the import figure rose to 18·5 billion marks from 14·3 billion marks in the same month last year. Trade in July thus resulted in an export surplus of 1·1 billion marks as against 5·3 billion in July 1955. During the first seven months of 1956 imports increased, compared with the same period last year, by 15 per cent to 111·4 billion marks. Exports dropped by 2 per cent to 90·4 billion marks, thereby creating a deficit of 21·0 billion marks (3·9 billion marks in the 1955 period). On the export side there is a noticeable trend from timber to products of the paper and cellulose industries, which accounted for 52·3 per cent of the total export value—Stockholm, Oct. 16.

India

TRACTORS—The Indian Government has approved a scheme for the progressive manufacture of tractors by a motor products company in Madras. The Indian firm will collaborate with its parent company in the United Kingdom and with a prominent Canadian farm machinery manufacturer. Tractor parts, equal to 60 per cent of total cost of the finished machine, will be made in India by 1960. At present, the United States supplies most agricultural tractors and parts; value of imports reached Rs.21·3 million last year. Value of tractors and parts from the United Kingdom amounted to Rs.12·8 million; from Western Germany Rs.4·3 million, and from other sources Rs.1·5 million. The Government recently lifted its ban on the import of tractors below ten horsepower—New Delhi, Oct. 13.

South Africa

FOREIGN EXCHANGE RESERVES—The Union's reserves of gold and foreign exchange totalled £114·2 million at the end of September, compared with £114·0 million on the same date last year, in spite of a heavy import bill. Higher commodity exports and increased gold production helped to keep the balance at a satisfactory figure—Cape Town, Oct. 12.

MONETARY POLICY—At the end of July, deposits with commercial banks in the Union had reached the second highest figure on record, while loans and advances had fallen, contrary to the trend in the past few years. The cost of living continued to rise but at a slower rate—Cape Town, Oct. 12.

Sweden

IRON ORE HANDLING—New transport installations for iron ore have raised loading capacity to 4,000 tons an hour in Narvik, Norway, which now becomes the world's leading iron ore shipping centre. An intricate system of conveyor belts makes it possible to direct ore from the crushers to any point in the vast storage area on the quay. Four giant cranes, capable of picking up 17·5 tons at a lift, load the ore onto nearby conveyor belts; these run from the storage area along the docks into the holds of waiting ships. The new system raises the loading capacity of Narvik harbour 30 per cent, with no increase in the number of employees. New installations on Sweden's east coast will replace the ore harbour at Lulea and boost capacity to five million tons of ore a year. The new harbour at Sandoklubb, scheduled for completion in 1961, will take in carriers up to 32,000 tons capacity—Stockholm, Oct. 21.

Turkey

OLIVE CULTURE—The first congress to study the problems of the olive industry in Turkey was held in Izmir recently. Among the projects the experts discussed was a country-wide plan for grafting the millions of wild olive trees in Turkey. They considered ways and means for increasing the present annual production of 80,000 metric tons of olive oil to 300 thousand tons. The urgently needed modernization of the olive oil industry did not escape attention—Athens, Oct. 18.

United States

RETAIL SALES—Figures published recently show that, despite the trend to suburban living, metropolitan areas seem to be holding their own in retail sales. A survey of retail sales between 1948 and 1954 showed a nation-wide increase of 32 per cent, and the metropolitan areas rang up an increase of 32·9 per cent. The 168 standard metroplitan areas account for almost two-thirds of total retail sales; in 1954, out of a national total of some $170 billion in retail sales, the metropolitan areas accounted for about $110 billion—New York, Oct. 22.

FISHING FLEET REDUCED—At the end of 1955 the entire Boston fishing fleet comprised 31 large, 24 medium, and 14 small otter trawlers, and 11 small-line trawlers. The 1954 fleet was 34 large, 27 medium, 16 small otter trawlers, and 11 small-line trawlers. During 1955, three large trawlers left the Boston fleet, one for another U.S. port and two were sold to Canadian interests. The reduction in medium and small trawlers was due to shifting of ports and changes of ownership. Fewer small-line trawlers operated in 1955—Boston, Oct. 24.

CANADIAN BREWERY IN MASSACHUSETTS—The Carling Brewing Company, subsidiary of Canadian Breweries Limited, opened a new $24 million plant in Natick, Massachusetts, in May 1956. The plant is capable of producing 600 thousand barrels of beer and ale a year. It will supply Carling's products to all of the New England States, New York, New Jersey and parts of Delaware and Pennsylvania. More than 200 people will be employed in the plant and the sales force will number about 500—Boston, Oct. 23.

West Germany

SHARE COMPANIES—It has been estimated by *Handelsblatt*, one of the leading business journals in West Germany, that there are now 2,633 share companies in the Federal Republic. They have outstanding a share capital equivalent to $5,250 million. The shares of 2,566 of these companies are quoted in Deutsche marks. Some 81 per cent of the total DM-share capital is held by companies with a capital exceeding $2·4 million each—Bonn, Oct. 17.

Surinam Buys Dollar Goods

Demand for goods which Canada can furnish, a good supply of dollars, and few import restrictions make Surinam a market that deserves more intensive cultivation by Canadian exporters than it has so far received.

D. B. LAUGHTON, *Trade Commissioner, Port-of-Spain.*

SURINAM, situated on the north coast of South America between British and French Guiana, lies slightly off the main travel routes and Canadian businessmen seldom visit it. This may explain why Canadian sales to Surinam reached only $600 thousand (Canadian) in 1954 compared with U.S. sales of $11 million. Altogether, this territory with a population of only one-quarter million bought $29 million worth of goods in 1954.

Dollar Earnings High

One of the encouraging features about doing business with this small country is that it has a favourable balance of trade both on total current account and with dollar countries. In 1954 exports reached Sf.*52·2 million, which was Sf.3 million more than the total cost of imports. That year the country spent only Sf.21 million in North America although it earned twice that amount from sales to North America. Bauxite accounts for 90 per cent of Surinam's exports and goes almost entirely to the United States and Canada. The remaining 10 per cent of exports is made up of timber and plywood, rice, coconuts, citrus and coffee.

Although Surinam's exchange position is sound, the authorities maintain control over imports through a licensing system. Any officially-registered importer will be granted, against a pro forma invoice, a licence which authorizes the purchase of currency and permits entry of the merchandise. The terms of payment are not regulated and provision is made for price and exchange fluctuations. Importers who fail to honour sight or time drafts within one month of their due date are blacklisted and can be denied import licences for six months. A shipper may re-export goods which are not paid for or have them sold at public auction.

There is no restriction on dollar imports but entry of the following articles is prohibited regardless of the country of origin:

- Alimentary pastes
- Fresh vegetables
- Rice
- Timber and cut lumber
- Steel furniture (hotel, theatre, hospital, office furniture excepted)
- Doors and window frames
- Gems and precious metals

In addition there are various quantitative quotas on imports from any source of fresh frozen meat, wheat, sugar, coconut oil, cigarettes, ladies' lingerie, footwear and wooden furniture.

U.S. Is Principal Supplier

The United States was the source of 40 per cent of Surinam's imports in 1954, followed by the Netherlands with 30 per cent, other European countries (including Britain) with 15 per cent, and British West Indies with 10 per cent. Canada's share of imports was valued at Sf.1·1 million, or about 2 per cent of the total. Flour was the major item. In 1955, according to Canadian figures, our sales to Surinam totalled $971,226, and in the first half of 1956, $533,535.

Surinam has been spending the equivalent of $7 million a year annually for imports of foodstuffs, animal feeds, beverages and tobacco from all sources. Many of the commodities imported—such as salt fish, sardines, flour, potatoes, split peas, beer and tobacco—are traditional Canadian exports to the Caribbean, yet we obtained a mere 5 per cent of the trade in these categories. In addition to foodstuffs, Surinam imported in 1954 $4·5 million of raw materials for industry, of which petroleum products were the most important.

The major import category was manufactured articles and this includes a great variety of products. Among those which might be interesting to Canadian exporters were: paints and varnishes ($253,000), detergents ($115,000), drugs ($366,000), leather footwear ($190,000), natural and artificial silk piece goods ($850,000), cotton piece goods ($1,000,000), various textile manufactures ($326,000), clothing ($365,000), paper ($207,000), refrigerators ($185,000), electrical materials ($593,000), and explosives ($381,000). As a general criterion, price appears to be more

* Surinam florins.

important than either style or quality in obtaining a share of the market.

Canadian Exporters Should Be Represented

Demand is growing in Surinam for a variety of low-priced consumer goods and also for foodstuffs. There is a direct shipping connection with Canadian East Coast ports, there is no shortage of dollars, and the few import restrictions apply to all countries, without preference or discrimination. These trading conditions are too rare to be overlooked even if the market is small. Certainly the far-seeing Canadian exporter should make sure that one of Surinam's active agents is regularly offering his lines.

trade and tariff regulations

Antigua

LICENSING ANNOUNCEMENT—The Administrator of Antigua confirmed on October 3rd that the following products may be imported into the Colony under World Open General Licence: apples, leaf tobacco, chemical fertilizers, calcium carbide.

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

Argentina

IMPORTS OF ROAD MACHINERY AND TRACTORS—The Central Bank of Argentina has announced that, effective immediately, certain types of heavy machinery and tractors for use on road construction only may be imported at the free market rate of exchange from any source without need of import permits. Lists will be published shortly of machines which may not be imported, and also of those which will be subject to prior certification from the Ministry of Commerce and Industry and the National Roadworks Administration before customs despatch—Buenos Aires, Sept. 26.

Austria

MORE DOLLAR IMPORTS LIBERALIZED—Effective October 15, Austria liberalized a long list of imports from Canada and from the United States. This measure expands considerably the list of liberalized dollar imports which came into force in July 1955. Import permits are granted freely without quantitative or currency restrictions for the listed goods.

Among the liberalized products are some of Canada's major exports to Austria, such as synthetic rubber, synthetic resins and crude non-ferrous metals. Many other raw materials and machinery items and some consumer goods were also freed. However, grains, clover and grass seeds are among the products which remain subject to import control.

The list of liberalized dollar imports contains the following products which appear to be of interest to Canadian exporters. Certificates of origin are required for some of these products, and this fact is indicated by the letter (C) against the items concerned:

Synthetic rubber
Non-ferrous base metals and alloys thereof, crude; base metal scrap, slag, dross and other residues (C) (only vanadium was liberalized in 1955)
Nickel anodes
Dried fruit; fruit pulp (C)
Vegetable wax, crude
Smoked salmon (C)
Caviar and caviar substitutes (C)
Canned peaches, grapefruit and pineapples
Vegetable juices excluding tomato juice; cocktail onions
Metal ores, treated or not (only lead ore was liberalized in 1955)
Bleaching earths, broken up by means of acid
Fuel oil
Paraffin wax
Coal tar, coal-tar pitch

Pressboard and glazed paper boards; vulcanized fibre in flexible boards over four millimetres in thickness; other hard boards (C)
Pneumatc tires weighing over 100 kilograms
Inner tubes
Raw hides and skins, including raw fur skins (C)
Leather, except cattle hide and horsehide leather tanned like sole leather (C)
Small boards of cedar for the manufacture of pencils
Round, rough hewn wood and building timber of leaf trees other than red beech
Ice hockey sticks
Saccharine and other artificial sweetening substances
Synthetic resins, crude, including polystyrene, polyethylene, polyvinyl resins, etc.; crude cellulose acetate
Unexposed X-ray films
Scrap and waste of iron and steel; foundry pig iron
Ferro-alloys, except ferro-silicon with a silicon content between 31 and 87 per cent (only ferro-chromium was liberalized in 1955)
Iron in ingots, blocks, flat bars and billets, roughed down (C)
Iron sheets and plates (only tinplate was liberalized in 1955)
Oil and fuel filters; filter parts
Refrigeration counters and refrigerators with a content of 200 litres and more
Gold-plated nibs for fountain pens
Outboard motors
Agricultural tractors between 40 and 50 h.p.
Various agricultural machinery and apparatus, including mowing machines, sowing machines, self-propelled combines, disc harrows with 24 discs or more, etc.
Many types of industrial machinery
Generators; certain electro-motors; light installations for motor vehicles; welding machines
Fixed transformers weighing 500 kilograms or more; rotary transformers
Apparatus for telegraphy; teleprinters and parts thereof; mine safety telephones; mine signalling installations.
Television transmitters; certain wireless telegraphy transmitters; telegraphy navigation apparatus; dictaphones; letter-addressing apparatus
Certain electricity measuring apparatus
Electronic tubes for transmitting, rectifying and amplifying, over 150 grams; X-ray tubes
Electric shavers; certain electric heaters; dishwashing machines; heaters for motor vehicles; toasters
Electric carbons, except electrodes weighing over 25 kilograms
Finished parts of motor vehicles and bodywork (new passenger automobiles were liberalized in 1955)
Certain finished parts of engines for motor vehicles
Crude silver and platinum; scrap of these metals
Typewriters, calculating machines and bookkeeping machines, also with electric equipment; spares and parts of these machines (C)
Cash registers with multi-counting works; punched card machines; varitypers; spares of these machines
Phosphoric acid, liquid; sulphuric acid; nitric acid; hydrochloric acid; citric acid (C); lactic acid
Methyl alcohol, crude; methyl alcohol, pure; acetone; carbon tetrachloride; butyl acetate; amyl alcohol
Certain toys
Books and printed matter
Oil cakes, except linseed oil cakes.

Information concerning particular items on the Austrian list of liberalized dollar imports may be obtained from the International Trade Relations Branch of the Department.

Bermuda

LICENSING ANNOUNCEMENT—Bermuda has announced a measure of dollar trade liberalization to take effect December 1, 1956. The number of items which will continue to be prohibited from dollar countries as of that date has been considerably reduced. The revised list of goods which cannot be imported from dollar countries is as follows:

Ale
Beer
Auto-cycle and bicycle accessories
Auto-cycle and bicycle propulsion units
Automobile accessories
Automobile spares (except for Canadian and American vehicles, the specific import of which has been permitted)
Blankets, woollen
Bricks, ventilating (clay and metal)
Cameras (except Polaroid, cameras taking third dimensional slides, and professional Graflex cameras)
Carpets and rugs (i.e. woollen, jute, mohair and wool pile fabrics)
Cement
China
Concrete mixers
Comic books and comic magazines
Corkboard
Earthenware
Elevators*
Fireworks
Juke boxes
Lead cable, electrical
Linen goods (except linen clothing)
Luggage, leather and fibre
Matches (except book matches)
Motor vehicles*
Nails, galvanized, all types
Perfume (except cologne and toilet water)
Pipe, asbestos
Radio receiving and television sets
Rope
Sheeting asbestos (plain and corrugated)
Suitcases, leather and fibre
Toys, costing over $5.00 per dozen (42¢ each)

The Commission will also be prepared to consider all applications for imports of water trucks.

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*In cases where special circumstances exist, the Commission will consider other imports on their merits, following written application by the importers with full supporting particulars.

British Honduras

LICENSING ANNOUNCEMENT—The Acting Financial Secretary, British Honduras, advised importers on August 31st that licences will be granted for import from hard currency sources of a limited amount of the goods listed below:

Eggs; vegetables, fresh and canned; margarine; fruits, fresh, dried, canned and crystallized; cereals; roasted coffee; flavouring essences; hams and bacons; baby foods; prepared foods; nuts and confectionery; cotton and rayon piece goods; cotton or artificial silk underwear; shirts; hosiery; hats and caps; handkerchiefs; neck and bow ties; leather belts; babies' and children's clothing; stoves; refrigerators; cotton towels; blankets; sheets and pillow cases; crockery; glassware and enamelware; paints; turpentine; machetes; screening materials; dry batteries; wax and cellophane paper; plastic sheeting; rubber sheeting; toys; optical supplies; school bags.

The conditions are that the goods must arrive in the Colony and be paid for not later than December 31, 1956, and that licences will not be extended after December 31, 1956, except in the case of goods for which full remittance (c.i.f. value) was made on or before that date.

Applications for goods other than those listed above may be submitted for consideration.

Egypt

IMPORT RESTRICTIONS RELAXED—The Egyptian Ministry of Finance, according to cabled advice received from the Canadian Commercial Secretary in Cairo, has recently announced new import regulations.

Under the revised regulations, provision is made for an increase in the issue of import permits on Canada for medicines, agricultural machines, newsprint and other essential commodities.

Further details regarding these relaxations will be published when received.

Turkey

NEW RATES OF EXCHANGE ANNOUNCED—New rates of exchange were announced in the *Official Gazette* of Turkey on October 7, 1956. The new rates were introduced to encourage tourism and to provide the necessary foreign exchange for the import of much needed items, including spare parts for machinery and automobiles. These new rates are also applicable to Turkish residents wishing to travel abroad.

Under this new legislation, the rates apply to foreign exchange funds held abroad and belonging to Turkish residents wishing to import them into the country, or foreign exchange earnings obtained from certain Turkish exports. The foreign exchange purchased at the new rates may be sold to industrial concerns or individuals for the purchase of essential items, as mentioned above.

Agencies authorized to buy or sell foreign exchange at the new rates include most of the Turkish and foreign banks operating in Turkey, as well as the American Express Company and a number of tourist hotels.

The following new rates, although still considerably lower than the unofficial bazaar quotations, are almost double the official rate (T£ or lira 2.80 to U.S. $1 or 2.87 to Can. $1): Canadian dollar—purchase, 5.40 liras, selling, 5.91 liras; U.S. dollar—purchase, 5.25 liras, selling, 5.75 liras.

United States

TARIFF ON WOOLLEN FABRICS INCREASED—By Presidential proclamation of September 28, 1956, quotas have been imposed on the amount of imported woollen fabrics which may enter the U.S. at the rates of duty which have hitherto been in force.

For the period from October 1 to the end of 1956, a quota of 3½ million pounds of such fabrics may enter at the regular rates of duty; all imports in excess of this amount will be subject to substantially higher rates.

Following December 31, 1956, until otherwise proclaimed, the annual quota admissible at the reduced tariff rates will be 5 per cent of the annual average production in the United States during the three immediately preceding calendar years, and imports in excess of the quota will be dutiable at the increased rates.

The tariff items involved, with the quota and ex quota rates are:

Tariff Par. No.		Quota Rates	Ex Quota Rates
1108	Woven fabrics, weighing not more than four ounces per square yard, wholly or in chief value of wool, regardless of value:		
	If the warp is wholly of cotton or other vegetable fibre ....per lb.	30¢	30¢
	and ad val.	25%	45%
	Other ....per lb.	37½¢	37½¢
	and ad val.	25%	45%
1109 (a)	Woven fabrics, weighing more than four ounces per square yard, wholly or in chief value of wool, regardless of value ....per lb.	37½¢	37½¢
	and ad val.	25%	45%

NEW CUSTOMS VALUATION LAW—The Customs Simplification Act of 1956, approved by the President on August 2nd, contained a far-reaching revision of the United States law on the customs valuation of imported goods (see *Foreign Trade,* issue of August 18th). The new law will make "Export Value" the first basis for levying ad valorem duties on imports. "Export Value" is defined briefly as the price at which the goods undergoing appraisement are sold or offered for sale to the United States importers who buy in the usual wholesale quantities for industrial use or for resale otherwise than at retail.

Before bringing this revision into force, however, the Treasury Department is required by the Act to publish a list of articles which, based on their appraisal performance in 1954, will not be granted the benefits of the new valuation law but which will continue to be appraised on the old basis of valuation. Reports from Washington now indicate that the work entailed in preparing this special list is so onerous that no publication date can yet be given.

Meanwhile, imports into the United States continue to be appraised in accordance with the current law.

Canadian exporters encountering difficulties with the existing U.S. valuation law are invited to communicate with the Department of Trade and Commerce in Ottawa.

U.S. CUSTOMS APPRAISER VISITS CANADA—Exporters in Western Canada who have encountered appraisal difficulties when shipping goods to the United States will have an opportunity to discuss their customs problems with a United States Customs Appraiser. Mr. E. J. Cannon, of the port of Buffalo, has been authorized since last May by the U.S. Commissioner of Customs to accept invitations from Canadian manufacturers and their associations to visit Canada and to be available for discussion and investigation of customs problems encountered by exporters to the United States. Mr. Cannon is now on a tour of western Canada and will be available at the local office of the Canadian Manufacturers Association in the following cities on the dates shown. Any exporter seeking official clarification or solution of a particular customs problem may make an appointment with him through the manager of the CMA office in these cities.

CALGARY —Nov. 12 and 13
VANCOUVER—Nov. 15 to 23
VICTORIA —Nov. 24
EDMONTON —Nov. 27 and 28

Venezuela

TRADE AGREEMENT WITH CANADA EXTENDED—The Commercial Modus Vivendi between Canada and Venezuela has been renewed for another year from October 11, 1956. Under this trade agreement originally signed in 1951, Canada and Venezuela exchange full most-favoured-nation treatment with regard to customs charges and other related matters. As a result, Canadian goods on their export to Venezuela will continue to receive as favourable treatment as exports from any other country. Venezuelan products are accorded most-favoured-nation customs treatment on their import into Canada.

In 1955 Venezuela was Canada's largest trading partner in Latin America with total exports to Venezuela of $30 million and imports from Venezuela of $187 million. Venezuela is an important dollar market with no exchange restrictions and import controls affecting only a few products. Total imports into Venezuela from all countries reached $883 million in 1955.

Coming to Canada on Business

THE INFORMATION about foreign business visitors given here is, to the best of our knowledge, accurate at the time of going to press. We cannot, however, accept responsibility for any changes in itineraries nor for cancellation of plans. This information is published as a service and in no way represents sponsorship or selection by the Department of Trade and Commerce. We cannot undertake to enter into correspondence about these visitors.

▶ from India

A. D. GANDHI, partner of M. S. Gandhisons, Gandhi Building, Samuel Street, Bombay 3, is interested in contacting Canadian firms that import black pepper, ginger, cardamoms, and other spices exported by India. Mr. Gandhi arrived in Montreal on November 4. Interested businessmen are asked to get in touch with R. Alex Khan, Commercial Secretary, Office of the High Commissioner for India, 200 Maclaren Street, Ottawa 4, Ontario.

▶ from Israel

JOSEF DZIALOSYNSKI, representing the Lasta Elastic and Laces Company, is expected to arrive in Canada from the United States about the end of December. Purpose of his visit to America is to purchase machinery and raw materials for the factory in Israel. His address in Canada will be c/o Mr. A. Yagodnik, 5429 Park Avenue, Montreal, Quebec.

▶ from the United Kingdom

S. S. STEELE and A. A. STEELE, directors of the Hollow Seal Glass Co. Ltd., Stanford Road, London, N.1, will investigate the market for direct sales of their company's "Holloseal" thermal insulation units. The units are used for composite wall cladding, or as dual glazing units for windows in stores, hospitals, schools, laboratories, and factories where closely controlled surrounding temperatures are required. Itinerary is as follows: Toronto, Nov. 12 to Nov. 17; Montreal, from Nov. 19. Canadian businessmen who would like to meet these visitors should make arrangements with the United Kingdom Trade Commissioner in Toronto or in Montreal.

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 equivalent 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 exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·02926.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 26	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05398	18·53	(1)
		Free	·03031	32·99	
Austria	Schilling		·03737	26·76	
Australia	Pound		2·1645	·46	
Belgium, Belgian Empire and Luxembourg	Franc		·01953	51·20	
Bolivia	Boliviano	Official	·005113	195·57	
British West Indies	Dollar		·5637	1·77	(2)
	Pound		2·7056	·3696	(3)
	Dollar	British Honduras	·6764	1·482	
Brazil	Cruzeiro	Effective selling*			
		*Category I	·0149	66·79	*Oct. 12
		Category II	1·036	96·46	(4)
		Category III	·0072	138·17	
		Official buying	·0532	18·80	(5)
Burma	Kyat		·2040	4·90	
Ceylon	Rupee		·2029	4·93	
Chile	Peso	Free	·001932	517·60	(15)
Colombia	Peso	Basic	·3886	2·57	(7)
		Free*	·1983	5·04	*Oct. 25
Costa Rica	Colon	Official	·1730	5·78	
		Controlled free	·1464	6·83	
Cuba	Peso		·9716	1·02926	tax 2% (4)
Czechoslovakia	Koruna		·1349	7·412	
Denmark	Krone		·1407	7·11	
Dominican Republic	Peso		·9716	1·02926	
Ecuador	Sucre	Official	·06477	15·44	
		Free	·05031	19·88	
Egypt	Pound	Official	2·7899	·358	(6)
El Salvador	Colon		·3886	2·57	
Fiji	Pound		2·4375	·410	
Finland	Markka		·004224	236·74	
France, Monaco and North Africa	Franc		·002776	360·02	(8)
French Colonies in Africa	Franc		·005552	180·11	(9)
French Pacific	Franc		·01527	65·49	(10)
Germany	D Mark		·2317	4·32	
Greece	Drachma		·03238	30·88	
Guatemala	Quetzal		·9716	1·02926	
Haiti	Gourde		·1943	5·15	
Honduras	Lempira		·4858	2·06	
Hong Kong	Dollar	Free*	·1573	6·356	*12 Oct.
		Official	·1691	5·91	
Iceland	Krona	Official	·05966	16·76	
		Special selling	·0348	28·70	(11)
India	Rupee		·2029	4·93	
Indonesia	Rupiah	Basic	·08556	11·69	(12)
Iran	Rial	Certificate	·128	77·97	
Iraq	Dinar		2·7204	·367	
Ireland	Pound		2·7056	·3696	
Israel	Pound		·5398	1·85	
Italy	Lira		·00156	641·02	
Japan	Yen		·0027	370·37	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 26	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	·3031	3·30	
Mexico	Peso		·07773	12·87	
Netherlands	Florin		·2540	3·94	
Netherlands Antilles	Florin		·5118	1·95	
New Zealand	Pound		2·7056	·3696	
Nicaragua	Cordoba	Effective buying	·1472	6·79	
		Official selling	·138	7·26	
Norway	Krone		·1360	7·35	
Pakistan	Rupee		·2029	4·93	
Panama	Balboa		·9716	1·02926	
Paraguay	Guarani	Official	·01619	61·766	(6) (13)
Peru	Sol	Certificate	·05113	19·55	
Philippines	Peso		·4858	2·05	
Portugal & Colonies	Escudo		·03391	29·49	(14)
Singapore & Malaya	Straits dollar		·3157	3·17	
Spain & Dependencies	Peseta	Basic buying	·04436	22·54	(6)
		Basic commercial selling	·0591	16·90	
		Free	·02494	40·10	
Sweden	Krona		·1878	5·32	
Switzerland	Franc		·2266	4·41	
Syria	Pound	Free*	·275	3·63	*17 Sept.
Thailand	Baht	Free	·04746	21·07	(6)
Turkey	Lira		·3470	28·81	
Union of South Africa	Pound		2·7056	·3696	
United Kingdom	Pound		2·705625	·3696	
United States	Dollar		·9715625	1·02926	
Uruguay	Peso	Free*	·2380	4·20	
		Basic buying	·6398	1·563	(6)
		Principal selling	·4630	2·16	(16)
Venezuela	Bolivar		·2900	3·45	
Yugoslavia	Dinar		·003238	308·83	(6)

* Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Tax of 10 per cent affects selling (import) rates only. Tax is based on official rate, and is therefore 1.88 cruzeiros per U.S. dollar.
5. Brazil: currency certificates auctioned for five import categories. Effective selling rate is official rate of 18.82 to U.S. dollar plus price of certificate. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product. Three rates shown cover bulk of transactions for auction.
6. Additional rates are in effect.
7. 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.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: special selling rate applies to certain designated commodities.
12. Indonesia: basic rate applies to most exports and a few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 and 400 per cent depending on products.
13. Official rate applies to exports and essential imports. For non-essential imports there is a surcharge of 25 Guaranis per U.S. dollar.
14. Portugal: approximately same rate for Portuguese Territories in Africa.
15. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
16. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports will be divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which will apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.

businessman's bookshelf

National Security and International Trade

United States Council of the International Chamber of Commerce. 32 pages. 30 cents.

THIS LATEST STUDY by the Council specifically compares the effect on United States national security of the alternative policies of exposing industries to competition or protecting them by restricting imports. It concludes that expanding international trade, not import controls, should be fostered by the Federal Government's defence mobilization policies.

The study lists six serious weaknesses in the national security argument for restricting imports. Briefly, it is inefficient and costly, it is clumsy, it may reduce the vigour of the economy, it cannot protect the type of economy needed at present, it causes above-normal exhaustion of natural resources, and it directly damages alliances and friendly relations with other countries vital to U.S. survival.

Expanding foreign trade, on the other hand, it points out, strengthens ties with friendly nations, helps them develop their economies, conserves U.S. natural resources, helps domestic industries most likely to be of value in a defence effort, and significantly increases the vigour and pace of technological progress in the U.S.

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