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foreign trade

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cover In nearly every part of Latin America, the pace of development has accelerated since the war. The four examples of this growth pictured on our cover are, on the upper left, stocks of ore samples obtained by diamond drilling at a copper mine in Haiti; lower left, stage one in the laying of a new oil pipeline in Venezuela; upper right, a recently completed sulphur extraction plant in Mexico; lower right, Havana's new skyscraper, 35 stories high. These pictures of progress introduce our annual review of business in Latin America.

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Canada's Trade with Latin America

With imports from Latin American countries up sharply and sales to them rising slightly, 1956 promises to be a record year for Canada's trade with this area. Exchange problems may restrict exports to some countries, but long-range outlook excellent, with demand for raw materials and capital equipment certain to grow.

S. G. TREGASKES,
Area Trade Officer for Latin America.

CANADA'S TRADE WITH LATIN AMERICA this year is showing a heartening increase. In the first six months of 1956 it has risen by \$40 million over the first half of 1955. If this pace is maintained during the rest of the year, total trade with this area will reach a record \$580 million.

Although trade with Latin America accounts for only 5 per cent of our world trade, when the United States and the United Kingdom are excluded this percentage rises to 25. In fact, Latin America ranks as our ^{5th} fourth largest market, following the United States, the United Kingdom, and Europe. *Not so. RSA large*

A Growing Market

Latin America currently has about 185 million people and, with its high rate of population growth, it is expected that it will have more than 300 million by 1980. Economic progress throughout the area has

been very rapid in the past few decades; it has accelerated since the end of World War II and indications are that it will continue to gain in the years ahead. Obviously, the Latin American market is one that merits close and sustained attention from the Canadian exporter.

Exports and Imports Increase

Canadian exports to Latin America for the first eight months of 1956 increased slightly over the same period of 1955, rising from \$113 million to \$116 million. Exports in 1955, on the other hand, fell to \$170 million from the \$194 million of 1954. This decrease was more than accounted for by a fall in exports to Brazil of \$34 million between 1954 and 1955. Throughout 1955 Brazil was plagued by dollar shortages and the consequent imposition of restrictions of various kinds materially reduced purchases from dollar countries.

To the end of August of this year, Canada's principal markets in Latin America were Mexico, Venezuela, Colombia, Cuba and Brazil, but Peru, Puerto Rico, the Dominican Republic and the Central American countries continued to be important customers for a wide range of Canadian goods.

Principal exports from Canada to Latin America in 1955 were: wheat and flour (\$26 million), newsprint (\$20 million), industrial machinery (\$13 million), non-ferrous metals (\$12 million), fish (\$10 million), drugs and chemicals (\$8 million), asbestos (\$7 million), dairy products (\$6 million), wood pulp (\$5 million), agricultural machinery (\$5 million), malt (\$4 million), and seed potatoes (\$3 million). In addition a wide range of manufactured and semi-manufactured goods, raw materials and agricultural products, numbering several hundred, were exported to the area during 1955.

In contrast to the wide range of products exported to Latin America in 1955, six commodities bought by Canada from Latin America in that year accounted for nearly 90 per cent of Canada's total imports of \$320 million. These were petroleum (\$178 million), coffee (\$50 million), bananas (\$23 million), cotton (\$20 million), sugar (\$7 million), vegetable fibres (\$5 million). Other important imports were cocoa, nuts, fresh fruits and vegetables, and meat products.

Few other types of commodities are available from Latin America in substantial quantities. The list given above emphasizes the fact that, with a few exceptions, Latin America at present is predominantly an agricultural and extractive region; most Latin American countries have "single crop" or "single export commodity" economies.

Imports from Latin America in the first six months of the current year have increased remarkably over the same period of 1955—to \$183 million from \$147 million in 1955. Larger imports of cotton from Mexico and petroleum from Venezuela accounted for the bulk of the increase.

Treaty Relations

In July of this year Canada and Honduras signed a trade agreement for the exchange of most-favoured-nation treatment between the two countries. Canada

now enjoys most-favoured-nation customs treatment with all countries of Latin America and Canadian products are subject to the same reduced rates of duty and customs charges in most Latin American countries as apply to goods from other countries, such as the United States and the United Kingdom. As the sole exception, the United States enjoys an exclusive tariff preference on a number of goods entering Cuba.

Latin American Conference

Eleven Canadian Trade Commissioners in ten Latin American countries were recalled to Ottawa in July to attend a conference organized by the Department of Trade and Commerce to discuss ways and means of increasing Canada's exports to the rapidly developing republics of Latin America.

They were joined during the conference by a small group of Canadian businessmen with wide selling experience in that area. These businessmen presented some of the problems with which they are confronted and put forward a number of constructive recommendations for the Department to consider.

Particular attention was devoted to the problem of developing greater interest among Canadian businessmen in the possibilities of the Latin American market.

What Canada Trades with Latin America

(in thousands of dollars)

Country	EXPORTS				IMPORTS			
	Year 1954	Year 1955	Jan.-Aug.		Year 1954	Year 1955	Jan.-June	
			1955	1956			1955	1956
Argentina	6,692	6,833	4,143	3,562	2,738	4,414	1,834	1,938
Bolivia	1,272	1,086	654	1,068	267	19	3	59
Brazil	45,096	11,520	8,155	8,390	31,623	30,747	12,612	16,200
Chile	3,130	3,820	2,390	2,320	236	250	232	515
Colombia	21,000	22,691	15,600	12,186	24,820	22,220	9,171	12,529
Costa Rica	2,834	3,576	2,811	1,777	7,746	5,948	3,018	1,231
Cuba	17,455	13,910	9,740	9,458	9,913	10,025	5,800	7,543
Dominican Republic	4,269	4,168	2,757	3,238	1,663	1,529	1,167	870
Ecuador	5,509	4,953	4,041	3,664	3,763	5,187	2,949	2,272
El Salvador	1,526	1,808	1,325	1,568	951	2,962	2,120	844
Guatemala	2,021	2,508	1,673	1,891	5,060	4,545	3,002	1,976
Haiti	3,307	2,447	1,314	2,005	1,570	1,587	692	953
Honduras	471	588	396	522	2,589	1,666	609	2,291
Mexico	27,359	37,126	23,191	25,093	14,033	28,814	10,207	32,397
Nicaragua	1,653	1,769	1,181	992	181	1,429	344	486
Panama	4,057	2,824	2,023	2,976	5,850	9,037	4,133	5,383
Paraguay	169	91	76	208	520	237	96	86
Peru	5,086	6,001	3,841	6,916	2,264	869	306	1,067
Puerto Rico	7,756	9,715	6,587	6,965	1,202	1,094	359	474
Uruguay	2,784	2,355	1,194	1,270	1,025	483	266	500
Venezuela	30,973	30,756	20,135	20,040	167,594	187,277	88,700	93,263
Total	194,419	170,545	113,227	116,106	285,608	320,339	147,620	182,877

There was general agreement that exports could be increased by continuous and energetic efforts, despite dollar shortages in some countries and keen and growing competition from other exporting nations.

The visiting Trade Commissioners and businessmen covered a wide range of topics, including the problems involved in selling on credit terms in some countries in Latin America and the encouragement of business and official visits both ways between Canada and Latin America.

Future Prospects

Canadian exports to Latin America have trebled in value in the past ten years and imports from the area have quadrupled. What are the prospects in the immediate future and over the long term for this increase to continue? *Well?*

The trend of imports from Latin America is likely to be upward both through the next year and in the next decade. The Latin American economy largely complements the Canadian and our own growth will mean that we shall need ever greater amounts of products grown, made or extracted in Latin American countries at competitive world prices. *Imports: 1956 - \$176M
1957 - \$225M*

For the next year or two, Canadian exports to Latin America are not likely to increase substantially, although the trend should be a rising one. Some countries—such as Venezuela, Peru, the Dominican Republic and some Central American republics—will continue to be open markets for Canadian goods. Others which suffer from dollar shortages—such as Brazil, Uruguay, Argentina and Chile—are likely to remain closed to a wide range of our products.

The long-range outlook for Canadian exports to the area is, however, excellent. Most Latin American countries are experiencing dynamic changes in the structure of their economies. New agricultural areas are being exploited; industries are springing up; efforts are being made to diversify the economic base of most countries; production methods are being improved; the physical volume of exports is increasing; real income per capita is advancing, and government-financed public works programs (either under construction or planned) will help to stimulate a further rise in real income.

Canadian raw materials, capital equipment, and other goods will be required in increasing volume to feed and to expand the agricultural and industrial development of Latin America. We can participate in this growing demand, provided our products can compete in price and quality with those of other countries and our exporters are prepared to go after the business. ●

Argentina

Strengthening of peso, control of inflation, consolidation of foreign debt, rise in agricultural prices, and obtaining of foreign loans constitute major steps in Argentine economic recovery. Progressive elimination of import controls should gradually reopen this market to wider range of goods which Canadian producers can supply.

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

INCREASED PRODUCTION and a sound, stable currency form the backbone of the Prebisch Economic Recovery Plan adopted early this year as the basis of Argentine economic policy. Prebisch made three main recommendations for achieving greater output:

- Revaluation of the peso to permit incentive prices for agricultural products.
- Heavy investment in electric power development, transport facilities and petroleum resources.
- Elimination as quickly as possible of government controls and interference in business and industry.

Considerable progress has been made towards these objectives but much remains to be done. The peso was revalued and exchange rates simplified but the ultimate objective of a freely fluctuating single rate of exchange is still remote. Prices of many important agricultural commodities were raised and this action has stimulated an increase in seedings. Many plans for power development have been discussed and recommended but no large tenders have yet been called. In the transportation field notable progress has been made. More than 100 diesel locomotives have been ordered, mostly for delivery in 1957, an Export-Import Bank loan for \$100 million (chiefly for transportation facilities) has been negotiated, and extensive road repair and construction are being carried out. Plans on petroleum development have been announced but national feeling is against exploitation of these resources by foreign companies. Government interference and control are being reduced somewhat, but as one example bread and meat are still subsidized and thus controlled.

The external value of the peso, after falling to 45 per dollar, rallied strongly and has been fluctuating close to 30 per dollar for several months. However, repatriation of Argentine funds from abroad and a low level of imports have been more important factors than increased foreign earnings. Internally inflation has apparently been controlled within the limits envisaged by Prebisch but wage agreements retroactive to February are still being negotiated; the few that have been settled have resulted in increases ranging from 20 to 40 per cent and even higher. The inflationary effects of those yet to come will provide the real test of the stabilization program.

International Relations

In recent months Argentina has become an active member of the Organization of American States, the International Wheat Agreement, the International Monetary Fund and the World Bank. To break away from the bilateralism which characterized its trading in recent years, Argentina has negotiated a multi-lateral agreement with eleven European countries by which trading with any of these countries can be done in the currencies of any one of them. Japan is linked to this arrangement by a new Argentine-Japanese agreement which calls for future payments to be made in transferable sterling. The nation has not turned its back completely on bilateralism, however: agreements have recently been negotiated with Brazil and Paraguay and willingness to continue such agreements with other countries, should they so desire, has been made clear.

Financial Situation Reviewed

Argentina's foreign obligations have been estimated at approximately \$800 million or its equivalent in other currencies. Deferred payment stretching over ten years, at an average interest rate of $3\frac{1}{2}$ per cent, has been obtained for approximately half of this amount from Japan and the countries belonging to the European multilateral trade group. The debt to West Germany—which reportedly amounts to almost \$200 million—remains unsettled but it is still hoped that she will join the multilateral agreement. The balance of approximately \$200 million includes debts to neighbouring countries and a long term Export-Import Bank loan of \$60 million for the San Nicolas steel plant.

Dr. Prebisch estimated immediate minimum reconstruction needs for three years at \$1,200 million—\$300 million for transportation material, \$290 million for gas and oil, \$60 million for electrical equipment, \$150 million for steel plants, and \$400 million for industrial and agricultural re-equipment—much of which would have to be obtained through foreign

loans. Viewed objectively, progress has been satisfactory. More than 100 locomotives have been purchased on medium-term credits and a long-term loan of \$100 million obtained from the Export-Import Bank. A consortium of British banks has offered short to medium credit up to £30 million and press reports indicate that Italy is also prepared to make a substantial offer. Smaller investments have been entering the country for a variety of manufacturing and industrial purposes faster than in any recent year. During the first six months, the Government approved investments totalling almost \$18 million and was considering applications worth over \$25 million.

A poor harvest and lower meat prices reduced the value of Argentine exports during the first eight months

Points for Exporters to Argentina

- *Use airmail—seamail takes four to six weeks.*
- *Quote c. and f. not c.i.f., and preferably in United States dollars.*
- *Correspond in and publish descriptive literature in Spanish, if possible.*
- *Offer extended credit terms, especially on capital goods.*
- *Maintain personal contacts; there are now fast direct flights to Buenos Aires from Canada.*
- *Re-examine the prospects for your commodities periodically as import controls are changing week by week.*
- *Give maximum details with first inquiry; restrictions are removed on individual products rather than on general categories.*
- *Use the metric system where possible and always identify tons as long, short or metric.*

of 1956 to \$596 million from the \$605 million reached in 1955. Imports during the same period, at \$743 million, although down \$44 million from the previous year, exceeded exports by more than \$147 million. On a straight *pro rata* basis, this would suggest an adverse balance for the year of approximately \$220 million, compared with \$247 million in 1955.

Argentina's unsatisfactory trading position and the need to liquidate some outstanding commitments are clearly shown by the drop in holdings of gold and foreign exchange. Between September 30, 1955, and September 23, 1956, gold holdings fell from over 1,623 million pesos (valued at 4.20 pesos per dollar) to just over 1,086 million, the lowest since January 1953. All this outflow has taken place since the end of May and approximately 170 million pesos went to pay Argentina's entry quotas to the International Monetary Fund and the World Bank. During the same year, net foreign exchange holdings dropped from plus 519 million pesos to minus 232 million pesos. However, since these foreign exchange holdings and obligations have been converted to pesos at varying rates of exchange, it is impossible to assess accurately the real change in the foreign exchange position.

Labour Problems Dominate

Labour problems have dominated the Argentine business and industrial scene during much of this year. To compensate for increased costs resulting from the revaluation of the peso, a general wage increase of 10 per cent was given, effective February 1. The Government instructed labour and management to negotiate their own agreements, stipulating that all future increases must come out of profits and higher productivity. Labour—which has been pampered for ten years—made such exorbitant demands in most cases that few agreements have been reached without arbitration. Much time has been lost and labour has become more assertive. The relatively few agreements concluded have established increases over the 1954 level ranging from 20 to 40 per cent in most cases, but going as high as 150 per cent in individual instances. The climbing cost of living aggravates the situation: the index (1943 equals 100) rose from 713.9 in February to 795.9 in June but dropped to 788 by August. Inclusion of any non-essentials would raise it even higher. This squeeze on the workers is naturally being reflected in slower retail sales and general business activity. Credit is tight and business firms—especially those using imported materials which cost more at the new exchange rates—are having difficulty financing operations. The general index of industrial production for the first seven months of 1956 stood at only 117.9 (1952 equals 100), less than five points above the year before. Most of this small increase represents a rise in total hours worked. It seems doubtful whether Prebisch's target of a 10 per cent industrial increase for 1956 will be reached.

Canadian-Argentine Trade

As recently as 1950, total trade between Canada and Argentina exceeded \$24 million—\$13.4 million representing Canadian exports to Argentina and \$10.9

million Argentine imports into Canada. Mainly because of Argentina's bilateral trading policy and a shortage of foreign exchange, especially dollars, the total dwindled rapidly to less than \$9.5 million in 1954. In 1955 it rose slightly to \$11.2 million, the result largely of the 63 per cent increase in Canada's purchases of Argentine goods—from \$2.7 to \$4.4 million. During the first six months of 1956, Canada's exports to Argentina, at \$2.4 million, were down over \$500 thousand from the previous year and imports were up only slightly. Canadian exports reached almost \$900 thousand by July, however, so that the picture for the full year may compare not unfavourably with 1955. The outlook for the future is brighter.

The new policy of progressive elimination of import controls should gradually reopen the Argentine market to a wide range of Canadian exports. Although Argentina will not probably become again an importer of a complete range of consumer goods, the market for raw materials of all kinds, semi-processed goods, component parts and complicated apparatus and machinery not produced locally should expand gradually. The items which can be brought in through the free exchange markets from all sources do not yet form a large percentage of import needs. However, the list is growing week by week and should continue to do so as long as the international value of the peso remains reasonably stable. To discover the exact position of individual products, the exporter should write to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or to the Commercial Counsellor, Canadian Embassy, Buenos Aires.

One Canadian manufacturer provides a good example of what can be done in the field of heavy equipment, which Argentina needs so badly. This manufacturer successfully competed with eleven British, European, Japanese and U.S. companies and sold 25 large diesel locomotives. In such deals, the credit terms offered are very important. An active and reliable agent, some personal contact with the market, and the ability to meet international competition in price, terms, delivery, packing and service are all important factors in obtaining and retaining business in Argentina.

Future Outlook

In the past year, Argentina has succeeded in consolidating most of her foreign debt and re-establishing her credit. She has made firm plans for the reconstruction and development of her transportation and electric power systems. She has reoriented her trade along more efficient multilateral lines and has taken important steps to increase production in her basic industries, agriculture and livestock raising. These are all steps along the road to recovery. Her agricultural prospects at this time—six weeks before harvesting

begins in the north—are excellent. Exports of meat, wool, and hides are also expected to increase somewhat and those of fruit, dairy and forest products to be at least maintained. The prospect of increased earnings of foreign exchange, plus proffered and anticipated foreign loans and investment, should permit an expansion of imports next year although this increase will undoubtedly be confined mainly to basic needs and production materials. A continuation of the present policy of gradual removal of trade restrictions

and discrimination, however, should permit competent Canadian exporters to obtain an increasing percentage of the business.

This rather optimistic outlook is clouded by the unsatisfactory progress made in increasing productivity and the prospect of inflationary pressures because of the large wage increases retroactive to February 1. Such pressures, if uncontrolled, would have an unfortunate effect on the international value of the peso and on Argentina's ability to recuperate and expand imports. ●

Brazil

Dollar reserves have risen and balance of payments shows surplus, but domestic inflation remains a problem. Present system of currency auctions likely to continue. Prospects for greater Canadian trade with Brazil brighter than for some time, especially for machinery of certain types, raw materials, and some food products.

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

THE FIRST SIX MONTHS OF 1956 have seen Brazil achieve a favourable balance of payments abroad and increased dollar reserves. But her domestic troubles, in the form of budget deficits and rampant inflation, have continued unabated.

Domestic Inflation Continues

Despite efforts by the new Government during the first few months following its election, inflation has continued to be the most serious problem in Brazil today. One of the contributing factors is the large deficit in the federal budget. This year it was originally estimated at Cr.\$600 million, but this estimate has now risen to between Cr.\$20 and \$25 billion. This deficit will mean further increases in the paper money in circulation, which has already gone up by 12 per cent for the first six months of the year.

NOVEMBER 24, 1956

Early this year the Government found it necessary to raise the salaries of federal employees and the armed forces and with this additional cash in circulation, prices rose. In fact, it soon became necessary to do something for private employees. The result was that on August 1st new minimum salaries were decreed and the inflationary spiral started all over again. It is unlikely that 1957 will see any improvement because the Government is again budgeting for a deficit of 24 billion cruzeiros, a figure which will undoubtedly rise before the end of the year.

Balance of Payments Improves

The bright side of the picture has been Brazil's success in achieving a favourable balance of payments abroad and building up her dollar reserves to the highest point for many years. This was accomplished through a favourable trade balance of nearly \$170 million for the first six months of 1956, brought about by good coffee exports and continued severe import restrictions. Indications at the moment are that exports for the third quarter are running behind the average for the first half of the year. Nevertheless, it appears that Brazil will end the year with a favourable balance.

Brazil's balance-of-payments position was recently strengthened through an agreement with the Export-Import Bank to delay debt service schedules if the reserves fall below a certain level. The level set was not given in the published announcement, but an agreement has been made whereby debt servicing is also conditional on minimum monthly foreign trade receipts of \$60 million this year and 5 per cent higher each succeeding year. This agreement with the Export-

Import Bank will ease Brazil's position considerably and possibly prevent further restrictions on imports.

Foreign Trade Improves

The foreign trade position for the first six months is probably the most favourable for some time. Coffee exports, which started the year well, continued high throughout the half-year and reached a total of 8,644,688 bags—or 3,473,939 bags more than for the comparable period of 1955. Prices remained firm and the result was a surplus of \$170 million on trading account. The other major commodities, such as cotton and cocoa, maintained satisfactory figures and this contributed to the excellent over-all picture. Because of bad weather early in the year, the cotton crop was not as large as the original estimate and the Government felt obliged to suspend exports of certain types of cotton in order to meet domestic requirements. Brazil therefore will have little difficulty in disposing of her available surplus this year. However, this is not likely to affect her dollar earnings because traditionally the bulk of her exports go to Europe.

Imports were down by almost \$50 million from the same period last year, thus contributing to shortages and adding to the inflationary pressures. The pattern of imports has remained the same. Petroleum products, wheat and newsprint were again the leaders and together accounted for approximately 30 per cent of all imports. The severe reduction in imports contributed largely to the favourable trade balance.

Trade with Canada

Canadian exports to Brazil declined further during the first six months of 1956—to \$5.6 million compared with \$6.6 million for the same period of 1955. They thus followed fairly closely the general pattern of reduced imports from other countries. In the main they consisted of products in which Canada has a natural advantage—newsprint, aluminum, asbestos, nickel, malt, synthetic resins and electrical equipment accounted for 80 per cent of our exports. Of these, newsprint is imported outside the auction system at a special rate of exchange; so is electrical and other capital equipment imported by public utility companies. These two alone represented about 50 per cent of our exports.

Canadian imports from Brazil for the first six months of the year are up by \$3.6 million to a total of \$16.2 million compared with the first six months of last year. Again the pattern remains the same, with coffee and vegetable waxes in the van and increased coffee imports providing the bulk of the overall increase.

Exchange Auctions Continue

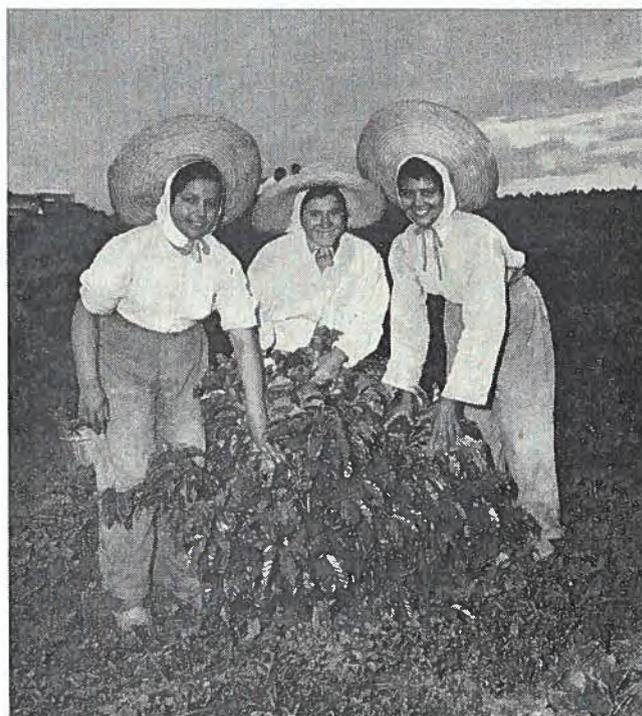
The system of currency auctions for exchange for imports—which was introduced in October 1953 and

was due to expire on June 30th this year—has been extended to December 31st. At the moment, a Congressional Committee is studying the law and some amendments may be expected next year. However, the President and the Minister of Finance have indicated that there will be no reform and that they are satisfied with the present method.

As they now operate, the currency auctions allow Brazil to control her imports through the amount of exchange issued for each weekly auction. These amounts have varied during the year, depending on the availability of foreign exchange, but recently the trend has been upwards because of large foreign exchange earnings, especially in sales to dollar countries.

The "Hague Club"

Because of these additional offerings, the agio or premium paid at auction has declined during the past six months and has brought the cost of U.S. dollar exchange more into balance with the currencies of our European competitors, most of whom before this year had bilateral payments agreements with Brazil. However, in August of last year Brazil entered into an agreement with Britain, Germany, the Netherlands, Belgium and Luxembourg, whereby these countries would form one multilateral group for trade with Brazil; the currencies of each country would be pooled and freely available for trading within the group. This



These three Brazilian girls grouped around a coffee tree reflect Brazil's pride in its coffee plantations. Up to July 1956, coffee exports have totalled over 8½ million bags, sold at good prices.

group is commonly called the "Hague Club" and since its formation Italy, Austria and France have been admitted. Brazil hopes that ultimately the Scandinavian countries will also become members. As an indication of Brazil's attempt to achieve this objective, she recently cancelled her payments agreement with Norway which expired on September 27th but later extended it until December 31st, pending negotiation of a new agreement under which Norway may enter the Hague Club.

The common currency sold at auction for imports from the Hague Club countries is known as "limited convertibility area dollars", and whereas in the first offerings of these dollars there was quite a differential between the agios for LCA dollars and for U.S. dollars, the table below, which shows comparative prices for the past five weeks, illustrates that the prices are now more in balance:

CATEGORIES

	1st	2nd	3rd	4th	5th
Sept. 3rd—LCA dollars	54.90	83.90	117.75	166.00	317.00
Sept. 4th—US dollars	61.20	95.10	155.10	194.80	271.00
Sept. 10th—LCA dollars	52.50	77.00	115.10	170.75	300.00
Sept. 11th—US dollars	54.05	80.35	155.45	191.50	271.00
Sept. 17th—LCA dollars	45.90	68.65	98.90	164.00	296.00
Sept. 18th—US dollars	49.40	79.25	135.55	191.50	276.50
Sept. 24th—LCA dollars	46.35	69.35	110.55	158.80	296.35
Sept. 25th—US dollars	51.15	71.20	142.15	187.00	301.75
Oct. 1st—LCA dollars	43.85	70.75	106.85	158.50	300.65
Oct. 2nd—US dollars	49.60	75.50	138.00	190.00	301.00

With the inclusion of the Scandinavian countries, the relative costs will undoubtedly be nearer together, particularly in the first three categories, which are the important ones. Thus Canadian exporters should again find themselves in a position to compete with these European countries, provided their f.o.b. prices are competitive.

Future Prospects

Looking to the future, the prospects of increasing our trade with Brazil look brighter at the moment than they have for several years, particularly as regards competition from Europe, to which we lost a large share of the Brazilian market under the old system of bilateral agreements. This forecast is based primarily on the supposition that the agio or premium for imports from the Hague Club countries will remain more or less in balance with that for imports from the U.S. dollar area. Exporters therefore would be well advised to maintain close contact with the Commercial Secretary's office and their own agents in order to follow carefully the weekly agios. Unfortunately, while Brazil maintains a bilateral agreement with the Argentine and continues to receive agricultural commodities through the United States surplus

Exporters to Brazil Should Remember . . .

- *Canadian dollars are not traded at the exchange auctions. Import licences are issued for U.S. dollars only and quotations therefore must be in this currency.*
- *All imports into Brazil require an import permit.*
- *European competition is severe and they have the advantage of lower exchange costs. Quotations should be the best possible and remember, European credit terms are generous.*
- *Five copies of consular invoices must be presented to the Brazilian Consulate in Canada for official approval.*
- *Three copies of the commercial invoice signed by the manufacturer or seller are required by the Brazilian authorities and should be attached to the respective copies of the consular invoices.*
- *The metric system of weights and measures is used in Brazil.*
- *The language of Brazil is Portuguese and not Spanish, as many believe. Catalogues and literature should be in Portuguese whenever possible; if not, in English.*

disposal program, the prospects of sales of wheat to Brazil are very uncertain.

Exporters of the following products in particular—which were the main ones imported from Europe last year—should keep in close touch with the Brazilian market:

Machinery and equipment, such as utensils, accessories and parts for Brazil's expanding food, steel, metallurgical, mining and textile industries; raw materials for expanding pharmaceutical and chemical industries, as well as chemicals for industrial use; fertilizers; accessories and parts for motor vehicles; synthetic fibres; seed potatoes; codfish; agricultural equipment.

All these commodities are in the first three exchange categories, under which they are imported into Brazil; items in the fourth and fifth categories represent products which are mainly produced in Brazil. And even though it might appear from the agios that we are competitive with Europe, nevertheless it is impossible to compete with the locally manufactured product. ●

Chile

Shortage of dollars has persisted and imports from dollar countries have suffered. Measures taken to combat inflation and build up reserves promise future improvement. Sales to Canada up substantially in first half of year and purchases from Canada down slightly.

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

THE ANTI-INFLATION PROGRAM in Chile initiated in the latter months of 1955 includes credit control, price and wage freezes, and reduced government spending. This program gained momentum in the first half of 1956 and already has a number of achievements to its credit.

Although the cost of living has continued to rise in the current year, it has not gone up quite so rapidly. The total increase during the first six months was estimated officially at 13.8 per cent, compared with 37.1 per cent in the corresponding period of 1955. The free exchange rate of the peso, which characteristically fluctuates considerably, showed sustained firmness in the first half-year of 1956. Credit control has apparently been effective to judge by the substantial decrease in money supply since December of last year, compared with the early months of 1955.

These signs of recovery were tempered by an anticipated budget deficit, the result of deficits carried over from the previous administration and of unbudgeted expenses.

As a result of stiff credit restrictions, retail sales were reported as slow in the first half of this year compared with 1955. Industrial activity was curtailed, particularly in the textile, electronic and building industries.

Copper and Nitrate Industries

Two commodities—copper and nitrate—bring in most of the foreign exchange which Chile earns and the state of these industries and of the market for their products is therefore vital.

The transition to a freer exchange system satisfied a long-standing desire of the mining community and legislation providing better exchange treatment for

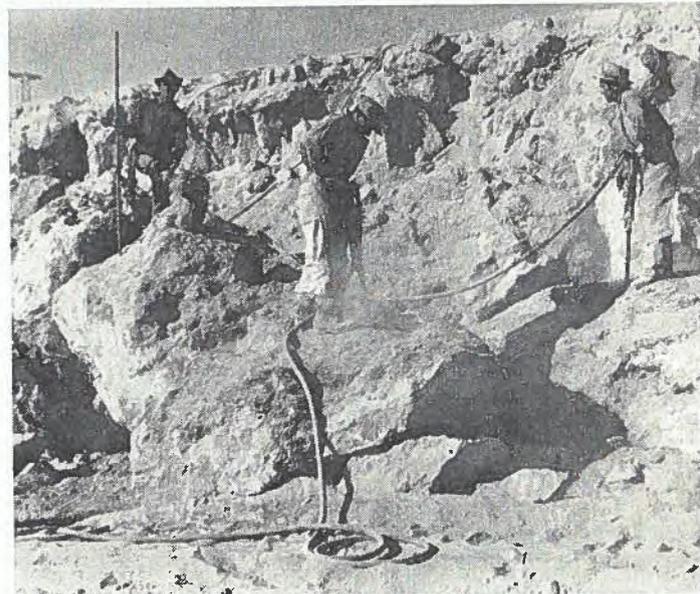
the large producers was reflected in the number and size of new investments.

The over-all picture is one of brisk activity and increased production for all segments of the industry. The main producers—subsidiaries of the Anaconda and Kennecott interests of the United States—turned out 391,528 metric tons in 1955, an increase of 21 per cent over the preceding year. A new smelter and refinery to permit greater processing of ores which now are exported and an expansion of blister copper and concentration facilities are predicted for the near future. The Anaconda Company has announced plans to spend nearly \$53 million on the development of its new mining property, El Salvador. Expansions and new properties are expected to boost 1956 production to an estimated 420 thousand tons.

In 1955, Chile was the world's leading exporter of copper, with a total of 455 thousand short tons. Shipments went principally to the United States, the United Kingdom, West Germany and Italy.

Booming production and exports have been offset to some degree by the decline in world copper prices since the peak reached in the early months of 1956. The fact that a drop of one cent per pound means an estimated net revenue loss of between \$5 and \$6 million to Chile points up the significance of any decline.

The golden age of the Chilean nitrate industry came during the First World War, with periods of prosperity during subsequent wars. In between, the industry has suffered from decreasing demand abroad (reflecting



Nitrate remains one of Chile's economic mainstays, despite competition from synthetic products and smaller production. Here Chilean workers break up deposits at a nitrate property.

If You Intend to Export to Chile . . .

1. *Make certain that your products are included in the permitted lists of Chilean imports before initiating any action.*
2. *Correspond by airmail and, where possible, in Spanish, although English is generally understood in this country.*
3. *Select an exclusive agent for Chile, preferably established in Santiago, the capital.*
4. *Pack goods strongly. Rough handling at port of destination is common, particularly where lightering is required.*
5. *Ensure proper packing of merchandise subject to water damage, as inadequate customs warehousing may require storage in the open.*
6. *Make out shipping documents strictly in accordance with regulations and have them visaed by the Chilean Consul.*
7. *Express units of measure in kilos, litres and metres.*
8. *Price goods in U.S. dollars, because Canadian currency is not quoted in the local market.*
9. *Note that current operations are being undertaken by irrevocable documentary letter of credit and documents against payment Santiago, Chile, basis.*
10. *Make sure that your client is in good standing. If in doubt, it is best to get in touch with the Commercial Secretary in Santiago before shipping.*

competition from synthetic products) and from smaller production partly because of labour problems. These conditions have continued up to the present. Exports in 1955 were smaller and production in the nitrate statistical year ended June 1956 declined by 143 thousand tons because of a recent 88-day strike.

To revitalize the industry's competitive position in international markets, the Government in April of this year passed legislation which provided taxation and exchange rate concessions in return for sizable investments by the large producers. Also in recent months, the Export-Import Bank has authorized the loan of \$27.9 million to improve production methods in an effort to reduce costs.

Other Industries Make Progress

Chile is working towards large-scale developments in the pulp and paper industry. Traditionally it imports over 50 per cent of its requirements of newsprint, but facilities are currently being built capable of meeting domestic demand in 1957 and providing tonnage for export. A new kraft pulp mill is planned to be in operation in 1958 to supply the needs of the paper and paperboard industry and to furnish exports.

Exports of agricultural products, which declined slightly in 1955 compared with 1954, improved in the first quarter of the current year.

Chile estimates a deficit of 300 thousand tons of wheat this year because of reduced acreage and unfavourable growing conditions. It expects to obtain supplies from Argentina under a special bilateral agreement and

from the United States under a 30-year surplus disposal agreement.

The national fishing industry, under favourable exchange rates, previously enjoyed a flourishing export trade. Now, with much lower rates, it cannot compete in foreign markets and has accumulated substantial stocks.

New Measures Affect Trade

In foreign trade, the period under review was marked by a significant development. In April 1956, Chile adopted a freely fluctuating rate of exchange in place of the former system of direct controls which had included import permits, quotas and multiple rates of exchange. There were as many as 25 different rates under former regulations (including special ones for wine, copper and nitrate exports) and under bilateral agreements with such countries as Germany, Argentina and Italy.

Quantitative control of imports is now achieved by limiting imports from all countries to products appearing on permitted lists.* Importers are compelled to make cash deposits with the commercial banks of varying percentages of the value of the goods, depending on their nature, when they place orders abroad. These deposits which are refundable on import of the goods may be raised to as high as 400 per cent of the value of the goods if imports of a given commodity threaten to make undue demands on available foreign

* Details on permitted imports may be obtained from the International Trade Relations Branch.

reserves. The main principle of the new exchange system, according to government spokesmen, is "the liberty of the importer and the exporter now to seek the most convenient market".

There was little rise in Chile's imports in 1955 over 1954. The shortage of dollars persisted and, as a result, purchases were directed to soft currency countries and effected under barter arrangements whenever possible. Since the new measures against inflation went into effect, more dollars have become available as a result of the reduced demand for imports. In the first six months of 1956, imports were estimated to be 7.5 per cent less than in the same period last year. Local industry, holding substantial stocks and hampered by credit controls, curtailed purchases abroad. The decline in imports was particularly noticeable in April, May and June, with some improvement in July and August as stringent credit controls were eased slightly.

Under a new policy of non-discrimination, sales from the dollar area should improve in the latter part of this year and in 1957, if the exchange reserves stand up well.

Trade with Canada

Canadian imports from Chile rose slightly in 1955 to \$250,329 from \$235,705 in 1954. Chief commodities in this trade continue to be fresh fruits, vegetables, nitrate and iodine. However, the first half of 1956 has witnessed a substantial increase in these imports—to \$515,321 compared with \$231,782 for the first six months of 1955. This increase resulted largely from the sale to Canada of plates and sheets of steel worth \$205,382 from the National Steel Plant at Huachipato in Southern Chile. This is a new item in Chilean trade with Canada.

Canadian exports to Chile in 1955 reached \$3,820,364 compared with \$3,130,131 in the previous year. Improved sales of agricultural machinery (except combines), of chemical pulp, asbestos, nickel and mining machinery offset the decline in sales of newsprint and aluminum. In the confused period of the changeover in the control system in the first half of 1956, Canada maintained its export position with sales worth \$1,683,897 compared with \$1,699,445 in the first half of 1955.

The present import regulations in Chile are designed to see that available reserves are used to buy essentials required to increase production in mining, manufacturing and agriculture. A prohibited list of imports includes luxury goods and articles produced in sufficient quantity locally to meet domestic demand. If Canadian products conform with these conditions and are competitive in price, sales opportunities should improve in the future.

There are at present two free trade zones in Chile. One is located in the north at Arica, and one in the far south, at Punta Arenas. Arica serves as an outlet to the Bolivian and southern Peruvian markets, while Punta Arenas is the main port of the Chilean sheep-raising area. Goods may enter these two free zones without the payment of custom duties. Canadian suppliers may be able to participate in this trade, depending on quotations offered.

Canadian Pacific Airlines is at present applying to the Chilean Government for permission to include Santiago, Chile, in its itinerary from Vancouver to Buenos Aires. This should help to stimulate both trade and tourist business between Chile and Canada.

As a traditional exporter of mining machinery, agricultural equipment, farm tractors, and such raw materials as asbestos and nickel, Canada may expect further sales of these products, with openings in other lines as conditions permit the liberalization of trade. ●

Colombia

New exchange controls are designed to reduce exports by 13 per cent in an effort to cut the backlog of arrears in commercial payments; goods affected are mainly non-essentials. The market for raw materials and other essential goods should remain buoyant despite these measures.

W. B. McCULLOUGH,
Commercial Counsellor, Bogotá.

THE MARKET FOR ESSENTIAL GOODS in Colombia will continue good despite the Government's announcement on November 2 of an austerity program. Buoyant business conditions and the heavy demand for imported goods have created a substantial backlog of commercial payments which new exchange controls are designed to correct. As a rapidly developing country, Colombia offers an excellent market for a wide range of Canadian raw materials and manufactured products. Exporters, however, should not lose

sight of the long-term prospects for less essential goods in this market.

Coffee sales abroad are the source of 85 per cent of Colombia's foreign exchange and petroleum of about 12 per cent. Canada bought \$12.8 million worth of coffee last year and is the largest export market except for the United States. U.S. dollars constitute the major share of Colombia's foreign exchange earnings.

Imports Restricted

With the appointment early in October of Dr. Luis Morales Gomez as Minister of Finance, the Government took steps to balance imports (including military and government purchases) against the country's earning capacity and reduce the backlog of commercial payments. The new austerity program just announced calls for a 13 per cent reduction in imports, or a cut of about \$60 million on an estimated volume of \$450 million in 1956. Import licences will be restricted to products considered strictly essential to the economy of the country, and then only in relation to existing stocks. The Government has extended the prohibited import list which now includes 444 tariff items, nearly half of the total number appearing in the Colombian tariff. Details of the commodities included in this list are available from the International Trade Relations Branch.

The Exchange Control Office has been closed from Oct. 11 until now to allow experts to review the exchange and financial situation. The office, which looks after import controls and exchange regulations, formerly classified imports into one of seven categories: Preferential, Group 1, Group II, Group II Special, Group III, Group IV, and Prohibited. Imports under Preferential and Group I were paid for at the official rate of exchange of 2.51 pesos to the dollar, while the other categories were paid for at the free rate, which in recent months was between 4.50 and 5.20 pesos per U.S. dollar. The import surtaxes were 3 per cent under Preferential and 10 per cent under Group I and Group II Special, and graduated up to 100 per cent in Group IV on the f.o.b. value. With the extended Prohibited list in effect the number of categories will be reduced to possibly three or four, and the surtax in the Preferential Group may be increased to 30 per cent.

Payment Backlog Mounts

Since late 1954, the demand for official exchange to pay for imports and services has exceeded export earnings. Despite various measures, the backlog in commercial commitments and the delay in remittances continued to mount; the backlog of payments for this year is reported to be about \$284 million. Releases of foreign exchange during the year cleared up applications made in 1955 and up to about the end of February

1956. There were, however, some releases that applied to applications in July and part of August. (See "Colombia Alters Exchange Rates" published in *Foreign Trade* of October 13.)

Gold and dollar reserves at the end of October 1956 were reported to be \$112 million, compared with \$99 million at the end of September, \$152.2 million at the end of June, and \$152.6 at the end of December 1955. Reserves at the end of September dropped to the lowest point in several years.

Foreign exchange earnings this year up to mid-September were \$327.1 million, and exchange releases were \$363.4 million. Import licences registered during this period were \$307.5 million at the official rate of exchange and \$68.5 million at the free rate.

A government decree on August 31 imposed a limit on the price at which banks and other authorized institutions could buy and sell exchange in the free market (4.50 and 4.52 pesos to the dollar respectively, or the equivalent in other currencies).

On October 15, commercial banks again were authorized to operate free exchange transactions; the free market rate has climbed to 5.80 pesos to the U.S. dollar. Tighter regulations have curtailed exports of contraband coffee, thus reducing the volume of dollars entering the free market from this source. The present high rate is regarded as artificial and should tumble when the new exchange regulations come into effect.

In June, the Central Bank inaugurated a new system for remitting commercial payments. Known as the fifty-fifty scheme, the plan offered holders of applications for official exchange an option of receiving payment without delay, with 50 per cent at the official rate and 50 per cent at the free rate. The scheme applied to importers who registered for exchange payment from January 1 to June 30.

Some importers were reluctant to take up the offer, especially those who already had sold their foreign goods on the basis of the official exchange rates. A large number of importers, however, did take up the option, particularly those whose imports had been included among the 200 tariff items transferred from the Preferential and First Group (payable at the official rate of 2.50 pesos=U.S. \$1.00) to the Special Second Group which requires payment at the free rate. The Bank suspended payments under the fifty-fifty option shortly after the Government closed down the Exchange Registry Office on October 11.

Coffee and Oil Dominate Exports

During the coffee year ended June 30, 1956, Colombia exported 6.2 million sacks (132 lb.) of green coffee, compared with 4.8 million sacks in the previous coffee year. Exports of green coffee for the calendar

year 1955 were 5.8 million sacks, with an f.o.b. value of 1,218 million pesos, or about \$487 million. Since 85 per cent of Colombia's foreign exchange earnings are derived from coffee, the size of the crop and prices on the coffee exchange in New York are vitally important to this country.

No official estimates are available for the 1956-57 coffee crop as yet. Reports from the production areas and trade circles indicate a better-than-average crop, well above production last year; there were heavy losses in some districts in the 1955-56 season because of unfavourable weather. Carryover stocks accounted in part for the last crop year's volume of exports. Shipments in recent weeks have been below normal, and it is believed that coffee stocks in Colombia are quite low.

Harvest has commenced in some important districts, and if coffee prices hold up, the country will earn a good volume of foreign exchange during the last quarter of this year and in early 1957.

The production of crude oil in Colombia is 123,600 barrels a day, or about 44 million barrels a year. This is sufficient to meet the needs of the domestic market, and provides a surplus for export. The sale of petroleum products earns about 12 per cent of the nation's foreign exchange.

Recently, the Government has taken measures to increase exploration and development of oil resources. A decree announced in August is designed to encourage investment of foreign capital; it removes some unattractive features of previous decrees. It has granted various tax concessions for exploration costs, non-producing wells and exhausted wells.

The cost of exploring for oil in Colombia is high, but the oil companies consider the new regulations fair and workable. The companies will invest more funds in this branch of their operations in Colombia.

Business in general continues buoyant, with heavy demand for imported goods, but exporters of merchandise which must be paid for at the official exchange rate during this year can expect further delays in remittances.

The new exchange regulations and import controls are designed to keep expenditures for imports below export earnings and to apply the balance to the commercial backlog.

Canadian Prospects

During the year 1955, Canada exported goods to Colombia valued at \$22.7 million, compared with \$21 million in 1954. This modest increase was achieved despite a reduction of some \$3 million in the value of wheat and wheat flour sales in 1955.

Cellulose products accounted for the greatest share of our trade, followed by newsprint, machinery, wheat, wood pulp, fertilizers, drugs and chemicals, and a variety of other products. During the first six months of 1956, our exports to Colombia fell somewhat to \$9.9 million, from \$12.2 million for the first half of 1955. No wheat or flour has been exported so far this year. The value of exports has dropped for cellulose products, purebred cattle, machinery and manufactured goods, but the value for aircraft, drugs and chemicals, and copper wire has risen substantially.

Because the tempo of Colombia's industrial development is increasing, we can expect greater interest in raw materials but less demand for manufactured goods which the country is likely to produce itself. ●

Ecuador

Import and exchange controls instituted in March have brought increase in foreign exchange reserves. Canada continues to be Ecuador's fourth largest customer and fourth largest supplier.

ALFRED SAVARD,
Commercial Secretary, Bogotá.

BUSINESS IN ECUADOR slowed down considerably in the first half of 1956, for two reasons. The first was a gradual but consistent deterioration of the country's exchange reserves, and the other was the uncertainty caused by the presidential elections.

As a result of the continued drain on the reserves—which began early in 1955 and showed no signs of abating through the first half of 1956—more severe import and exchange control measures were imposed in March. At the same time, more stringent control of credit was introduced. As a consequence, imports were effectively restricted.

It would appear that the above measures are having the desired result, because Banco Central del Ecuador figures show that in September these reserves recovered from their April low to their highest point this year.

The trade deficit in recent years has resulted not from reduced production nor a marked slackening of exports, but from the need to import more machinery and raw materials for a small but growing industry, improvement of the country's transportation system, and new power developments. Part of these necessary improvements has been financed by World Bank loans. But the fact is that, temporarily at least, capital investment provided for out of the reserves has resulted in cutting down those reserves.

Exports for the first half of 1956 were maintained at approximately the same level as for the last two years. Bananas, cocoa (Ecuador produces some of the finest in the world), coffee and rice are the principal exports in order of importance, plus the minor but traditional straw hats and shapes known as "Panama hats". The United States is the largest market, followed by West Germany, Colombia and Canada.

The import control measures already mentioned have reduced the overall value of imports by close to sucres 100 million (US\$5 million), or 10 per cent of the total imports for the first seven months of 1956. This reduction has chiefly affected consumer goods.

This year iron and steel manufactures, transportation equipment, machinery parts, non-ferrous metals, chemicals and pharmaceuticals, and wheat constitute the main imports.

The United States is again the chief supplier, followed by West Germany, the United Kingdom and Canada, in that order.

Ecuador is not a large market and it is governed to a large extent by price considerations. Total imports over the last two years have not exceeded US\$100 million a year.

Canada's principal export to this market is wheat, followed by newsprint, machinery and parts, leather, and purebred cattle. Canadian sales to Ecuador in 1955 totalled \$4.9 million, and in the first six months of 1956, \$3 million, compared with \$2.7 million in the same period of 1955.

Import and Exchange Regulations

All Ecuadorean imports are subject to import licensing. Imports are grouped in two lists: List I (essentials) and List II (non-essentials). Both lists require prior deposits based on the f.o.b. value of the shipments and rising as high as 100 per cent for List II items. Prior deposits must be made with the Banco Central in the relevant currency before import licences are granted. Measures taken earlier this year established a long list of prohibited imports. (This list is available on request from the International Trade Relations Branch, Department of Trade and Commerce.) So far no move has been made either to add to or subtract from this list.

On July 13th, under the terms of Executive Decree No. 27, the Treasury was authorized to impose customs surcharges on imports from countries which have an unduly favourable balance with Ecuador. Canada is not subject to this decree because it does not apply to countries which have a trade agreement with Ecuador. Although the U.S. has no trade agreement, U.S. exports are also exempt from such surcharges, because of the trade balance position.

The experience in Ecuador over the years is that there have been no delays in granting foreign exchange cover against valid import licences.

A Look at the Future

Several developments promise well for Ecuador in the next few months.

- Exports of bananas are the main source of Ecuador's foreign exchange (bananas are Ecuador's chief export to the U.S. and Canada), and shipments remain high.

- Coffee will undoubtedly do better this year, with better prices and a higher-quality crop.

- Cocoa should bring higher returns than during the past several months.

- A good rice harvest has provided larger quantities for export. A recent shipment of 500 tons was made to Canada.

- There appears to be a steady improvement in the balance-of-payments position which, if continued and amplified in the last quarter of this year, should lead to a gradual easing of import restrictions in the first half of 1957.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland, United States and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Cuba

Concessions on customs duties and internal taxes to stimulate industrialization and development programs offer openings to Canadian exporters, despite substantial tariff preferences on nearly all goods from the United States.

J. E. O'NEILL, *Commercial Assistant, Havana.*

THE UPSWING IN CUBA'S ECONOMIC ACTIVITIES that got under way in the early part of 1955 continued throughout the year and has shown no sign of decline during 1956. Accelerated sales of sugar to world markets, continued large expenditures on public works and private construction, and expanded foreign investments in mining and petroleum exploration and in new industries have helped sustain a high degree of prosperity. The Government announced a balanced budget this year after four years of deficit operations. Although there were signs of a seasonal slump in consumer purchasing, business conditions in general were satisfactory. It seems likely that this year will be one of the most prosperous since the war.

Sugar Industry Thrives

The 1956 sugar harvest season ended on June 25th returned 4,599,887 tons of sugar, slightly less than the 4,600,000 tons fixed by government decree. Exports of 2,925,497 tons of sugar from January 1 to July 15 were approximately 5 per cent higher than in the same period of the preceding year. With continued improvement in world markets, most of the reserves of sugar carried over from previous crops should be disposed of before the 1957 harvest begins. Because there was a shortage of cane, the production of high-test molasses fell from 231 million gallons in the 1955 season to 111 million gallons this year.

The industry recently introduced a new product, a form of green sugar for cattle feed; production reached an estimated 44,000 tons of which 40,000 were exported.

Improved sugar sales this year, particularly in the world market, have prompted the industry to set a higher target—five million tons or more—for next year's production.

Little change is reported for the minor crops except for coffee and rice. Coffee production set a new record in the 1955-56 harvest: output rose to 1.18 million cwt. from 837 thousand cwt. in the 1954-55 season. This year's export allotment (about 405 thousand cwt.) is already sold and shipped, with 305 thousand cwt. going to the United States and Canada and the remainder to Europe and Asia. Estimates for the 1956-57 crop have placed production at one million cwt., roughly 2 per cent of world coffee production.

The rice crop is expected to drop 25 to 30 per cent because of losses from an unknown disease that has spread into rice-growing areas. As a result, a number of planters have converted rice paddies into pasture land. For the present, there appears to be little likelihood of further expansion of rice growing. Over the past three years rice production has risen sharply and reached almost one-half of the country's yearly requirements (about 350 thousand tons).

Industries and Public Works Expand

Private construction and public works programs have contributed greatly to Cuba's present prosperity. Building permits issued for the Havana area for the first seven months of the year totalled \$34.8 million, about 8 per cent higher than corresponding figures for 1955.

The cement industry is operating at full capacity, but Cuba still depends on foreign sources for a large part of her needs. This situation has encouraged the construction of two new cement plants on the island—one by the Cuban Portland Cement Company near Havana, and another at Gibara in Oriente Province by the Foundation Company of New York. Combined production and imports of cement during the past year totalled 15.5 million bags, an increase of over one million bags over the previous year.

Early in July, the Owens Illinois Glass Company commenced work on a multi-million dollar bottle and container plant at San Jose de las Lajas, Havana Province.

Industrial processes that use sugar-cane bagasse for the production of pulp, paper and by-products are arousing considerable interest here and attracting new capital investment. One such processing plant to make newsprint is already under construction at Cardenas, Matanzas Province; there are plans to establish a kraft paper mill in the interior. The capacity of both mills is placed at 30,000 tons a year. A third bagasse paper mill to make wallboard is also under consideration.

In the public utilities field, the Cuban Electric Company (Compania Cubana de Electricidad) has announced a five-year expansion program involving

an outlay of \$14.7 million for new plants and transmission lines. The company will more than double generating capacity and erect over 1,200 miles of new transmission lines.

The Government's public works plans provide for continuous heavy expenditures on road construction, harbour dredging, hospitals, parks, hydro-electric development, and other public improvement projects.

National Income Rises

Continued improvement in the national income was indicated at mid-year and was estimated at Cuban pesos 2.1 billion; gross national production was set at more than Cu.p. 2.4 billion. (The Cuban peso is worth \$1.00 U.S.)

According to the balance statement of the Banco Nacional for June 30, 1956, official international reserves were 10 per cent higher than one year ago and totalled \$574 million. Bank clearings and money in circulation also gained substantially during the year.

How the Economy Has Improved

January 1st to April 20th (converted to millions of \$US)

	1955	1956	%
Budget revenues	108	120	+12
Private salaries and wages	224	233	+ 4
Money in circulation in public hands	927	935	+ 0.9
Havana bank clearings	1,657	1,913	+15
Value of building permits (Havana Province)	18	21	+17
Consumption of electricity (millions of k.w.h.)	308	346	+12
Foreign trade			
Imports—total	163	185	+14
Exports—total	210	231	+10
Sugar—raw	139	143	+ 3
Sugar—refined	22	23	+ 6
Minerals	10	12	+17
Tobacco	14	15	+ 9

The Government's budget for 1956-57 provides for expenditures of Cu.p. 330 million compared with Cu.p. 313 million in the previous fiscal year. Revenues were only one million pesos short of the budget this year; the amount last year was 5.2 million pesos less.

U.S. Dominates Trade

Cuba's imports during the year 1955 were valued at \$495 million and exports at \$594 million, as against \$488 million and \$539 million respectively in the previous year.

Most of Cuba's foreign trade is carried on with the United States. These two countries have a reciprocal trade treaty under which both enjoy a substantial tariff preference on practically all commodities.

According to DBS figures, Cuba's imports from Canada during the first half of 1956 totalled \$6,784,569, compared with \$7,766,265 in the same period last year; exports to Canada up to the end of June totalled \$7,542,626 this year as against \$5,779,912 last year.

Apart from the exclusive tariff preference granted the United States, the chief competition for Canadian exporters has come increasingly from Europe, especially for hardware, machinery, chemicals, pharmaceuticals, and construction materials. Cuba's Industrial Stimulation Law, under which new enterprises are granted exemption from customs duties and internal taxes, and government development programs offer promise for Canadian exporters, because the U.S. tariff preference does not operate in such cases.

Many new industries have been established in Cuba in the past two or three years; numerous others have applied for the tariff exemptions and domestic tax privileges provided by the law. Notable among these are a copper wire and cable industry; a plant for the production of aluminum extrusions, sheets and foil; a glass and bottle factory; sugar-cane bagasse paper and board plants; improvements in textile manufacturing; and the exploration and development work that the petroleum and mining industries are carrying out. Other market possibilities are offered by the electric power expansion program and the railway improvement program, which includes roadbeds and rolling stock.

Uruguay Plans Power Project

Uruguay's plans for power development moved forward recently when the World Bank announced the granting of a loan of 25,500,000 pesos to the organization which looks after government-owned electric light and power projects. The money will help finance the Baygorria hydro-electric power plant to be built on the upper Uruguay River at a cost of 58 million pesos. The loan will be made partly in German marks, and partly in Swedish crowns, Swiss francs, and various other currencies. Guaranteed by the Republic of Uruguay, it will be repaid over a period of 25 years, with interest at 5 per cent.

The 32,500,000 pesos which the project will cost over and above the World Bank loan will be supplied by the Administracion General de las Usinas Electricas from its own resources and from loans which it will promote within Uruguay. The 58-million-peso total will cover building of the dam and extension lines and the obtaining of the powerhouse turbines and other equipment.

Dominican Republic

Progress of last few years continuing, with mining, construction, agriculture and manufacturing sharing in boom. Republic becoming good market for Canadian products outside the traditional exports, including manufactured goods.

M. B. BURSEY,
Commercial Counsellor, Ciudad Trujillo.

THE DOMINICAN REPUBLIC, an island nation in the heart of the Caribbean, has a fast-growing population of approximately 2½ million. Politically stable and economically sound, it has made strides in recent years: in 1955, for instance, a \$25 million International Fair was held in the capital. The highway, pure water and electrical systems have been completely rebuilt in recent years; a medium-sized port with excellent facilities has been provided at Ciudad Trujillo and three more are under construction; two multi-million dollar bridges were opened this year, and the building of three colourful luxury hotels has completely changed the prospects for tourist business in the Republic.

The basic wealth of the country lies in its extraordinarily rich soil and the chief cash crops are sugar, coffee, cocoa, tobacco and rice. On the other hand, a program of diversification of industry is in full swing, with government aid. The new industries set up include cement plants, a shoe factory, a dress factory, a unique green glass factory, sisal plants, fully automatic meat-packing plants and dairies, a new furfural plant and a machine tool and armament works which is branching out into the manufacture of household appliances.

Mining has captured Dominican and foreign attention alike during the past two years and reached a new peak during the past twelve months. On the basis of present widespread exploration, mining ventures should double present production within the next ten years. Deposits of bauxite, salt, nickel, gypsum, copper and oil are currently being explored and in some cases exploited.

Construction of new buildings for manufacturing industries, apartments, houses and private business establishments has leaped ahead during the past year at a rate far surpassing that of any recent year.

Sales Opportunities Increase

Such rapid progress has naturally expanded sales opportunities in this market. Imports into the Domini-



This sugar cane piled up at a sugar mill in the Dominican Republic will shortly be put through the grinding process. Sugar ranks as the chief cash crop, followed by coffee, cocoa, tobacco and rice. The Government is making efforts to cut down the degree of dependence upon agriculture and provide more employment opportunities by encouraging industries of various types.

can Republic during the calendar year 1955 totalled RD\$98 million. (The Dominican peso is worth \$1.00 U.S.) The main suppliers were the United States (RD\$63 million), Netherlands Antilles (RD\$5.7 million), Germany (RD\$4.1 million), Canada (RD\$3.9 million), the United Kingdom (RD\$2.9 million), Japan (RD\$1.9 million) and France (RD\$1.8 million). During the first seven months of 1956 Canadian exports to the Dominican Republic reached a total value of \$2.8 million, compared with \$2.3 million for the seven-month period of 1955, a 20 per cent increase.

The soundness of the Dominican export-import picture has been demonstrated over the past ten years. Consistently exports to have exceeded imports from most countries and the Republic is firmly "in the black". For example, last year its imports reached \$98 million but exports totalled \$114,850,000. The first seven months of this year show an even larger favourable balance of trade, with exports (\$76 million) exceeding imports (\$54 million) by \$22 million.

Thus the Dominican Republic has combined internal expansion with a sound external trade.

Market for Canada

Traditionally Canada's principal exports to the Dominican Republic have been cured and canned fish, flour, tires for automobiles and trucks, copper wire (bare and insulated), newsprint paper, and macaroni and spaghetti. Undoubtedly the steady sales of these commodities will continue and gradually increase in the years to come. On the other hand, trade traditions must now give way to the realities of an expanding Dominican market in which opportunities for the supply of more highly finished manufactures arise daily. Such opportunities fit in well with Canada's growing capacity to produce these goods. Nevertheless, exporters should realize that Canadian products, to be sold here, must meet the keenest competition from American, German, Dutch and Japanese industries which are rediscovering the Republic as a good, though limited, market.

Not all the opportunities for increased Canadian exports are future or potential. During the past year many new Canadian goods (mainly manufactures) have been successfully introduced here. These include electric meters and parts, building and insulating board, paperboard, quality writing paper, iron and steel hardware, cellulose products, combs, purebred cattle, upper leather, mining machinery and parts, synthetic resin manufactures, iron and steel bars, paint and other brushes, canned fruits and vegetables, woven synthetic fibre fabrics, fibre piping, etc.

Without doubt, the demand for these as well as for other products will grow. There are good immediate

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and future prospects for the sale of construction materials (iron, steel and aluminum), aluminum transmission cables, domestic and industrial hardware, consumer goods, and purebred cattle. An interesting sidelight on purebred cattle is the opportunity for Canadian participation in the Dominican annual International Cattle Fair. Our participation last year excited favourable interest among the Republic's leading cattle breeders. This interest may well be translated into sizable purchases of superior Canadian animals over the next two or three years.

Points for Exporters

It is not difficult to sell to the Dominican Republic. The Dominican peso is and has been for many years at par with the United States dollar. There are no import restrictions except on such things as explosives and a few products such as air conditioners which are manufactured locally. Price, however, is the governing factor and Canadian exporters must compete with eager suppliers from other countries. Canadian goods are subject to the m.f.n. customs duties as are those of other countries such as the United States, the United Kingdom, and other GATT members.

There are a few other points for the exporter to keep in mind. His correspondence should be carried on in English or Spanish, preferably the latter; French is not generally understood. He should quote prices in U.S. dollars on the basis of c.i.f. Ciudad Trujillo, rather than f.o.b. some Canadian shipping point. He should avoid shipping on consignment; usual terms are banker's letter of credit, sight draft, and on some goods 30 to 60 days' draft. A local representative should be appointed, because agents situated in other countries cannot canvass this market properly, and are not made welcome by Dominican buyers. Saguenay Terminals Limited operates a fortnightly steamship service from Montreal and Halifax to Ciudad Trujillo.

Prospects for Canada's potential trade with this financially sound and expanding market have never been better. As the Republic moves more rapidly into a period of industrial diversification, mining exploitation and agricultural expansion, the opportunities for Canadian participation in such progress should steadily increase, to the mutual benefit of both countries.

NEW STEAMSHIP SERVICE—Flota Mercante Gran-colombiana S.A. has extended its service from north Pacific Coast ports, such as Vancouver, to Callao, the port of Lima. Ships of the line operate on a 25-day service and have freezer capacity as well as facilities for handling general cargo.

Puerto Rico

Two-thirds of Canadian exports of \$9.7 million to this market last year consisted of salted codfish and lumber. But industrialization program may open up market for Canadian raw materials, or for goods able to meet U.S. competition.

M. B. BURSEY,
Commercial Counsellor, Ciudad Trujillo.

THE COMMONWEALTH OF PUERTO RICO, the most easterly island of the Caribbean Greater Antilles, is an unincorporated territory directly under the administration of the United States Congress. In fact, it was the first overseas Commonwealth of the United States. Although the island is small in area (only 3,435 square miles) it has a population of about 2½ million.

As a result of its close relationship with the Continental United States, the Puerto Rican economy has expanded at a phenomenal rate. The following facts give the highlights of this progress:

- During the fiscal year ended June 30, 1955, merchandise imports increased by about \$50 million to a record \$583 million. Exports during 1955 totalled \$377 million, of which \$364 million went to the continental United States.
- Imports of foreign capital increased substantially from \$74 million in the fiscal year 1953-54 to \$104 million in the fiscal year 1954-55.
- Net Federal Government transfer payments to individuals and businesses rose to a total of \$63 million in the fiscal year 1954-55, compared with \$41 million in 1953-54.

Industrial Output Growing

The volume of business in practically all of the municipalities of Puerto Rico has risen sharply since 1949. Although Puerto Rico is principally an agricultural country, producing substantial crops of sugar, coffee, tobacco, citrus fruits, coconuts and pineapples, the value of manufacturing industries reached almost \$500 million in 1954, according to preliminary results of the census of manufactures in that area recently released. This census, undertaken jointly by the United States Bureau of the Census and the Bureau of Economics

and Statistics of the Puerto Rican Planning Board, covered 1,938 establishments which reported gross receipts of \$481 million, wages and salaries of \$83 million, and an average employment of 69,000.

The almost complete orientation of Puerto Rican manufacturing to the needs of the mainland market is amply demonstrated by the fact that 53 per cent of the gross receipts in 1954 came directly from sales to the Continental United States. Industries producing mainly for the domestic market were food products (except sugar), furniture, printing and publishing, chemicals (mostly fertilizers), and stone, clay and glass products. All of the remaining industrial groups of any significance depend heavily—in some cases entirely—on the Continental United States market.

Tax-Exempt Industries

The Puerto Rico Industrial Development Company, a government-backed agency, was established by law in 1942 to assist in the development of industry, study available resources, engage in research and experiment, and finance the establishment of private enterprise. Up to mid-1954, the company had assisted, either financially or technically, in setting up about 348 new industries. As a further step, the Commonwealth Legislature established in 1950 the Economic Development Administration to speed the economic development of the island. This Administration consists of the Puerto Rico Industrial Development Company, the Transportation Authority, the Office of Tourism and Departments of Research, Economic Research, Promotion and Public Relations, and Publicity. Hence it has at hand almost all the elements for planned assistance in economic development within the private enterprise framework of the economy.

The Tax Exemption Act approved by the Island Legislature in 1947 granted total property and income tax exemption until June 1959 to new industries, with a further three-year period of graduated taxation which will end in 1962. This tax exemption arrangement was the most important of the many inducements designed to attract a share of the huge expansion which was taking place in U.S. industrial production in the early postwar years.

The effect of these special tax arrangements, a completely tax-free period, is unique in U.S. history and has spurred new industrial enterprise in Puerto Rico.

Canada's Trade with Puerto Rico

Canadian exports to Puerto Rico for the calendar year 1955 amounted to \$9.7 million, a 25 per cent increase over the previous year. For the first seven months of 1956 these exports totalled \$6.3 million, compared with \$5.8 million for the corresponding period of 1955.

Guatemala

Last year brought adverse trade balance for first time since 1951, but position basically sound, with good coffee crop selling at good prices. Trade with Canada running closely in balance, with prospects for larger sales in number of lines.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

GUATEMALA, the most populous of the six small countries in the Central American isthmus, has an agricultural economy that has prospered since the war. Main reason for this prosperity is the considerable rise in prices for its high-quality mild coffee, which continues to account for 80 per cent of total exports. One measure of the basic strength of this economy is the fact that its currency has remained at parity with the U.S. dollar since 1925. This parity has survived the depression of the thirties and the five years of economic and social experiments of the left-wing administrations that ended in 1954.

Coffee Outlook Satisfactory

Coffee production, so vital to Guatemala, increased 7 per cent in the crop year just ended and future prospects appear excellent. Meanwhile, prices have risen steadily for the Central American mild coffees; the premium paid by the market has increased from the old five cents a pound spread to over 20 cents a pound compared with Brazilian coffee. These mild coffee prices recovered strongly in 1956 from the drop early in 1955 and have held steady for several months. Meanwhile Guatemala is approaching its new harvesting season with the hope of the best crop in several years.

The 1955-56 coffee crop totalled approximately 1.5 million quintals (about 100 pounds) of which 1.2 million were exported, with an estimated value of US\$77 million. In the previous crop year, ended September 30th, 1.4 million quintals were produced and 1.2 million exported, with a value of US\$68 million. Canada's purchases totalled Can. \$1.3 million in the first six months of this year compared with Can. \$1.4 million in the same period of 1955. The lead-

Puerto Rico is Canada's principal market for salted codfish and during 1955 exports of this commodity reached \$4.2 million. Other principal exports were: lumber (\$2.3 million), newsprint (\$1.3 million), malt (\$442 thousand), machinery and parts (\$316 thousand), whisky (\$137 thousand), and table potatoes (\$94 thousand).

During the first six months of this year, Canada's sales to Puerto Rico totalled \$5.7 million, up \$558 thousand over the same period last year. Exports of table potatoes to this market reached \$551 thousand for the half-year, more than five times sales for the whole of last year. The figures for salt cod, however, showed that the half-year sales of this commodity had declined to \$1.7 million from \$2.2 million in 1955. Lumber sales were up substantially over last year as were those of machinery and parts; sales of newsprint, malt, and whisky all decreased slightly.

Imports into Puerto Rico from the Continental United States or its dependencies are not subject to customs duties; imports from foreign countries are subject to the same customs duties which apply in the Continental United States. Collection is made at Puerto Rican ports by the United States Customs Service. In addition certain manufactured articles, imported or sold in Puerto Rico, bear revenue sales taxes imposed by the Commonwealth of Puerto Rico.

Because Canadian products entering Puerto Rico are subject to customs duties, the prospect for substantial sales of a wide variety of Canadian manufactured articles is not bright. Such goods would have to compete with similar United States manufactures which enter free.

Opportunities for Raw Materials

On the other hand, there are sales possibilities in Puerto Rico for Canadian manufactures which can meet the competition in the Continental United States. In addition, raw materials for the tax-free manufacturing industries in Puerto Rico also offer sales possibilities. These manufacturing firms produce a considerable variety of products, such as plastic materials of all kinds, women's lingerie, men's suits, cardboard containers, paper bags, institutional chinaware, electrical parts and assemblies, fertilizers, foundry products, fur coats and jackets, handbags, hosiery, insecticides, paints, pharmaceutical products, rayon fabrics, shoes, tannery products, etc. The wide range of new Puerto Rican industries offers much scope for Canadian suppliers.

There are no import restrictions in Puerto Rico and the legal currency is the United States dollar. Like many other Caribbean countries, this is a price-conscious market. Canadian exports must be offered at prices competitive with similar products supplied by the Continental United States and other countries. ●

ing buyers of Guatemalan coffee are the United States, the Netherlands, Belgium, Sweden, West Germany and Canada.

Other Leading Crops

Bananas, which account for almost 10 per cent of total exports, are recovering from the extensive hurricane damage of 1955 and it is expected that almost 5.5 million stems will be shipped abroad this year.

Maize, which is the principal crop for local consumption, improved to an estimated ten million quintals for 1956, making unnecessary further shipments of U.S. surplus corn. Production last year dropped to eight million quintals. The yield of beans this year is large enough to fill local demand. On the other hand, wheat production dropped to 400 thousand quintals from 431 thousand the previous year. This means that Guatemala will have to import about 30,000 tons of flour and 8,000 tons of wheat. Flour imports from Canada and the United States are declining but wheat shipments from U.S. surplus stocks and from Canada are increasing rapidly as Guatemalan consumption of wheat flour continues the upward trend of recent years.

Following the doubling of acreage since 1953, raw cotton producers are facing problems this year because of the U.S. surplus disposal program. As a result, land planted to cotton for the next crop is reported to have dropped by 39 per cent and financing problems are predicted for the crop just harvested, which suffered also from untimely rains. This has been a keen disappointment to the growers, who had invested heavily in development costs, and to the government agency (INFOP) which has promoted this project. The Canadian textile industry has purchased Guatemalan cotton with good results.

The only other important exports are chicle, which is a Guatemalan specialty and which is recovering from the neglect of the previous administration, lemon-grass oil and citronella oil, all of which are doing well.

In spite of a continuing heavy subsidy to local wheat production (a guaranteed price of US\$3.60 per bushel) the crop dropped last season to 318 thousand quintals from 400 thousand the previous year, mainly because of poor weather conditions. This made necessary increased imports in 1955 of both wheat and flour. Recent regulations have been designed to eliminate flour imports as soon as possible but wheat imports are correspondingly higher. This left import requirements in 1955 at 9,000 short tons of wheat and 33,000 tons of flour.

Balance of Trade Adverse

In 1955, for the first time since 1951, Guatemala had an adverse balance with all countries; exports at

\$98.5 million and imports at \$104.3 million were both records. The net deficit with European and Asian countries is usually covered by a surplus with the United States; last year this surplus exceeded \$5 million. Trade with Canada, however, has been running closely in balance. Canada accounts for only 2½ per cent of Guatemala's total external trade and there is plenty of scope for expansion.

The gold and foreign exchange reserves of the central bank increased from August 1955 to August 1956 from US\$54 million to US\$66 million; sight liabilities in the same period increased only from US\$78 million to US\$85 million. The ratio of reserves to sight liabilities, therefore, improved from 69 per cent to 77.5 per cent during the past twelve months.

Main Economic Trends

Much of Guatemala's unusual trade deficit is being financed by external loans totalling about \$50 million. These loans are for an extensive road construction program, including the building of this country's sector of the Inter-American Highway, which should be completed late in 1957. Other main projects include a new road to the Caribbean coast ports of Santo Tomas and Puerto Barrios, and the completion of the Pacific highway, paralleling that coast some 30 miles inland. These highway programs are increasing the usual U.S. share of the Guatemalan market because in some cases the loans are conditional on Guatemala buying only U.S. equipment and supplies.

On the other hand, West Germany, which had just gained second place in this country's trade, is now faced with a complete embargo on all private trade. This prohibition of German imports took effect in the latter part of this year as the result of a dispute over the non-return of German-owned coffee estates that were nationalized during World War II. This prohibition has resulted in new opportunities for exporters of other industrial nations.

Another very important development, particularly for the future, is the rapid progress in granting oil concessions to some dozen large U.S. and British companies under the new liberal Petroleum Act of 1955. A full-scale oil exploration boom is getting under way and oil is expected to be gushing within 18 months.

Trading Opportunities for Canadians

During the past year the Government made new regulations which will cut down flour imports drastically. Ostensibly this was done to protect domestic wheat producers but actually it benefits the local flour millers much more. As a result, imports of Canadian wheat are increasing and are expected to reach 5,000 tons a year, with Alberta Red Winter No. 2 the most popular variety at present. The potential market may

be 40,000 tons after a large new flour mill project is completed in 1958.

One of the most significant trading events of this year was the first large-scale import into Guatemala of purebred cattle in decades; Canadian breeders are supplying about 350 of the 425 animals being purchased abroad during 1956.

It is also clearly possible to sell more Canadian newsprint, tanned side leather, asbestos, machinery, malt, oil exploration equipment, and many consumer goods in the Guatemalan market, which is free of import licences (except for flour and wheat) and free of all foreign exchange difficulties. For this reason, competition is keen and exporters must offer good prices, attractive payment terms (usually sight draft d.o.p.), good representatives, and only medium or fair qualities. Firms anxious to obtain suitable local representatives should consult the Trade Commissioner in Guatemala City. ●

Costa Rica

Canada has lost some ground recently in this intensely competitive market but sales holding up well for flour, newsprint, leather, powdered milk, agricultural and office machinery, rubber tires, and some chemicals. Canadian exporters have not realized the full market potential in many cases and need to exert more sales effort—Costa Rica is our best market in Central America.

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

BUSINESS ACTIVITY IN COSTA RICA has declined somewhat during 1956, with both agricultural output and export earnings down. The long-term outlook, however, remains favourable.

With ready cash in short supply and collections difficult, some merchants found themselves in financial straits. Most businessmen were cautious about introducing new lines of imported goods, especially those with a limited sales potential or subject to high duties,

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such as whisky and canned goods. The Government, with its revenues falling behind budgeted expenditures, was forced to float a bond issue for 15 million colones (US\$2.3 million at the free rate of exchange) to meet current expenses.

During 1955 exports fell sharply in value, reversing the upward trend of recent years. Shipments, at US\$78.9 million, declined nearly US\$6 million from the record export figure of 1954. Imports, however, continued to rise and, with a total c.i.f. value of US\$87.5 million, exceeded exports by US\$8.6 million. This was Costa Rica's first unfavourable trade balance for several years. This slump in exports has continued in 1956. On July 31 international monetary reserves in the Central Bank totalled only US\$19,956,000, compared with US\$29,235,000 on July 31 last year. It is probable that export earnings for the full current year will fall even lower than in 1955 and a further drop in foreign exchange reserves is likely.

Crop Conditions Affect Exports

Agriculture is the main prop of Costa Rica's economy; it employs over half the working population and provides practically all the export earnings. Costa Rica's earning power is therefore extremely vulnerable to adverse weather conditions and international price fluctuations for farm crops, both of which are beyond its control. During the past year these factors have worked against Costa Rica. Excessive rain, storms and floods caused extensive damage to the two principal export commodities, bananas and coffee. Lower yields of crops for local consumption made large imports of corn, rice and beans necessary during both 1955 and 1956. Costa Rica is normally self-sufficient in these basic foods.

Unofficial estimates placed banana losses at nearly four million stems during 1955 alone (exports during that year, at 9.1 million stems, were more than one million below the figure for 1954). During the first months of 1956, output of bananas remained low and exports for the full year are not likely to rise above 1955, although production has picked up.

Exports of coffee from the poor 1955-56 crop totalled only 454 thousand quintals (1 qq.=101.43 lb.) at the close of the crop year on September 30. This was a drop of 31 per cent from the 662 thousand quintals exported during the 1954-55 season. Export earnings from coffee, despite higher average prices, declined US\$11 million to only US\$30.8 million.

Cacao, Costa Rica's third export commodity, has suffered from low prices on the world market during much of 1955 and 1956. Actually her cacao production has increased but total returns have sagged. Shipments in 1955 were valued at US\$5.9 million com-

pared with US\$8.2 million in 1954 and the decline has continued this year.

Better Conditions Expected

Fortunately, growing conditions have now improved in most farming areas and should correct the present situation. The outlook for the 1956-57 coffee crop appears excellent. Recent estimates indicate that production may exceed the record 1954-55 harvest of 738 thousand quintals. If prices remain as high as they are at present, export earnings from coffee might approach US\$47 to \$48 million. This would solve any exchange difficulties and maintain the country's ability to purchase foreign goods.

Prospects for other agricultural products are encouraging. The dairy and beef cattle population continues to grow and export of live animals for beef is now well established. During 1955, ranchers shipped 8,500 head valued at just under US\$1 million to Colombia, Peru and the Netherlands Antilles. Future sales are expected to show modest but steady increases.

The Standard Fruit Company reportedly is planning to invest US\$17 million over the next five years in new banana plantations along the Atlantic Coast. An active government road-building program is opening up other areas to individual farmers.

World Bank Loan for Farms

The Government is continuing its efforts to expand and diversify agricultural production by technical and capital assistance. It recently obtained a loan of US\$3 million from the World Bank to finance imports of capital equipment for farms and processing plants. The loan funds will be turned over to the commercial banks to provide credits for importers to buy the required materials through normal trade channels.

Canadian exporters should note that, during the next year or two, Costa Rica will offer a market under this program for at least US\$3 million worth of agricultural materials, including tools and implements; tractors, animal and tractor-drawn machinery; spraying, irrigation, well-digging and dairy equipment; fencing; drainage pipes; fertilizers, insecticides; breeding stock; farm power plants; machinery, equipment and building materials for storage and processing plants.

Construction and Manufacturing Expand

Although agriculture remains relatively more important, the activity of other sectors of the economy is speeding up. This, in part, has counteracted the poor showing of farm production during the past year.

The construction industry particularly has been a major employer of labour and resources; new building in the capital is now three times what it was in 1951.



—United Fruit Co.

Workers on a banana farm in Costa Rica harvest the fruit from a mature plant. The man on the left holds a "puya" with which he notches the plant at the top. The plant then bends under the weight, allowing the workers to reach the stem and cut down the fruit with a short-handled machete.

The value of work completed in San Jose during 1955 reached 33.5 million colones (about US\$5 million) and this figure will probably be exceeded during 1956. Construction (chiefly of schools, low-cost houses, roads and bridges) is also active in other parts of the country and the industry has kept up a healthy demand for imported building materials of all kinds. A French engineering firm has completed a study of the Pacific port of Puntarenas on behalf of the Government; reconstruction and extension of the inadequate facilities there is a possible large-scale project for the near future.

Manufacturing is still relatively undeveloped and consists chiefly of small plants producing consumer goods such as textiles, shoes, soap, cigarettes, dairy products, beer, flour, soft drinks and spirits. Nevertheless, some interesting new developments are taking place, aided by a considerable improvement in the supply of electricity and the Government's sympathetic fiscal policy. A modern shoe factory is under construction at a cost of US\$150 thousand. A large cement mill to be started soon will end Costa Rica's dependence on imported cement (59,000 metric tons in 1955).

Insecticides and fertilizer mixing operations are becoming important industries and mixed insecticides and related products are now exported to neighbouring countries. There are similar export opportunities for some pharmaceutical chemicals and other light indus-

trial products, the manufacture of which involves a fairly high standard of technical ability. Costa Rica possesses the most highly developed educational system in the Central American area and therefore has a relatively large body of technically-trained labour.

New Interest in Mineral Resources

New interest in Costa Rican mineral resources shows promise of bringing about a much-needed widening of the economic base of the country.

An American petroleum company is carrying out an active drilling program along the Caribbean coast near the border of Panama and has established the existence of oil. Although results are still indefinite, it appears likely that a field of commercial size will be proven eventually, with obvious and far-reaching consequences for the economy.

In the southeastern part of the country, two major aluminum companies are blocking out reserves of bauxite; production of alumina is a distinct possibility for the near future. Elsewhere, iron and manganese deposits are being investigated seriously.

Although actual development of any or all of these resources is still uncertain, the possibility is worth bearing in mind. During the past year or two, foreign companies, principally American and Canadian, have greatly increased mineral exploration throughout Central America. As the geological structure of the region becomes better known, significant mineral finds (which indirectly will expand the market potential for Canadian goods in the area) become increasingly likely.

German Trade More Important

Although the United States retains its dominant position as Costa Rica's chief supplier (with 60 per cent of imports in 1955), a significant realignment of the foreign trading pattern has developed over the past few years.

Exports to (and purchases from) Europe have increased steadily and West Germany is now in a position to challenge the United States as Costa Rica's best customer. In 1955 Germany bought 57 per cent of Costa Rica's coffee and 27 per cent of all exports. This year, 70 per cent of the coffee shipped went to Germany and a correspondingly greater proportion of other exports.

This development gives the German exporter a sympathetic reception in Costa Rica and a further expansion of German sales to Costa Rica may be expected. Germany, with shipments worth US\$8 million in 1955, still runs a poor second to the United States. Canada is also a small but valued customer for Costa Rican products, chiefly bananas and coffee, to a total of \$6 million last year.

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Other important suppliers include the United Kingdom, Canada, the Netherlands Antilles (petroleum products), Japan, and countries of Western Europe.

Our Market Still Promising

Canada sold goods to Costa Rica valued at \$2.9 million in 1955 (excluding a freighter transferred to Costa Rican registry) and \$1.8 million worth during the first eight months of 1956. We have lost some ground recently in this intensely competitive but open dollar market, although sales of flour, newsprint, leather, powdered milk, agricultural and office machinery, rubber tires and some chemicals are holding up well. Only one small shipment of Canadian wheat has arrived in Costa Rica so far this year (1955 sales were worth \$385 thousand) because of offerings of lower-priced American wheat. Manufactured and branded goods continue to find the going heavy in the face of stiff European and Japanese competition.

Although it has less than a million people, Costa Rica, with high per capita imports, is Canada's largest market in the Central American area. With practically no exchange or import controls, it offers further opportunities to exporters of farm machinery, flour, leather, newsprint, paper products, pharmaceuticals, building supplies, fertilizers, and other basic materials. Canadians have not realized the full market potential in many cases. For example, Costa Rica is a fairly large buyer of two commodities—copper sulphate (for treatment of banana and cocoa plants) and lard—both of which, conceivably, Canada could supply at competitive prices. In 1955, it imported copper sulphate valued at US\$3.7 million and lard worth US\$1.5 million, surely sufficient amounts to interest Canadian producers.

More Sales Effort Needed

Exporters should endeavour to visit this market at least once a year, explore means of shipment to avoid the expensive routing via New York, prepare documents carefully, quote c.i.f. prices and sight draft terms wherever possible, and generally make every effort to meet their competitors' prices, sales terms, and services. Manufacturers of branded goods should bear in mind that it is no easier to sell in Costa Rica without advertising than it is in Canada.

More Tractors

In the three years from 1952 to 1954, the number of tractors in use in Latin America increased by 20 per cent—from 175 thousand to 210 thousand—according to a recent FAO survey. This represented the third largest regional increase, following the Far East (55 per cent) and Europe (about 31 per cent).

El Salvador

Japan and West Germany making gains in this market at expense of the United States. Government is pushing industrial development to reduce dependence upon coffee returns. Canadian trade needs stimulation and services of first-class agents; potential appears excellent in many lines.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

THIS SMALLEST CENTRAL AMERICAN REPUBLIC is the most densely populated and is fast becoming the most diversified in its economy because of recent industrial development. Already it has, after Costa Rica, the highest per capita foreign trade in this area. Its economy is still primarily agricultural and 85 per cent of its export trade still depends upon its high-quality "Central Standard" mild coffee. Even here, however, it has almost freed itself from dependence upon one market, the United States, by developing European outlets. Except for raw cotton, all main branches of the economy are thriving and El Salvador should become an expanding market for interested exporters for at least the next year and probably for much longer. El Salvador has no exchange or import controls and is consequently an attractive but highly competitive dollar market.

Coffee Situation Satisfactory

Although the last crop was down 10 per cent from the previous year's high—a result of the coldest January in decades—this was more than compensated for by the second highest prices in history. When one remembers that these prices are more than four times as high as ten years ago, one realizes how much the business life and import trade of El Salvador has felt the stimulus. Weather conditions have been good this year and the new coffee crop about to be picked shows excellent promise of equalling or exceeding the 1949 record of 1,084,000 bags of 69 kilos. Furthermore, the high prices in world markets for mild-quality coffee have shown considerable strength and stability for many months. European markets, particularly West Germany and the Netherlands, have been paying up to 3 per cent more than the United States, whose share of the market has dropped to about 50 per cent compared with almost complete domination a few years ago. Canada continues to buy 2½ per cent of this crop.

The export tax on coffee, totalling almost \$30 million this year, continues to be one of the main sources of national revenue.

Other Crop Prospects Mixed

Raw cotton, the second export of El Salvador, has continued to expand vigorously and last year's crop totalled 89,000 bales worth over \$13 million. A 50 per cent increase in acreage this year brought high hopes, buoyed up by good crop estimates, until they were dashed by the announcement of the United States that it would throw its surplus stocks on world markets this autumn. A measure of the recent intensive campaign to stimulate cotton production can be seen from the 20 per cent increase during the year in crop-dusting aircraft which now total 130. Yields have been heavy and in spite of present marketing difficulties, important future production is assured for the Canadian textile industry which, according to Canadian statistics showing 1955 purchases of 1,070 short tons, has been absorbing 10 per cent of El Salvador's cotton exports. (Salvadorean statistics appear to credit the United States with these Canadian purchases since they went through U.S. ports in transit.)

White maize and rice, the staple items of the Salvadorean diet, were both deficient this year, requiring special imports, partly because of acreage diversion to cotton. Cane sugar continues its steady growth, with increasing surpluses for export. Local milk production in the eastern half of the country is being stimulated with the opening of a dried milk plant by UNICEF at San Miguel.

Foreign Trade More Diversified

El Salvador was the first Central American republic to exceed the \$100 million a year mark in exports. Mainly because of the special attention paid to this country by West Germany and Japan, the dominance of the U.S. in the country's external trade is dropping steadily. Japan has furnished much of the capital and most of the machinery for the \$2.5 million textile mill and buys 60 per cent of El Salvador's raw cotton exports. A four-man Japanese trade mission representing the municipality of Kobe visited the country in April and discussed the Japanese plan to use the Panama Free Zone to stock goods for all these Central American markets. Recent foreign trade figures are not available but it is certain that Japan has made progress in the import trade of El Salvador since 1954. Germany has ranked second only to the United States as a supplier of the country's imports and is now believed to have exceeded 10 per cent of the trade; this year its purchases of Salvadorean coffee jumped to over 30 per cent. Canada's share of El Salvador's total foreign trade is only 2 per cent.

Reserves of gold and foreign exchange have remained remarkably stable for the past few years, at close

to the recent total of US\$56 million—or more than half the country's total annual needs of foreign exchange.

Economy Expands

El Salvador is the only Central American country with a large modern hydro-electric generating station, which was financed largely by a World Bank loan. A third unit is now being installed to increase the capacity from 30 to 45 thousand kilowatts.

In addition to the new textile plant and the dried milk factory, the following enterprises are just completed or under way:

- A new factory to make asbestos-cement products, including roofing, soil pipe, etc., began operations this year.
- The local cement company has just installed its second kiln and expects its production will soon double to two million bags a year.
- The local sack factory is installing all new machinery to increase its production from 1½ to 8 million coffee sacks, providing a considerable export surplus.
- A soluble coffee plant to meet local demand and for shipping in bulk to the United States opened this year and is operating successfully.
- A new general insurance company financed with Salvadorean capital of US\$400 thousand has begun business.
- A contract was signed in April with a German firm of building contractors, Salzgitter Industriebau Gesellschaft m.b.H., for the construction of an all-weather port at Acajutla to serve the rich coffee-growing district of western El Salvador. It will be able to accommodate up to four 12,000-ton ships alongside the wharf simultaneously, with a maximum hourly capacity of 400 tons, and will handle an estimated annual total of 360 thousand tons of cargo. Transfer of goods will be possible directly between vessels and trucks or railway cars. This new port of Acajutla is being built on the site of an old open roadstead and it is expected that it will be completed during 1958. El Salvador has two other Pacific ports: La Libertad, an open roadstead, and La Union near the Honduran border. The total cost of the project is expected to exceed \$7 million.

The German construction company has undertaken to manage the port for a trial period of 60 days after it is completed and to instruct the port captain, manager and other technical officials in the operation of the facilities. An English firm of consulting engineers, Livesey H. Henderson of London, has been

engaged to supervise the work, including inspection of materials before they leave Germany.

- A new fisheries law was passed, restricting fishing to Salvadorean firms and granting duty-free entry of equipment and exemption from taxes for five years.
- Several new banks have recently been organized and all banks are expanding vigorously.
- The best-paved network of highways in Central America is being extended, with a new 190-mile artery paralleling the coast.

To stimulate this healthy diversification of the economy, the Government in July 1956 established the Instituto Salvadoreño de Fomento de la Producción (INSAFOP), or National Production Development Corporation, to free the country from future dependence on coffee. This state agency is designed to furnish private industries with technical, administrative, and financial assistance for approved projects. Apparently it is not equipped to go into business on its own.

Trading Opportunities for Canadians

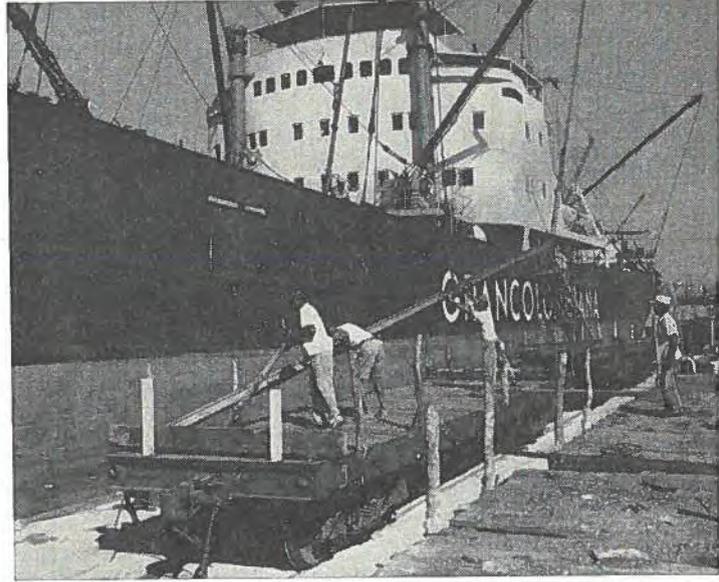
Canadian trade with El Salvador has apparently suffered from a lack of attention to this vigorously expanding market, partly because of the absence of any direct shipping connections from Canada's Atlantic coast. However, for East Coast exporters, transshipment facilities at the Panama Canal have improved; West Coast shippers have had direct and frequent service for some years from Vancouver. For example, negligible amounts of Canada's leading export, newsprint, have been shipped to this market in the last ten years, although there are excellent shipping connections for Pacific coast mills. The market had to find 90 per cent of its paper needs in the United States and in Europe (7 to 8 per cent) with Canada supplying less than 2½ per cent.

In addition to newsprint, there are excellent opportunities for sales in El Salvador of Canadian asbestos fibre, fishing equipment, flour, lumber, refined petroleum products, automobiles, trucks, tires, copper wire and cable, copper sheet, upper leather, canned salmon and sardines, fertilizers, insecticides, pharmaceuticals and some chemicals. Canadian products receive m.f.n. tariff treatment which places them on an equal footing with products from the U.S. and all other countries.

Because of the desirability of the market, competition is keen, and this makes first-class agents doubly necessary. It is suggested that the interested exporter contact the Canadian Trade Commissioner at Guatemala City as soon as possible, if it is impracticable for him to make a personal survey of the El Salvador market. ●



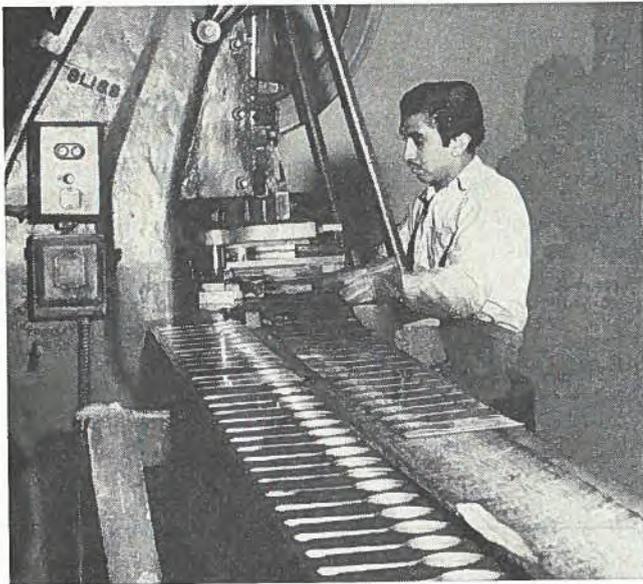
In Venezuela—The Assistant Canadian Commercial Secretary (r.) inspects Canadian communications equipment which Venezuela's largest industrial company has lately installed.



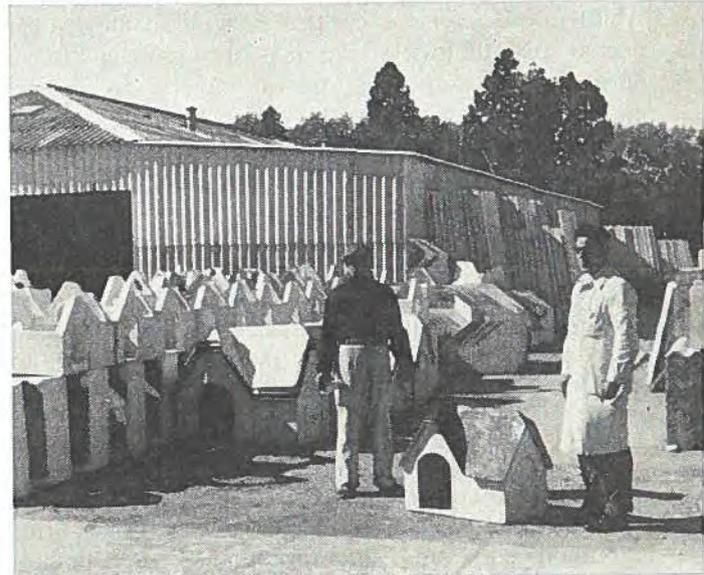
In Cuba—These steel rails being unloaded in the harbour in Havana are the first delivery against a large order which a Canadian company has received from a Cuban railway line.

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

CANADA



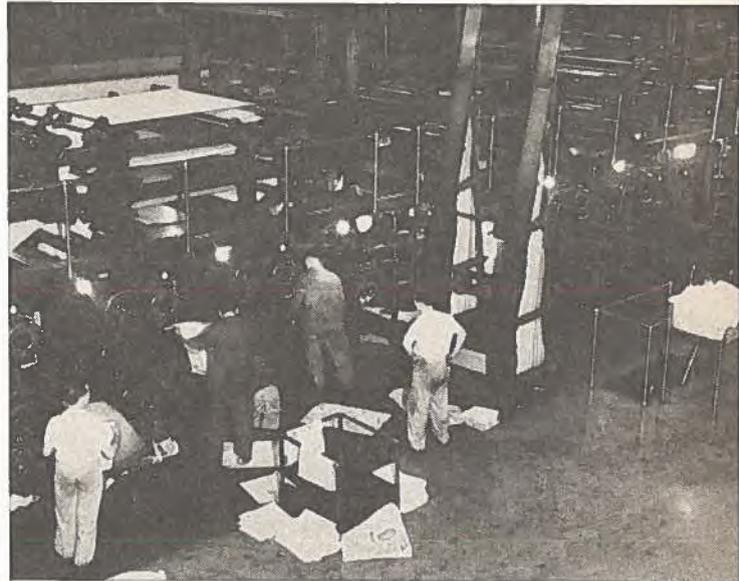
In Mexico—The scene is the plant of a Mexico City cutlery manufacturer; the Canadian element is the long strip of nickel silver from which the operator is blanking spoons.



In Uruguay—These workers are standing among some of the cement products their employer makes from Canadian asbestos, including snug little houses for man's best friend, the dog.

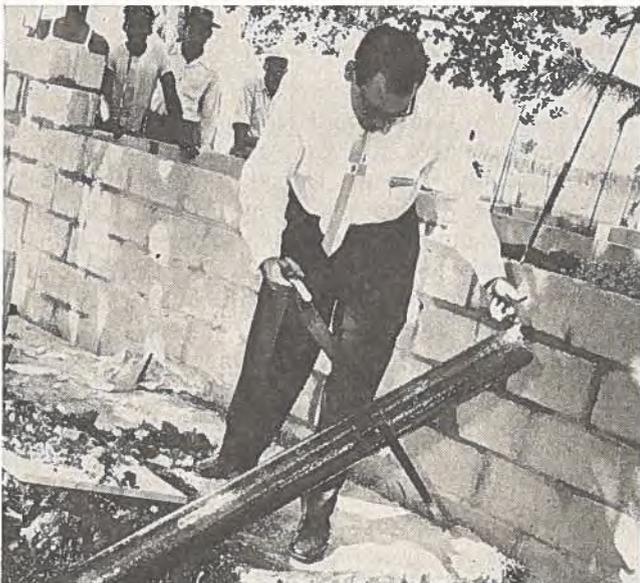


In Brazil—When the sugar cane has been cut, the next step is to take it to the mill to be crushed. On this Brazilian plantation a Canadian tractor takes over the hauling job.



In Argentina—On Canadian newsprint, the historic first issue of "La Prensa" rolls off the presses, following the decree which revoked its expropriation and returned it to its owners.

in Latin American Markets



In the Dominican Republic—A Canadian company has found a market in the Republic for its fibre piping and conduit. Here a length of the company's four-inch pipe is being sawn.



In Colombia—Ibagu , capital of Tolima Province, displays its Canadian-made fire-trucks. The Canadian maker expects to sell 10 to 12 fire-trucks in Colombia by the end of the year.

Honduras

Conditions have improved, with larger exports of bananas and coffee, at good prices. Trade agreement with Canada, effective in September, gives Canadian traders greater opportunities.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

THE POSITION OF THIS AGRICULTURAL COUNTRY is much improved over last year, because of an increase in exports of bananas and a very good coffee crop fetching high prices. The construction of buildings and highways is going on apace and the production of electric energy has increased almost 20 per cent with a rise in industrial activity. Despite political uncertainties, internal trade is greater than in the last two years.

Good Crops Reported

Bananas and coffee are the main crops in Honduras, accounting for about 45 per cent and 30 per cent respectively of total exports. The export of bananas for 1956, estimated at 11 million stems, shows a remarkable increase over 1955, when exports dropped to seven million stems—the result of floods and strikes. This is due to normal weather and to the settlement of the banana workers' strike which paralyzed the industry in 1954 and part of 1955. However, movement of bananas is still not up to 1953, when 12.4 million stems were exported.

The coffee crop is excellent this year and exports high, with an estimated total for the year of a record 250 thousand quintals (about 100 pounds per quintal). The 1956 prices are the best in the country's history with the exception of 1954, and coffee will probably contribute a larger share of export earnings than ever before.

The public debt, although it was recently increased by a World Bank loan for US\$4.2 million, remains low at about US\$9 million. Commercial payments were somewhat difficult this spring because local establishments were over-extended. However, foreign exchange reserves began increasing again and by mid-year had passed US\$25 million. The volume of money in circulation increased 17 per cent in the first five months of the year and this made it possible for the bank credit restrictions to be lifted.

Honduras is the only Central American market that is not centralized in the capital but is divided into two main trading areas—the north coastal plain with San Pedro Sula as its distribution centre near the Caribbean, and the central section around the capital, Tegucigalpa, near the Pacific coast. Transportation difficulties between the two and consequent costs are responsible for this division.

There is no direct shipping service from Eastern Canada to these Central American countries. Goods consigned to the north coast of Honduras may be shipped direct to Puerto Cortes on United Fruit Company vessels through New York and Boston or, with transshipment at Cristobal, by Canadian lines such as Saguenay Terminals. Goods from the east coast of Canada to the Pacific coast port of Amapala must all be transhipped at Cristobal, but Amapala gives good direct connections by several shipping lines from Vancouver to the capital city area.

Trends in Trade

No statistics have been published for Honduras since 1953 and this makes it difficult to report on developments. United States trade appears to have remained at the same level and the U.S. still supplies almost 70 per cent of the country's imports, with West Germany in second place and still gaining. Canada's trade has picked up considerably (almost entirely the result of sales of wheat flour) with exports to Honduras in the first half of 1956 totalling Canadian \$338 thousand compared with \$318 thousand for the same period last year.

This trade represents only 1.3 per cent of Honduras' import needs, leaving scope for further increases.

Opportunities for Canada

In July 1956 a most-favoured-nation trade agreement was signed by Canada and Honduras and went into effect on September 5, 1956. This places Canada on an equal footing with the United States and gives her a considerable advantage in many lines over all other countries, because only the United States and Canada have such agreements. Even for products for which the rates of duty are the same from all countries the conclusion of this agreement should have a favourable effect on business with Canada. Under the agreement, Honduran exports to Canada have also benefited from the reduced rates of the Canadian most-favoured-nation tariff; the general tariff was applicable before the new agreement.

Primarily because of the advantages accruing from the Honduras-Canada trade agreement, there are excellent opportunities for new or increased trade in Canadian sardines, flour, milk products, canned fruits, vegetables and meats, tires and tubes, some textile products, and

some pharmaceuticals. Tanned leather, mostly side upper leather, which was selling very well despite the previous tariff, should now do even better. On the import side, sales of Honduran bananas, coffee and lumber in Canada should increase.

There are no dollar problems in the Honduras market and in the lines just mentioned European or Japanese competition is not an important factor. Letter of credit may be obtainable for some goods but usually sight draft d.o.p. will have to be offered. It is particularly important to have a good agent but this is not easy. It is suggested that the Trade Commissioner at Guatemala City be asked for his advice about suitable local representatives for Honduras. ●

Nicaragua

Market offers good possibilities for Canadian exporters of newsprint and other paper products, building materials, flour, leather, canned goods, and fertilizers. Business has been slow this year but should pick up rapidly with good crops.

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

THE ECONOMY OF NICARAGUA continues to progress steadily although there have been some setbacks during 1956 and the sustained agricultural boom of recent years has ended.

Poor growing conditions during the past season resulted in a reduced output of cotton (156 thousand bales compared with 201 thousand bales in 1954-55); lower export prices made the situation worse. Coffee production also slipped from 550 thousand quintals* in 1954-55 to 516 thousand in 1955-56, although higher prices helped to offset the loss. Food crops also suffered from the poor weather and from the fact that

farmers concentrated on export commodities. Nicaragua had to buy rice, beans and other foods to meet domestic needs.

With the slump in export earnings, holdings of gold and foreign exchange dropped; by the end of August reserves had fallen to US\$18.6 million compared with US\$23.9 million on August 31, 1955. To conserve reserves, the Government cut the list of goods which do not require a deposit in national currency before an import order is issued. This tightening-up of exchange regulations has meant that orders for most consumer goods must now be covered by an advance deposit in national currency equal to 100 per cent of the c.i.f. value.

Commercial Activity Slower

As a result of lower agricultural income, and perhaps partly in reaction to the excessive rate of investment in capital equipment during recent years, commercial activity slowed down during 1956. Stricter exchange regulations and a general shortage of credit have aggravated the situation. Both foreign and domestic trade are running well below last year. Retail sales are spotty, and agricultural machinery and equipment especially have been moving slowly.

Business Should Pick Up

The outlook for Nicaragua's principal exports for the 1956-57 crop year is promising and business should now begin to pick up rapidly. Recent estimates place the cotton crop at about 200 thousand bales and coffee at 630 thousand quintals, which are well above last year's totals. Coffee growers are expecting record returns if prices continue high.

Nicaragua's other main export products are sesame seed, beef cattle, cane sugar, cottonseed, gold, lumber and ipecacuanha root. Together they yield about US\$20 million a year or from 20 to 30 per cent of total foreign exchange earnings. These less important products provide invaluable insurance against the hazards of the international commodity markets. Nicaragua now has one of the best-balanced export economies in Central America and its income depends less than other countries in the area on the vagaries of one or two export staples.

Trade will be further diversified when La Luz Mines Ltd., a subsidiary of Canada's Ventures Ltd., starts producing on its Rosito property, Central America's first large-scale copper mine. Development work is now nearing completion.

The Government's development program continues to contribute to the country's present economic activity and future export potential. Projects now under way or completed include highways, electric power instal-

* 1 quintal=100 lb. (approx.)

lations, livestock and agricultural improvement, provision for a new telephone system, and school construction. With the assistance of a World Bank loan of US\$3.2 million, work is to begin early in 1957 on rebuilding Nicaragua's principal port, Corinto. Congestion in this port has long restricted seriously the flow of goods to markets abroad.

Modest private investment has continued, mostly in residential and commercial construction; other projects include a large new hotel just started in Managua and a small television station. Nicaraguan investors have shown less interest in manufacturing than those of other Central American countries; despite government aid programs, new enterprises appear slowly.

Nicaragua's Exports Increase

Before World War II, Nicaragua's chief exports were coffee, gold and bananas. During the early postwar years, sesame seed gained in importance and replaced bananas as the country's third export commodity. Beginning in 1950, however, cotton became a major foreign exchange earner, with shipments rising from almost nothing to 39 per cent of total export values by 1955. Largely as a result of the boom in cotton, but also because of increased coffee exports at rising world prices, Nicaragua's total foreign trade tripled between 1949 and 1955 to reach a total of US\$150 million, of which exports made up US\$80 million and imports US\$70 million.

During this same period, the relative importance of the United States market has diminished greatly as Europe and Japan have been buying most of the cotton as well as a growing proportion of the coffee. In 1955 the United States took only 37 per cent of Nicaragua's exports (in 1949 it was 64 per cent) followed by Germany, Japan, the Netherlands and the United Kingdom, in that order.

Canada Buys More

Canada has participated in this development, buying Nicaraguan cotton valued at just over a million dollars in 1955 and at \$326 thousand during the first six months of the current year.* Canadian textile producers now appear to recognize Central America, chiefly Nicaragua, as a fairly important source of raw cotton, although not, of course, on the same scale as Mexico. Because of the new business in cotton, as well as larger purchases of coffee, total Canadian imports from Nicaragua jumped from a value of only \$181 thousand in 1954 to \$1.4 million in 1955.

U.S. Still Largest Supplier

As a supplier, the United States has retained its dominant position, although its relative share of Nicaragua's imports has declined from 81 per cent in 1950 to 65 per cent in each of the last three years.

Many of the problems that exporters encounter in selling to a single Central American country are common to the whole area. Businessmen seeking markets in this area may find the following suggestions helpful:

1. *Do not insist on large minimum orders. These are small markets and can absorb very little merchandise at one time. Money is expensive in Central America and even where the importer has sufficient funds, he does not like to tie up his cash in large stocks.*
2. *Do not expect a representative to be an expert in your line. In order to make a living, he must sell many different products and may also be a wholesaler, retailer and exporter. Usually, you must give an agent more guidance and assistance than you would a salesman at home.*
3. *These are price markets, with quality still a secondary consideration. A superior product may find a limited sale at a higher price but good agents will often not handle such a line if they cannot hope to build up a reasonable sales volume.*
4. *Standard sales terms in Central America are sight draft d.o.p., but longer terms are common. Central American banks do not normally present a draft for payment until after the goods have arrived in the Central Customs House and the buyer has seen them. Letters of credit are expensive to arrange in Central America (in Nicaragua they are prohibited except in special cases) and it is virtually impossible to sell most products on such a basis.*

Other important suppliers are Germany, the Netherlands Antilles (petroleum products), the United Kingdom, Panama (mostly re-exported goods of American origin), Belgium, Canada and Japan.

Canada's principal sales to Nicaragua include flour, copper wire and tubing, rubber tires, leather, newsprint and other paper products, agricultural machinery, sodium and calcium compounds, pharmaceuticals and explosives. Total exports have increased steadily over several years and reached a value of \$1.8 million in 1955 (DBS figures).

Unfortunately, shipments have fallen off during the past few months partly because of competition from

with Central America

5. *Quote all prices in U.S. dollars.*
6. *Wherever possible, quote c.i.f. Central American port or, failing that, f.o.b. a port with a direct sailing to the Central American country concerned. Very seldom will a prospective buyer take the trouble to calculate his own c.i.f. prices.*
7. *Make certain that your agent gives you precise directions for the preparation of consular and other documents and then follow them exactly. Even a small error may subject the importer to a heavy fine.*
8. *Lack of direct shipping service is probably the most serious problem confronting Eastern Canadian exporters to all of Central America except Panama. Use imagination in seeking the best means of delivery. Perhaps air freight from Canada or rail freight (or express) to Florida and onward shipment by air might be best for your product.*

Saguenay Terminals of Montreal operates a regular freight service from St. Lawrence and Atlantic ports to Cristobal in the Panama Canal Zone where transshipment is necessary for on-carriage to east or west coast Central American ports. A fairly rapid service is available to the former but on-carriage to west coast ports is subject to long delays.

9. *Send all correspondence, and particularly shipping documents, by airmail. It is amazing how many exporters slip up on this point.*

10. *Visit your customers as often as possible; invariably it pays. If your business is located in Montreal, some Central American cities are actually closer than Vancouver.*
11. *Reliable credit information on Central American firms is scarce and bad-debt collections are difficult. Your best protection is a reliable agent. Choose him carefully.*
12. *Packing should be as light as possible consistent with strength. Customs duties are generally levied on the basis of gross weight.*
13. *If you are selling a branded consumer item, give thought to an advertising program. Your competitors are probably already well-known.*
14. *If you are bidding on a government tender, you must quote firm prices. Most government purchasing agencies are strict about this point and a number of Canadian firms have missed contracts because of failure to comply.*
15. *It is almost always preferable to deal with Central American agents or importers directly rather than through a New York commission house. With a very few products, one agent can cover the entire area but generally it is necessary to have a representative in each country.*
16. *Above all, remember that Central America is a buyers' market and that competition from other suppliers is keen.*

—J. R. MIDWINTER,

Assistant Trade Commissioner, Guatemala City.

other suppliers and partly because of the depressed market within Nicaragua for certain kinds of goods. Exports during the first eight months of 1956 totalled only one million dollars compared with \$1.2 million during the same period of 1955. Most serious is the decline in the value of flour shipped—from \$553 thousand in the first eight months of 1955 to \$358 thousand in the first eight months of 1956. This drop appears to be due entirely to the greater activity of United States millers and their ability to ship flour to Nicaraguan ports at prices lower than those offered by Canadian producers. During the same period, sales of Canadian agricultural machinery, tractors and parts slumped from \$107 thousand to just \$5,000. This

decline results largely from previous overstocking and the consequent sluggish market within Nicaragua for farm machinery from any source.

Opportunities Still Exist

Nevertheless, with greater effort, the Nicaraguan market offers good possibilities for Canadian exporters, especially of newsprint and other paper products, building materials, flour, leather, canned goods and fertilizers. Nicaragua enjoys a very high international credit rating because it requires a deposit of currency equal to the full c.i.f. value for most consumer goods. This means that an exporter can ship with complete confidence that he will receive payment.

As the buyer is forced to tie up his money when ordering, it also means that the exporter must make every effort to make rapid deliveries. Although Nicaragua is considered a price market, importers are sometimes prepared to pay more to obtain their goods in the shortest possible time. The exporter must remember, too, that letters of credit are not permitted except in special cases; sight drafts or documents on payment are the usual terms insisted on by both Nicaragua's Central Bank and by the importers. ●

Panama

Opportunities in Canal Zone restricted but those in Panama widened as result of new treaty between Panama and the U.S.; building of major oil refineries should mean greater purchasing power in Colon area; Panama attractive but competitive market for Canadian goods.

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

PANAMA'S ECONOMY has moved ahead strongly during the past year and the outlook for future expansion is promising. A booming construction industry, a thriving shrimp fishery, growing agricultural output, rising retail sales, more tourists and increased exports have all contributed to the brisk commercial activity now prevailing. The only dark spots are the fact that many workers in Panama and Colon remain unemployed and a number of businesses report reduced earnings, probably a result of the strenuous competition among foreign firms trying to sell in this small dollar market.

Foreign Trade Picture

Imports—always a measure of prosperity in Panama since much of the country's business activity consists of the resale of imported merchandise—totalled US\$75.7 million during 1955, up from US\$72.6 million in 1954. The first quarter of 1956 witnessed a further increase, with imports reaching US\$19.8 million, compared with US\$17.9 million during the same period of 1955.

Export trade rose substantially in value between 1954 and 1955—from US\$16.3 million to US\$18.5-\$19

million. This apparently large deficit is covered by re-exports and the provision of goods and services to the Panama Canal Company, other United States establishments within the Canal Zone, Zone residents, and transients and tourists.

Bananas comprise three-quarters of Panama's exports and shipments in 1955 reached about 8.3 million stems, all produced by the Chiriqui Land Company, a subsidiary of the United Fruit Company and the Republic's largest single business enterprise. Exports almost doubled between 1953 and 1955. From this same source come also cacao, until recently Panama's second most important export, and abaca fibre.

Second place in exports is now held by frozen shrimps shipped to the United States by the prosperous and still expanding fishing industry. Exports have increased in value from only US\$168 thousand in 1950 to US\$2 million and US\$2.7 million during 1954 and 1955. The industry now possesses a fleet of more than 150 fishing boats and, besides shrimp for export, produces a large quantity of fish for local consumption. A new factory is turning out fishmeal and another will soon be offering frozen fillets of corvina and robalo for export to the United States as well as for the local market.

Sales to Canal Zone Harder

Panama's relations with the vital Canal Zone are currently undergoing important changes as a result of the new treaty signed with the United States in January 1955. Some of these will be of interest to Canadian exporters.

The Panama Canal Zone, always a hard market to enter, will be even more difficult in future. Under the new treaty goods of Panamanian origin will be permitted to compete on the same terms as American. More important, on merchandise for resale in the commissaries of the Zone, Panamanian firms are to be given all consideration possible. Although suppliers in third countries are not specifically excluded, it seems clear that they will not be encouraged to make offers.

Zone Workers to Shop in Panama

On the other hand, all non-United States citizens living outside the Zone—and those Panamanians living inside are being moved out—will lose their commissary and duty-free import privileges after December 1, 1956. This means that some 13,000 wage-earners and their families will now buy in the retail shops of the Republic the articles they were formerly able to obtain duty-free in the commissaries of the Zone.

This additional sales volume will be substantial, perhaps as much as \$US10 million a year according to some estimates. Canadian firms will now be able

to compete for the purchases of this relatively well-paid group on much more even grounds than before and exports to Panama should show a corresponding increase. Staples such as flour, salt cod, canned sardines and salmon particularly should benefit.

On balance, therefore, in view of the fact that very few Canadian firms had ever been able to sell to the Canal Zone, the new arrangements are a clear gain.

Efforts to Reduce Canal Dependence

Although the Canal, with all its ramifications, is still the backbone of Panama's economy and will remain so for the foreseeable future, many Panamanians have been anxious to see dependence on it reduced. This view has prompted the Government to make strong efforts to stimulate local manufacturing and agriculture.

In agriculture these attempts have proved quite successful and Panama, which formerly imported the bulk of its food, is now virtually self-sufficient in most basic foods except wheat and has an export surplus of sugar and beef cattle. To encourage farming, the Government a number of years ago instituted controls on the import of certain agricultural products. At present, imports of rice, coffee, beef and cattle for beef, leather, poultry, eggs, condensed milk, tallow and a number of other items are prohibited and whole milk powder, evaporated milk, tomato sauce, tomato paste and canned tomatoes, potatoes and a few other articles are strictly controlled.

The Government has also directly encouraged technical and financial assistance and, most important, has been carrying out an active program of road construction with the aid of U.S. Government loans and grants and a World Bank loan of US\$5.9 million. Most of Panama's agriculture is carried on in the western part of the country and the difficulty of moving perishable food products to the Panama City market has always been the most serious block in progress towards self-sufficiency.

In manufacturing, little has yet been done because of the smallness of the market and lack of natural advantages. Panamanian industry is still largely restricted to food and beverage processing and the manufacture of cement, some building materials, and a number of consumer products such as cigarettes and clothing.

The Government has granted a number of very favourable tax and other concessions, including more or less complete protection against foreign competition, in an effort to stimulate production of specific products such as evaporated and powdered milk, beer and leather. This policy will undoubtedly be continued. Preparation of a new Customs Tariff has been under way for the past two years. Publication is expected shortly and will probably reveal increased rates on many basic items. Canadian products receive in Panama tariff

treatment equal to that accorded imports from the U.S. and all other countries under the present general tariff.

Two Oil Refineries Scheduled

Undoubtedly the biggest industrial event of the year was the news that two separate American and international groups had undertaken to build major oil refineries and satellite petrochemical works in the Colon area at the Caribbean end of the Canal.

Each of the two plants involves a minimum investment of US\$33 million and, when completed, will consume 55,000 barrels of crude oil a day to produce a variety of petroleum products and petrochemicals, mostly for export. Each company already has put up US\$700 thousand in cash with the Panamanian Government as evidence of good faith and, according to its contract with the Government, is to begin construction within 18 months.

Construction and later operation of industrial enterprises on this scale will obviously have a heavy impact on Panama's economy and on its future ability to buy Canadian goods. In particular, the projects should pump new vitality—and purchasing power—into Colon, where prosperity has been steadily declining for many years. It is interesting to note that either one of the refineries involves an expenditure larger than the current investment in manufacturing. At the end of 1954, 893 manufacturing establishments, mostly small shops, were credited with a total invested capital of only US\$26.6 million.

Colon Free Zone Helps Traders

Meanwhile, Panama's traditional entrepôt trade resulting from its position as a world crossroads has been fostered by establishment of a duty-free port, the Colon Free Zone, (*Foreign Trade*, March 5, 1955) where goods may be processed, assembled, re-packed and distributed to neighbouring countries. In 1954, the last full year for which figures are available, the Zone received for re-export merchandise valued at US\$26 million, including pharmaceuticals, textiles, razor blades, liquor, cigarettes, automobile tires, chemicals and various high-value items for which there are only limited markets in individual countries in the area. United States and Japanese firms particularly have made use of the facilities, often importing in bulk and breaking shipments down into small lots for delivery to individual customers by air.

In view of the difficult shipping situation between Eastern Canada and several Central and South American countries, some Canadian exporters of liquor, pharmaceuticals, chemicals and other products might find it profitable to follow the lead of their American and Japanese competitors.

Canada has lost some ground in the Panamanian market during the past year but, considering the severity of competition from other suppliers, the drop in sales has been small. Shipments in 1955 were valued at \$2,524,000 compared with \$2,587,000 in 1954 (after deduction of "Ships Sold", usually just a transfer of registry in each case). During the first six months of 1956, exports slipped further to \$1,204,000 from \$1,235,000 (again after deduction of "Ships Sold") in the same period of 1955.

Canadian Exports Drop Slightly

The performance of individual products in 1956, however, has been spotty. Sales of flour, salt cod, powdered milk, newsprint, rubber tires and copper wire, for example, have dropped; movement of such items as whisky, farm machinery, washing machines, radios, copper tubing and automobiles has improved. In the case of washing machines, radios and notably automobiles (37 shipped to the end of June), the increase appears to stem from the decision of United States firms to place at least some orders with their Canadian subsidiaries.

Haiti

Progress in development projects—irrigation and power, roads, bauxite and copper mining, and a flour mill—was a feature of year in Haiti. Good coffee yield at good prices contributed largely to export surplus of \$4.5 million. Imports from and exports to Canada higher; Canadian exporters could improve sales in this market.

E. R. BELLEMARE,
Chargé d'Affaires, a.i., Port-au-Prince.

FROM THE STANDPOINT OF LEDGER-BALANCING, the last fiscal year in Haiti (ended September 30, 1956) was neither too good nor too bad. National revenue was estimated at \$30.5 million, compared with \$28.2 million in 1954-55, and the Government will probably end the fiscal year with a surplus of \$4 million because of improved agricultural earnings. Expenditures for the first six months of the 1955-56 fiscal year totalled \$17.8 million against receipts of \$19.2 million, leaving a surplus of \$1.4 million.

Panama, despite its smallness and the stiff competition from other countries, can be an attractive market for Canadian exporters. There are no exchange problems; English on labels or in correspondence and trade literature finds readier acceptance than in most Latin American countries; Panama is easy to reach from Canadian ports on both coasts; perhaps because of American influence, Panamanians are quicker to accept new products than the other Central American countries. The manufacturer of a new product will often find it advantageous to restrict his initial efforts to Panama. If his product will not sell there, it probably will not sell elsewhere in Central America or in many South American states.

Basic products such as flour, salt cod, newsprint, and various industrial goods continue to offer the best openings and fertilizers, appearing in 1956 as an export to Panama for the first time, offer new scope. Branded merchandise such as canned goods, liquor and consumer durables find heavy going against well-known American and European articles. For the introduction of such lines, an advertising program is probably necessary. ●

There are no official statistics yet available on exports and imports for the fiscal year 1955-56. Haiti's chief exports were, as usual, coffee, sisal, sugar, cotton, cocoa and essential oils. The coffee yield of 480 thousand bags of 80 kilos for 1955-56, at good prices, was the main reason for the surplus at the close of the last fiscal year. For the period October 1, 1955, to June 30, 1956, Haiti has shown an export surplus of \$4.5 million, compared with a surplus of only \$245 thousand for the same period last year. Coffee production for the 1956-57 fiscal year is estimated at 320 thousand bags.

Development Plans Mature

The real story in Haiti, however, is the progress in economic development. The Peligre Dam project, under construction for five years, was finally completed and the last stage of the irrigation canal network in the Artibonite Valley is under way. The next step will be the building of a hydro-electric power plant at the dam site. This dam and irrigation project will transform the large Artibonite area from a semi-desolate and dangerous valley into the main food production center of the Republic.

The city of Port-au-Prince, Haiti, as seen by the traveller coming in by ship. Haiti is becoming more and more popular with tourists; they increased in number by 21 per cent in 1955 over 1954. This and other developments are reflected in the buoyant business conditions, in the planned highways development, the setting-up of new industries, and the building going forward, particularly in Port-au-Prince.



A World Bank loan was obtained to repair roads and establish a road-maintenance program now under way. The prospect is for a larger loan from the same source to be applied to the building of a much-needed trunk highway to the south, once the maintenance system is functioning properly. The building of a new flour mill, the first in Haiti, also has begun and operation is scheduled for next year. Estimated capacity is set at 1,500 barrels a day. Concurrently, plans are being made to establish a cattle-breeding industry both to use the mill waste and to fill a gap in the national economy.

Bauxite and Copper Exploration

In the field of mineral development, the Reynolds Mining Co. has just about completed final preparations for exploiting its bauxite deposits at Mirogoane (road, dock, and other installations) and is supposed to begin moving ore early next year. A Canadian company, Consolidated Halliwell, is actively pursuing its copper mining operations at Terre Neuve, begun last year. Other exploration permits for copper have been obtained as well as for other minerals and oil, and there is definite improvement in that field.

United Nations and especially United States technical assistance is being continued at the same helpful rate, centering mainly in agriculture (improvement of cacao and bananas as well as other products), fisheries, irrigation, forestry, public health and education. Moreover, a mixed (U.S.-Haiti) Committee for Economic Aid actively promotes necessary projects in agriculture and public works, such as irrigation systems (including dams) and connecting roads.

In business, earnings from agricultural products were greater than last year. Already established industries such as textiles, cement, soap, handicrafts and drugs mostly gained or at least held their own. Building increased noticeably, at least in Port-au-Prince. Also, the flow of tourist visitors increased by 21 per cent over the previous year.

Trade with Canada Increases

Canadian exports to Haiti for the period October 1955 to August 1956 totalled \$2,918,397 compared with \$2,293,667 for the same period of 1954-55. Haitian exports to Canada rose also; for the period October 1955 to June 1956, they totalled \$1,500,620 compared with \$1,245,356 from October 1954 to September 1955. Canadian exporters might well pay more attention to the Haitian market; for a number of Canadian manufacturers, personal contact, advertising and competitive pricing could mean successful selling here.

A regular northbound shipping service from Haiti to Canada has been established by Saguenay Terminals Ltd. of Montreal, which is expected to improve trading conditions between the two countries.

Early this year, a Haitian Trade Mission visited Canada and was warmly welcomed in both official and business circles. This was the first such trade mission from Haiti to visit any country and it proved successful from the standpoint of publicity and business. The hope is that greater two-way trade will result from this and other steps designed to promote more friendly relations between Haiti and Canada. ●

Mexico

Signs of Mexican progress evident on every side, with agriculture and industry increasing output, foreign investment up, and exports rising. Trade with Canada coming into better balance, with our sales in the Mexican market covering wider range.

C. O. R. ROUSSEAU, Assistant Commercial Secretary, and C. B. SMITH, Office of the Commercial Counsellor, Mexico, D.F.

IN 1955, Mexico attained one of the most favourable trading positions in its history. The dollar value of exports rose by \$144 million over 1954 to a total of \$760 million; imports reached \$889 million, but the \$129 million deficit on commodity trade was handsomely compensated for by a record volume of tourist business. For the first seven months of this year the value of merchandise exports increased to \$490 million, compared with only \$404 million for the same period of last year. The fact that, during the same seven months, imports exceeded exports by \$123 million did not affect the steady economic progress which the country is making.

Milestones of Progress

Among the statistics bearing out this progress are the following:

- The gross national product, which reached \$6,720 million in 1955 and increased 10 per cent in real terms over 1954, will exceed \$7,800 million this year.
- The labour force grew from 9.6 million in 1954 to 10.2 million last year. Employment is increasing faster than the rate of growth of population.
- Investment currently amounts to 14 per cent of the national product.
- Industrial production is running 50 per cent above 1945-46 averages.
- The nation's gold reserves, which advanced \$200 million in 12 months to \$430 million on April 30 this year, stood at \$410 million on September 1. Mexico this year has accelerated the amortization of foreign debts. Payment of \$43 million in January-

June, compared with \$28 million in the first half of 1955, depleted reserves by \$22 million.

Trade with Canada Increases

Chiefly because Mexican cotton again has been competitive, Canadian purchases of cotton have amounted to over \$40 million since August 1955 and have resulted in total Mexican exports reaching \$32.4 million in the first six months of this year, compared with \$10.2 million in the same period of last year. Canadian exports have increased only slightly—from \$16.3 to \$18.0 million in the respective half-year periods.

Mexico is finding in Canada steady markets for cotton, green coffee, vegetable fibres, fluorspar, peanuts, canned pineapple, baler and binder twine, and some citrus fruits. Canadian sales to Mexico, although they are growing steadily in value, have become widely diversified. Mexico bought Canadian malt, whisky, rubber products, newsprint, felts for papermaking, ferro-alloys, farm machinery, aluminum, asbestos, fertilizers, cellulose products, sodium and other chemical compounds, to a total value in 1955 of \$37 million.

What Mexico Buys

More and more, the Mexican market demands machinery, tools and raw or semi-finished materials for rapidly expanding industry. Finished consumer goods now represent scarcely 10 per cent of total purchases from abroad. Among leading Mexican imports in 1955 (totalling 11,045.7 million pesos)*, were machinery installations (1,111.7 million), trucks (471.3), machine parts (393.6), tractors (241.7), crude natural or artificial rubber (180.5), rolling stock (99.0), wool (148.5), and iron or steel tubing (132).

During the first half of this year, imports of wheat, automobiles, mechanical installations, crude rubber, rolling stock and cellulose were above 1955 figures. Exports of raw cotton rose from 88,380 metric tons in January-June 1955, to 173,322 tons this year. Sales by volume of lead, fuel oil, forage, crude oil, green coffee and peanuts declined, but export values of copper, zinc, shrimp, refined sugar and fresh tomatoes improved.

Industry and Agriculture Advance

The value of industrial production last year was 50 per cent above that of 1945, and the value of farm production soared to 15,500 million pesos. Imports of beans dropped from 18,310 tons in 1954 to 9,272 tons; of wheat, from 68,515 to 16,577 tons; and of corn, from 146,515 to 1,215 tons. This year's wheat crop of 37 million bushels (or 1.2 million tons) is

* One Mexican peso=approximately 7.8 cents Canadian.

18 per cent higher than the previous record and more than double the average crop in 1945-49. The crop of beans will reach 500 thousand tons—50,000 tons more than in 1955 and 100 thousand tons over average domestic requirements. The corn crop, which reached 4.5 million tons last year, is estimated this year at 5 million. The 1955-56 harvest of sugar cane yielded 901,335 tons of sugar and exports, which in 1955 totalled 76,924 tons, will improve this year under the U.S. quota. Mexico's position as a net exporter of farm products is being strengthened.

Production of iron advanced last year 27.1 per cent over the 1954 level; steel ingots, 13.6 per cent; farm production, 12.2; fertilizers, 14.1; rubber, 15.5; sugar, 8.8; cement, 14.7; electrical power, 11.5; petroleum and refinery products, 15.3; mine production, 8.2; motor vehicle assembly, 3.7; brewery production, 4.2. The overall index of the manufacturing industries rose 10.8 per cent and of business by 10.3 per cent.

Foreign Investment Rises

Industrial progress is encouraging foreign investment. Total direct foreign investments in Mexico at the end of last year reached \$564 million. Between 1950 and 1954, U.S. direct investments alone grew by 25 per cent to \$523 million and were up by 63 per cent in industry, 50 per cent in business, and 17 per cent in mining. In industrial undertakings, the U.S. investment rose from \$22.3 million in 1943 to \$133 million in 1950 and \$217 million in 1954.

Of current investments from abroad, 2,233 million pesos are in processing or manufacturing industries, 1,500 million in public utilities, 1,423 million in mining, 1,012 in business, 344 in transportation and communications, 119 in petroleum, 95 in the construction industry, and 56 million in agriculture and stock-raising.

The National Chamber of Manufacturing Industries attributed investments of 4,990 million pesos to the U.S., 1,022 million to Canada, 357 to Sweden, 283 to the U.K., 43 to France, and a combined total of 154 million pesos to Germany, Argentina, Italy, Cuba, Denmark, the Netherlands, Brazil and Belgium.

Private investment in industry also is increasing notably. Nacional Financiera, an official agency, found that last year the private domestic contribution to the nation's production capacity, at 7,600 million pesos, was 40 per cent greater than in 1954. Official estimates indicated that private investment in industry this year might reach 8,500 million pesos.

Nacional Financiera also reported advances of 11 per cent in investments in private construction; of 28 per cent in the production of investment goods, and of 71 per cent in the private import of investment goods.

Mining Industry More Active

After two comparatively inactive years, Mexico's leading industry, mining, increased the overall index of production by 8.2 per cent last year and the improvement is being maintained in 1956.



The jars on the right contain samples of various types of peanuts which Mexico ships abroad; it was taken in the laboratory of one of the big producers. Peanuts figure largely among Canada's imports from Mexico; in 1955 we bought \$2.6 million worth, or a total of nearly 23 million pounds.

The following production figures were published by the Bank of Mexico:

	<i>(in metric tons)</i>	
	1955	1954
Gold (kilograms)	11,907	12,034
Silver	1,492	1,241
Copper	54,676	54,806
Lead	210,815	216,624
Zinc	269,399	223,749
Antimony	3,818	4,154
Graphite	29,341	21,784
Mercury	1,030	509
Arsenic	2,954	2,427

Silver sales by the Bank of Mexico last year included 17.2 million ounces to Saudi Arabia, 9.2 million to the New York market and 13.9 million to West Germany. Some 3 million ounces were exported as regular commercial shipments. Lead, copper and zinc ranked respectively third, fourth and sixth in importance among Mexico's foreign sales in 1955. Production of the nationalized oil industry continued its steady rise—from 83.6 million barrels in 1954 to 89.4 million barrels last year.

Sulphur is emerging as a leading export. Output rose from 74,000 tons in 1954 to 600 thousand last year. The first two mines to go into operation in the Isthmus of Tehuantepec have a combined daily production capacity of between 1,300 and 1,500 metric tons, and from a third deposit some 300 thousand tons a year are being extracted. As of mid-1956, national production is running at the annual rate of 900 thousand tons, over 90 per cent of it for export.

Trading Developments

After the U.S. Government announced that surplus stocks of cotton were available for export, Mexico replied to what was freely described here as U.S. "dumping" by making the import of automobile parts for assembly conditional upon purchases of equal values of raw cotton. The automobile industry undertook to export cotton to the value of \$60 million during the period November 1, 1956-October 30, 1957, and radio and TV assembly plants—whose production is estimated at \$16 million a year—have since volunteered to accept the same conditions.

Deals of this nature are being handled through a government agency, the National Bank of Foreign Trade. Cotton brokers need only show that they have sold cotton abroad on behalf of a domestic manufacturer or importer in order for the latter to obtain import permits for goods of an equal value. For several years past it has been possible to obtain import licences for such products as chemical fibres, steel sheet and tubing, furs, machinery, and alcoholic beverages in exchange for contracts to export henequen, coffee, canned pineapple, cotton textiles or any one of a dozen other commodities for which foreign markets are small or uncertain.

Stocks of cotton on hand on July 1 last meanwhile totalled only 48,531 bales. Estimating the new crop at 1.8 million bales, the Association of Cotton Growers anticipated that domestic mills will buy 450 thousand bales. Whether or not the Mexican authorities will continue to insist upon, rather than merely offer, cotton in exchange for restricted imports presumably will depend upon the trend of the cotton market in 1956-57.

The Outlook

Economic expansion and the growth of industry are making Mexico a better market for foreign products. The purchasing power of the masses is increasing and the development of the demand for goods of all kinds is enabling industry to import materials, tools and equipment in ever-growing quantities. Restrictions on imports designed to protect the local industries in many cases have severely affected foreign manufacturers, but trade in general has increased and diversified. ●

Peru

Canadian sales to Peru may nearly double in 1956, with demand brisk in many lines. Market continues good, with mineral exports up, industry expanding, and foreign investment and other invisible earnings offsetting '55 trade deficit.

HARRY J. HORNE,
Commercial Secretary, Lima.

PERU continues to be one of the most stable of the South American republics, with a flourishing economy. The new Government elected in June is carrying on the system of free exchange and free enterprise which has contributed largely to this stability.

Domestic business which, in general, has been slow since early June when the election campaign got under way, continues in a seasonal slump with heavy installment buying. Local collections have been sluggish, with some small firms in difficulties; however, foreign

collections for the most part are being well met. Bank credits continued to increase and on August 15th they were up 709 million soles over August 1955. The bulk of the advances were divided between the wholesale and retail trade (35 per cent), industry (25 per cent) and agriculture (15 per cent). The exchange rate of the sol has remained almost exactly at the previous year's figure of 19·15 soles to the dollar.

Cotton and Sugar Situation

Agricultural crops have flourished although in both cotton and sugar—which supply almost 40 per cent of Peru's foreign exchange—United States Government policy has caused uncertainty. In cotton, United States dumping of surplus stocks could disrupt traditional markets, with unfavourable consequences in Peru and in other countries which depend to a large extent on cotton exports. The new United States sugar import quota, which reduces Peru's participation in the important United States market, could mean an export surplus; the 1956 production is estimated at 700 thousand metric tons, which is 50,000 tons over the 1955 record. So far, however, sales of both these products have been developing satisfactorily. A severe drought in southern Peru has cut into domestic food supplies in the affected area but imports and gifts of foodstuffs from the United States are expected to alleviate any acute shortage.

Mining and Other Industries

Despite the drought-caused water and power shortage which reduced production slightly, overall mining activity has been increased with the commencement of a \$200 million development program of a copper property in southern Peru. The program is expected to take four or five years, after which 400 million tons of copper ore will be ready for exploitation. Sales of Peruvian minerals abroad are continuing to rise, with the exception of iron ore, as the following table shows:

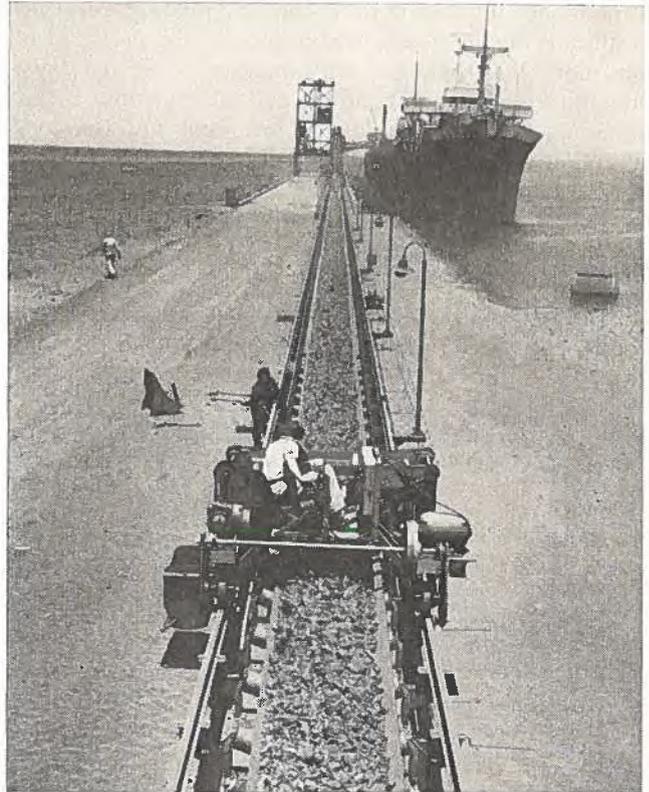
PERUVIAN EXPORTS OF MINERALS

(in millions of soles)

	1955	1954
Copper	557	387
Lead	497	458
Silver	307	278
Zinc	262	175
Iron Ore	152	250
Gold	50	48

Peruvian exports of iron ore have now been increased and 1956 exports are expected to reach 2·7 million tons.

Peru is self-sufficient in petroleum production but new oil exploration in the promising Sechura desert area has been most disappointing, with some companies withdrawing completely. Others have transferred their activities to the "Oriente" or jungle side of Peru where,



Iron ore from the Marcona mines in Peru moves on a conveyor belt towards a ship waiting to load it. Production at this mine is expected to reach 2·7 million tons in 1956.

if oil is struck, the problem will be transporting it to market.

In the first nine months of 1956, 194 new factories were opened in Peru, of which 160 were in the Lima-Callao area. The largest factory, which is to produce chemicals, has a capital of about \$1·5 million; the others are smaller and many are probably of minor importance.

Foreign Trade in Deficit

Imports into Peru for the first eight months of 1956 totalled US\$227 million, \$28 million over export income of US\$199 million. However, other sources, principally foreign investment funds, contributed over \$60 million of foreign exchange. For the past ten years (with the exception of 1950) Peru has had an excess of imports over exports averaging \$25 million. The United States supplies 50 per cent by value of Peru's imports, Germany and Great Britain 9 per cent each, and Argentina 5 per cent. Canada was the eighth supplying country, with 2·2 per cent.

In 1955, the United States bought 36 per cent by value of the goods Peru exports, Chile 13, the United Kingdom 10, Germany 7 and Belgium 6 per cent.

Canada bought less than 1 per cent. Sixty per cent of all imports are goods for productive purposes and of this more than half are fully manufactured materials, one third semi-manufactured, and the remainder raw materials. The remaining 40 per cent are for consumption or consumer goods and of these 98 per cent are manufactured goods. On the other hand, 94 per cent of Peruvian exports consist of raw materials.

Trade with Canada

In 1955, Canada sold to Peru \$6 million worth of goods, compared with some \$5 million in the previous year. The leading exports were:

Commodity	Value (thousands of dollars)
Machinery and parts	1,423
Malt	639
Wood pulp	561
Mining machinery	439
Newsprint	392
Wheat	337
Purebred cattle	228
Asbestos	214
Rolled oats	175
Flour	171
Washing machines	58
Milk products	47

In the first six months of the current year, exports to Peru reached \$4.5 million, up \$2 million from 1955; at this rate figures for the year should total \$10 million. Principal increases have been in wheat (where availability, price and shipping from Canada are the governing factors), \$964 thousand; Douglas fir lumber, \$68,000; washing machines, \$75,000; fish nets, \$73,000; calcium and sodium compounds, \$133 thousand, and evaporated milk, \$52,000. One used ship (\$400 thousand) also went to Peru.

In 1955 Canada's principal imports from Peru, in thousands of dollars, were:

Commodity	Value (thousands of dollars)
Canned fish	209
Raw cotton	168
Green coffee	162
Wool	80
Brazil nuts	63

Total imports for the year reached \$869 thousand. In the first six months of 1956 \$1,067,141 worth of goods were imported. Ores of metals, which usually is the largest Peruvian export to Canada, totalled \$637 thousand, raw cotton \$176 thousand, canned fish \$152 thousand, bismuth \$32,000, wool \$25,000, and coffee \$16,000.

Canadian sales of chemicals are expected to pick up as local industry expands. Some Canadian firms might justifiably contemplate setting up small branch plants or licensing local firms to produce their products. The Government has granted protective tariffs for local

industry in nearly any field and this naturally will restrict the import of finished goods from Canada and other countries.

Peru is a price market and competition is keen from foreign exporters offering their lowest prices and often extending credit terms to responsible buyers. No import permits or exchange licences are required (except for automobiles) and offers should be made in U.S. or Canadian dollars, c.i.f. Callao, if possible. For most goods the chief market is around Lima and an agent in this area is indispensable. For some products a separate agent is required for the jungle or Amazon side of the country. Always check with the Trade Commissioner before you ship to an unknown firm and include a visit to Peru when you come to South America. ●

Bolivia

Chronic trade deficit and serious inflation make Bolivia difficult market for present, with Canadian exports confined to fairly narrow range.

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

THE CHRONIC PROBLEMS of Bolivia's "tin economy" are apparently persisting. Nationalization of the largest tin mines in 1952 has not proved as successful as it was expected to be. Labour has become more inefficient and despite mining practices designed to exploit the deposits, tin production is reported only as remaining constant. Export figures, however, indicate a 20-25 per cent drop. It is estimated that not more than 5 per cent of the mines' net earnings are being re-invested in machinery and new installations. As time passes, mechanical efficiency and capacity will undoubtedly be affected.

Inflation within the country is serious. Although the official exchange rate has remained fixed, the free market rate has skyrocketed to over 5,000 bolivianos to the dollar. The cost-of-living index has increased over 200 per cent in the last 18 months. Stocks of essential foodstuffs, which are usually in short supply, have been further cut by a severe drought in the highlands. Recently there have been riots in La Paz protesting against high prices and the shortage of basic foods.

United States Government aid, both direct and through development assistance funds, has helped to keep Bolivia solvent. The 1955-56 U.S. program calls for expenditure of \$20 million, part of which will be used for agricultural development and the construction of roads and bridges.

Petroleum production provides the one bright spot in an otherwise gloomy picture. Output in 1955 reached 2.7 million barrels, an increase of 60 per cent over 1954, and a similar rise is expected for 1956. A new petroleum code with guarantees for foreign investment has already attracted outside capital.

Trade Deficit Continues

For 1955, exports totalled \$74 million, compared with \$77.5 million in 1954. In addition to the drop in tin exports, sales abroad of zinc, wolfram and fluorite were substantially lower. However, exports of anti-mony, copper, silver, gold, sulphur, asbestos and nickel increased. Imports totalled \$89 million, thus bringing the trade deficit for the year to \$11.5 million. Most of Bolivia's purchases abroad consist of bulk buying either by the Corporacion Minera for the nationalized mines, by the Banco Minero for the small mines, or by the Ministry of National Economy for basic food-stuffs for the people. Some supplies are bought on long-term credits.

Canadian Exports Small

Canadian exports to Bolivia in 1955 totalled \$1 million, half of which was accounted for by mining, agricultural and other machinery; canned fish, electrical equipment, calcium carbide, tallow and medical preparations made up the remainder. This compares with sales to Bolivia worth \$1.2 million in 1954 and \$5.5 million in 1953. In the first six months of 1956, in addition to the above products, Canada has shipped powdered and tinned milk, tires, and electrical transformers and generators. In 1955, Canadian imports from Bolivia totalled only \$18,000, all Brazil nuts.

All imports into Bolivia require licences, and exporters should make certain that a valid import licence and foreign exchange permit has been granted before they ship any goods. Moreover, it is practically impossible to submit bids or obtain bulk orders without a reliable and active agent on the spot. Exporters should also bear in mind that the Export Credits Insurance Corporation is prepared to cover shipments made to Bolivia.

Despite anti-inflation measures, including exchange reform, and development programs currently being worked out by foreign advisers, it is difficult to foresee when Bolivia's economic situation will improve. Until that time, Canadian exports will probably continue at about the present level and will be confined to essential machinery, supplies and foodstuffs. ●

NOVEMBER 24, 1956

Uruguay

Persistent deficit has compelled action to balance trade account; peso has since strengthened. Good sale of wool at good prices has brightened outlook, but meat industry needs rebuilding. Canadian sales are currently confined to a few lines.

C. BLAIR BIRKETT,
Commercial Counsellor, Montevideo.

THE DEPRESSED STATE of Uruguay's economy became apparent during the early months of 1955 and showed no improvement up to December. This year it reached a point where remedies designed to correct the trade deficit and bolster the internal finances were adopted. The one bright spot in the picture is the distinct improvement in the wool trade, which culminated late in August in the complete disposal of last year's clip and of the previous season's carryover at good prices. It was this that saved the economy from drifting into the serious crisis which was expected at the beginning of the year. Budget proposals still under consideration call for higher indirect taxation and other measures that are expected to cover the accumulated deficits from 1953. Unfortunately, meat exports continued small, denying the country of much-needed foreign exchange. The rehabilitation of this industry would cure Uruguay's economic ills.

Remedial Measures Taken

The needed remedies came at long last in August and took the form of a new scale of exchange rates for imports and exports designed to correct the unfavourable trade balance of the past two years. The basic principle to be followed is the fostering of exports by means of special treatment in rates of exchange. In imports, 1st category goods are divided into three groups: first, merchandise considered essential, such as raw materials, fuel, certain building materials and certain essential foodstuffs, to be imported freely at the rate of 2.10 pesos to the dollar; second, agricultural machinery, antibiotics, cortisone, insulin and fertilizers, at the rate of 3.00 pesos to the dollar; third, the other items in 1st category, to be imported at the free commercial rate without restriction. Import of goods in the 2nd and 3rd categories is still governed by the allocation of quotas (none granted since December 1954), with payment to be made at the free commercial rate.

The free commercial exchange market that has been established under the new system is for trading in "exchange certificates"—the proceeds of export sales. These certificates are to provide the only funds available for the payment of imports at the rates prescribed. In other words, imports are to be limited to the value of the foreign exchange earned by exports. There is guarded optimism among the trading community that this scheme to balance the foreign trade account is going to work. More time must elapse, however, before any definite opinion can be given.

The commercial exchange market was closed from August 3rd to 20th. For some time after, some export operations were effected but no trend was apparent, mainly because exporters of greasy wool were dissatisfied with their rates and declined to sell. The free rate during August fluctuated from 4.37 pesos to the U.S. dollar to 4.08, and closed on September 6th at 4.14. Since then export operations have improved slightly as the result of the more favourable classification of wool and the ironing out of some of the kinks in the scheme. The peso has strengthened to around 4.08 to 4.10 to the dollar, and with the new wool clip coming on the market at good prices, will probably remain steady. The general outlook for the exchange market is brighter than for some time past.

Trade Deficit Increases

During the past twelve months the volume of Uruguay's overseas trade has steadily diminished with the result that less and less foreign exchange has been available for imports. Import licences to industry and commerce have been confined to essential items—in other words, to 1st category goods. The year 1955 ended with an adverse balance of US\$41,371,186, with imports totalling US\$225,044,933 and exports US\$183,673,747. (On December 31, 1954, the deficit was US\$25,493,000.) The values in millions of U.S. dollars of the chief exports during 1955 (1954 in brackets) were: wool 74.2 (92.6), meat 7.2 (45.5), processed agricultural products 22.5 (38.6), spinning and weaving products 34.8 (34.7), skins and hides 15.0 (18.5), unprocessed agricultural products 26.3 (13.8). The principal import groups were valued as follows: raw materials 72.8 (77.7), machinery 37.0 (45.1), fuels and lubricants 26.5 (37.0), building materials 21.1 (28.1), motor vehicles 17.9 (26.04), foodstuffs 14.0 (13.7), electrical appliances 7.6 (11.0), chemicals and pharmaceuticals 4.7 (6.3), dry goods 6.5 (5.9).

Principal Suppliers

Uruguay's chief suppliers were the traditional ones, including the United States, United Kingdom, Brazil, Germany, Venezuela, France, the Netherlands, Bel-

gium, Italy and Sweden. With the exception of Venezuela, these also bought the bulk of the country's exports. Canada's participation continued to be small: we supplied about 1.3 per cent of Uruguay's imports and bought a negligible proportion of its exports. Commodities we sold in this market included aluminum ingot, newsprint, asbestos, seed potatoes, farm machinery and implements; value of total exports to Uruguay in 1955 was \$2.4 million. Our interest in Uruguayan produce is confined to wool, sheepskins, rice, canned beef, and on occasion, worsteds and serges.

Wool and Meat

Shipments of wool from October 1, 1955, to July 31, 1956, amounted to 209,865 bales, compared with 104,377 bales during the previous season. Sales were made mainly to the Netherlands (65,500 bales), the United States (38,846 bales), and the United Kingdom (22,126 bales). The 1955-56 clip, plus the carryover from 1954-55, has been disposed of at prices ranging from Ur.20 to 25 pesos per bale, a distinct improvement over the expectation at this time last year and a saving grace in the overall trade balance. Operations in the 1956-57 wool clip are just beginning and since the Government has raised from 10 to 15 the percentage of export proceeds that may be negotiated in the free market by exporters of greasy wool, the current season is fully expected to be a good one, with prices well above last season's.

The meat packers are not yet exporting to any appreciable extent and their contribution to the exchange market is of little importance. The return of the country to its basic industry of cattle-raising as against the policy of subsidized agriculture in one form or another is a long-term problem. In fact, years must go by before there will again be a substantial surplus of meat for export. Meanwhile it has been found necessary to borrow 60,000 head of cattle from the Argentine and a substantial number are still being driven across the border for sale in Brazil at prices much higher than the local frigorificos can pay.

Wheat Sales Satisfactory

Exports of wheat have been satisfactory and have been providing foreign currency. But because most exports of this cereal go to Brazil, proceeds are governed by the bilateral trade agreement between the two countries. The fixed price for wheat has been reduced from 14 to 12 pesos per 100 kilos to encourage smaller acreage. Other exportable produce is moving normally but is of secondary importance. Because the two mainstays of the country's economy, wool and meat, are in short supply—the one still on the sheep's back and the other practically non-existent as far as the export trade is concerned—there is little possi-

bility of building up reserves until the new wool clip has been on the market for some months.

Policy on Trade Agreements

Uruguay's attachment to the policy of bilateral trade agreements continues, but there are signs that many realize that these agreements are not solving the country's difficulties. The new exchange regulations represent a positive move towards freeing foreign trade from discriminatory exchange restrictions. On the other hand, a Trade, Navigation and Payments Agreement with the U.S.S.R. was signed in August 1956 covering an exchange of goods on a bilateral basis.

Budget and Other Problems

The annual budget is still under discussion (it was to be passed February 28th last). It has been approved by the Chamber of Deputies but has still to be passed by the Senate. It provides for increased taxation and the issue of internal bonds up to 250 million pesos, to cover accumulated budgetary deficits for 1953, 1954 and 1955. Revenue is estimated at 546 million pesos and expenditure at 541 million pesos. ●

Parcel Post for Paraguay

Import into Paraguay of parcel post packages without use of official exchange is under new government regulations.

Imports from the dollar countries are limited to packages with an individual value not exceeding \$25 f.o.b. point of shipment and to one package a person per month.

Only the following kinds of goods may be imported: medicines, including veterinary and optical products; teaching materials and equipment; office machinery and utensils and other materials, with their accessories and spare parts; articles for radiography and photography, including apparatus, with their accessories, spare parts, films, plates, and special chemical substances. Apparatus for scientific, medical, or technical use with spare parts and accessories; accessories and spare parts in general for machinery and automotive vehicles; tools, articles for the home and hygiene, not including toiletries or perfumery; raw material for industry.

Goods included in the first group may be imported for commercial purposes. Other goods listed may be imported only for use of the importer and his family. Imports will be subject to a special surcharge of 20 per cent over and above present duties.

NOVEMBER 24, 1956

Venezuela

New oil concessions set off new boom; business prospects were never better. Canadian exporters are urged to visit the country and select sales representatives. There are many opportunities to introduce new products in this competitive market.

R. E. GRAVEL, *Commercial Secretary, Caracas.*

PETROLEUM IS THE KEY to the booming Venezuelan economy. The Government has granted new oil concessions which totalled 252,891 hectares* up to October; this is by far the most outstanding business development in the past year. The Government will receive some \$350 million for exploitation rights on these new concessions and about half of the profits from oil they produce. The oil companies plan to spend hundreds of millions of dollars on exploration and development, and on new communication and administrative facilities to bring in these new fields. The economic impact of these expenditures will be strong.

Crude petroleum production in September reached a record 2.5 million barrels a day and petroleum economists believe that output could reach five million barrels a day within the next ten years if conditions demand it. The new oil concessions are the first to be granted in eleven years; Venezuela now begins a second boom.

New Concessions Granted

At the present time, about 70 per cent of Venezuela's crude petroleum originates in the western state of Zulia. Much of this production comes from wells in Lake Maracaibo which most oil men here believe is the richest field in Venezuela. Competition for new concessions was naturally keenest in this area; rights for choice sites sold for a record price of Bs.21,621† a hectare.* So far, most of the new concessions granted are in Western Venezuela.

The following table outlines concessions granted by the Government up until October 2. Further concessions will have been allocated by the time this article is in print.

* One hectare=2.471 acres.

† \$1.00 Canadian=3.44 Bolivars.

Oil Concessions Granted

Company	Area (hectares)	Location	Price (per hectare)
Superior Oil	3,146	Lake Maracaibo	Bs.21,621
Superior Oil of Venezuela	10,000	Apure	250
Shell	4,122	Lake Maracaibo	21,000
Shell	10,000	Lake Maracaibo	6,030
Shell	10,000	Lake Maracaibo	6,000
Shell	20,000	Táchira (Colombian border)	250
Shell	20,000	Distrito Páez, Zulia	250
Venezuelan Leaseholds	670	Lake Maracaibo	15,000
Venezuelan Leaseholds	126	Lake Maracaibo	15,000
Venezuelan Leaseholds, C.A.	10,000	Apure	250
Mene Grande	4,329	Lake Maracaibo	14,000
Mene Grande	4,041	Lake Maracaibo	7,100
Mene Grande	20,000	Lake Maracaibo	8,652
Mene Grande	9,989	Lake Maracaibo	5,316
Mene Grande	12,973	Lake Maracaibo	7,712
Creole	10,296	Lake Maracaibo	7,502
Creole	22,000	Apure, Nr Colombian br.	250
Creole	18,000	Zulia, " " " "	250
Creole	22,000	Apure	250
Sun Oil Company	10,000	Lake Maracaibo	5,600
Sun Oil	10,000	Apure	250
Signal Exploration Co.	11,173	Lake Maracaibo	9,312
Venezuelan American Independent Oil	9,985	Lake Maracaibo	6,000
Producers Association	841	Lake Maracaibo	7,100

Development Program Accelerated

The Government spends a large part of its income from petroleum to develop basic industries, to improve communications, and to subsidize expansion of secondary industry against the day when income from petroleum declines. With revenues running at a peak Bs.2.8

million for the fiscal year ended June 30, it has accelerated this program.

Important among the many current projects are the dredging of the outer section of the Maracaibo Bar, permitting entry into the lake of deep-draught sea-going vessels; construction of a petrochemical plant near Puerto Cabello; building of a steel mill at Puerto Ordaz which will ultimately produce 420 thousand tons a year; electric power development on the Caroni River which will add 200 thousand kws. to the existing electricity supply; and a vast irrigation program on the Guarico River which will bring into cultivation 100 thousand hectares of fertile agricultural land. These spectacular developments are taking place against a background of feverish private and public investment in improved housing, highways, and port modernization. A few Canadian firms are participating in these programs in spite of competing business opportunities in Canada; there is room for more.

Tariffs Used to Aid Industrialization

Heavy government spending and the continued prosperity of the oil industry are generating a brisk demand for consumer and industrial products. Population, now almost six million, is also increasing by almost 3 per cent a year; infant mortality is down considerably and immigrants, principally from Spain, Italy and Portugal, are flowing in.

The Government is pledged to encourage industrial development and offers tariff protection to businessmen establishing new industries. Tax rates are low and



Among the striking new buildings going up in Caracas is this 1,200-bed hospital. It forms part of the Federal University which was recently established in the Venezuelan capital.

Do's and Don'ts for Exporters to Venezuela

DO . . .

- *Select your credit risks carefully. Keep your agent posted on collections—it is his responsibility to help you secure payment in full.*
- *Make sure your agent canvasses the increasingly important Maracaibo market. Sub-agency arrangements are not generally successful.*
- *Visit your agent and customers regularly. Caracas is just overnight by air from New York and Maracaibo is only an hour by air from Caracas.*
- *Investigate the possibility of developing business with oil companies. Sales effort is required in both Venezuela and New York.*

DON'T . . .

- *Sell direct unless you are 100 per cent sure that no payment risk is involved. Remember that d.o.p. terms in Venezuela do not prevent importers from clearing merchandise before remitting to your bank.*
- *Expect businessmen here to correspond with you in English or French. Many can, but those who cannot easily can find foreign companies who are delighted to correspond and even supply advertising material in Spanish.*
- *Feel that your inability to speak Spanish precludes a business trip. It is better, of course, if you "habla castellana" but you should not stay at home if you can't.*
- *Assume that the streets here are paved with gold and that sales are easy. Businessmen from every city in the world are here: you must be competitive.*

new industries are exempt from duties on the machinery and other equipment they import. Technical advice from experts in government ministries and corporations is made available. During the past year, private investors have built over 150 new plants including a new flour mill, three tire plants, a can manufacturing plant, and a number of chemical, pharmaceutical and paint enterprises. The pace of industrialization is speeding up. Expected to begin production soon are two or more flour mills, a paper mill, two glass factories, a new animal feeds plant, a soap and detergent plant, additions to the motor vehicle assembly plants, and many other privately-financed enterprises.

Imports Rise

Despite remarkable increases in domestic production, imports reached an estimated Bs.2,960 million during 1955, some 40 per cent higher than five years ago. Greater foreign purchases of industrial machinery and luxury foodstuffs not yet produced in Venezuela accounted for most of the increased imports. The country is now approaching self-sufficiency in tires and tubes, cigarettes, cement, beer, many types of textiles, refined sugar, cotton, meat, corn, rice and potatoes.

Principal suppliers during 1954 and 1955 were as follows:

	IMPORTS 1954		IMPORTS 1955	
	Bolivars	% of Total	Bolivars	% of Total
United States	1,690,057,341	61.6	1,742,460,011	58.9
West Germany	187,874,434	6.8	265,109,356	9.0
United Kingdom	215,354,719	7.9	231,361,726	7.9
Canada	108,704,731	4.0	117,086,243	4.0
Italy	69,455,769	2.5	81,181,641	2.8
Netherlands	61,459,414	2.2	70,699,732	2.4
Japan	34,300,959	1.2	55,793,012	2.0
Belgium	47,213,701	1.7	54,226,385	1.8
Totals, all countries	2,745,803,659		2,959,632,695	

Despite the continuing boom, Canadian exporters have not improved their position here substantially over the past three years. Our exports have been running at about \$30 million a year, with over 70 per cent consisting of agricultural products such as wheat flour, milk powder, seed and table potatoes, shell eggs, grain, canned goods and purebred cattle. Other important commodities are newsprint and timber, barytes, and a range of industrial chemicals. Canadian businessmen, however, sell a wider range of goods to Venezuela than to any other country in South America. With currency freely convertible, practically no import restrictions, and the region growing rapidly, it pays to investigate market possibilities for new products.

Prospects for Canadian Trade

Business in Venezuela is exceedingly competitive. Credit terms are required for most products and the seller should select representatives cautiously; good agents in both Caracas and Maracaibo are essential. Last year 107 Canadian businessmen visited the office of the Commercial Counsellor and made 40 new agency arrangements; figures for the first nine months of this year are 103 businessmen and 31 new agency agreements. These personal visits and improved selling arrangements are producing good results and the outlook for the rest of 1956 is promising. ●

Exporters' Guide to Venezuela

If you are planning a business trip to Venezuela we suggest you send for a copy of the Department's market information booklet on that country. First in a proposed series covering a number of countries, it will give you the essential facts about this important dollar market . . . and because it is a handy pocket size you can take it along with you for reference. The booklet covers briefly Venezuela's production and trade, what you can sell there, the accepted methods of payment, shipping and shipping documentation, weights and measures, regulations for samples, passports and visas, mail, currency and hours of business. Your comfort is considered too in sections on transportation, hotels, clothing and health.

The information in this booklet was compiled by the Commercial Section of the Canadian Embassy at Caracas and has been commended by the Venezuelan Embassy in Ottawa for its accuracy. If you would like a free copy, write to the Director, Information Branch, Department of Trade and Commerce, Ottawa.

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 Indonesia

W. E. A. CASPERS, Technical Director, and MR. ABUNDJANE, Financial Director, of Messrs. P. T. Fuchs and Rens, Djakarta, expect to be in Canada from December 15 to 20. They plan to visit their principals in Canada and will call on the Canadian Manufacturers Association while in Toronto. Their main interests are farm equipment, wrenches and garage tools, screw machine products, automotive parts, and light marine motors.

► 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 Japan

H. SATO, representing the coal section of G. Itch Co. Ltd. 13, 1-Chome, Horidome-cho, Nihonbashi, Chou-Ku, Tokyo, a major Japanese trading company with world-wide connections, arrived in Toronto in mid-November. Purpose of his visit is to investigate the possibilities of importing from Canada heavy and light coking coals suitable for the steel industry. In Toronto he plans to visit the Canadian offices of his company in the Temple Building, 62 Richmond St. West, and the chairman of the Dominion Coal Board in Ottawa. Later in November, Mr. Sato will visit western collieries and Vancouver where he can be reached through the Consulate of Japan, Hastings St., or P. V. McLane, Western Representative of the Department of Trade and Commerce, 355 Burrard St.

foreign trade service abroad

* No Foreign Trade Officer at this post.

Bentley's Second Phase Code is used by Canadian Commissioners.

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett, Commercial Counsellor	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Argentina Paraguay, Uruguay	W. F. Hillhouse, Agricultural Secretary		
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton, Commercial Counsellor for Canada Commercial Secretary	7th Floor, Berger House, 82 Elizabeth Street, SYDNEY	<i>Mail:</i> <i>P.O.:</i> Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Commercial Secretary for Canada	83 William Street MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE 1.	<i>Mail:</i> <i>Boîte Postale:</i> 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Counsellor K. G. Ramsay, Assistant Commercial Secretary J. R. Roy, Assistant Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil	V. L. Chapin, Commercial Secretary H. M. Maddick, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165 RIO DE JANEIRO	<i>Mail:</i> <i>Caixa Postal:</i> 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
Brazil	C. E. Butterworth, Consul and Trade Commissioner G. F. Osbaldeston, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> <i>Caixa Postal:</i> 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
*Ceylon	Office of the High Commissioner for Canada	6 Gregory's Road Cinnamon Gardens, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> DOMCANADA <i>Tel.:</i> 91341
Chile	L. D. Burke, Acting Commercial Secretary	Canadian Embassy, 6th Floor, Av. General Bulnes, 129, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. B. McCullough, Commercial Counsellor A. P. Savard, Commercial Secretary	Canadian Embassy, Avenida Jimenez No. 7-25 Office 613, BOGOTA	<i>Airmail:</i> <i>Apartado Aereo:</i> 3562 <i>Surface Mail:</i> Apartado 1618 <i>Cable:</i> CANADIAN <i>Tel.:</i> 30-065
Cuba	G. A. Browne, Commercial Secretary	Canadian Embassy, Edificio Ambar Motors, Avenida Menocal 16, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> UO-9457
Denmark Greenland	C. F. Wilson, Commercial Counsellor	Canadian Embassy 4 Trondhjems Plads, COPENHAGEN	<i>Mail:</i> (City address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Tria 1602

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	M. B. Bursley, Commercial Counsellor	Canadian Embassy, Edificio Copello 408, Calle El Conde, CIUDAD TRUJILLO	<i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5318
Egypt Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	M. R. M. Dale, Commercial Secretary	Canadian Embassy, 6 Sharia Rouston Pasha, Garden City, CAIRO	<i>Mail:</i> Kasr el Doubara Post Office <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French West Africa, Tunisia	R. Campbell Smith, Commercial Secretary A. L. Neal, Attaché J. H. Bailey, Assistant Commercial Secretary	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPIEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor S. G. Barkley Commercial Secretary M. B. Blackwood, Assistant Commercial Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 21971
Germany	E. H. Maguire, Consul	Canadian Consulate, 69 Ferdinandstrasse, HAMBURG	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 326140
Greece Israel, Turkey	A. B. Brodie Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson, Canadian Government Trade Commissioner J. R. Midwinter, Assistant Trade Commissioner	5a Avenida Sud, 10-68 GUATEMALA CITY	<i>Airmail:</i> P.O. Box 400 <i>Surface Mail:</i> P.O. Box 444 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
*Haiti	Chargé d'Affaires, a.i. and Consul	Route du Canape Vert, St. Louis de Turgeau, PORT AU PRINCE	<i>Mail:</i> P.O. Box 826
Hong Kong Formosa, Cambodia Laos, Viet Nam, Macao	C. M. Forsyth-Smith, Canadian Government Trade Commissioner Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
India	Wm. Jones, Commercial Secretary	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
India	T. F. Harris, Canadian Government Trade Commissioner G. F. Mintenko, Assistant Trade Commissioner	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 32968
Indonesia	W. D. Wallace, Commercial Secretary	Canadian Embassy, Budi Kemulian No. 6. DJAKARTA	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Gambir 499
Ireland	T. G. Major, Commercial Counsellor for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
Italy Libya, Malta, Yugoslavia	S. G. MacDonald, Commercial Counsellor W. R. Van, Commercial Secretary	Canadian Embassy, Via G. B. De Rossi 27 ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 846-824

Territory	Officer	City Address	Mail and Cables, Office Telephone
Italy	K. F. Osmond, Commercial Secretary (Fisheries)		
Jamaica Bahamas, British Honduras	H. E. Campbell, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2853
Japan Korea	J. L. Mutter, Commercial Counsellor W. G. Pybus, Commercial Secretary	Canadian Embassy, Tokyo	<i>Mail:</i> Canadian Embassy <i>Cable:</i> CANADIAN <i>Tel.:</i> 43-4116
Japan	J. E. Lancaster, Canadian Government Trade Commissioner	7th Floor, Crescent Bldg., 72 Kyomachi, Ikutaku, KOBE	<i>Mail:</i> P.O. Box 513 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-4617
Lebanon Iraq, Jordan, Persian Gulf Area, Syria	G. F. G. Hughes, Commercial Secretary	Canadian Legation, Alpha Building, Rue Clemenceau, BEIRUT	<i>Mail:</i> Boîte Postale 2300 <i>Cable:</i> CANADIAN <i>Tel.:</i> 30794
Mexico	C. J. Van Tighem Commercial Counsellor C. O. R. Rousseau, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
Netherlands	B. C. Butler, Commercial Counsellor W. R. Hickman, Assistant Commercial Secretary	Canadian Embassy, Sophialaan 5-7, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
New Zealand Fiji, Western Samoa	L. S. Glass, Commercial Counsellor J. MacNaught, Assistant Commercial Secretary	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
Norway Iceland	J. C. Depocas, Commercial Counsellor	Canadian Embassy, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> P.O. Box 1379—Vika <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
Pakistan Afghanistan, Iran	R. K. Thomson, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 3703 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826
Peru Bolivia	H. J. Horne, Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>Tel.:</i> 72760
Philippines	H. L. E. Priestman, Consul General and Trade Commissioner W. J. Jenkins, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, Ayala Building Juan Luna Street MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
Portugal Azores, Madeira	Richard Grew, Commercial Counsellor	Canadian Embassy, Rua Marques de Fronteira No. 8—4° D° LISBON	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	W. J. Millyard, Canadian Government Trade Commissioner	Dolphin House, Union and Moffat Sts. SALISBURY	<i>Mail:</i> P.O. Box 2133 <i>Cable:</i> CONTRACOM <i>Tel.:</i> 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson, Canadian Government Trade Commissioner W. G. Huxtable, Assistant Trade Commissioner	Room E-3, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 30631-2

Territory	Officer	City Address	Mail and Cables, Office Telephone
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	K. F. Noble, Canadian Government Trade Commissioner I. V. Macdonald, Assistant Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
South Africa (Cape Province) Southwest Africa	A. W. Evans, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Tangier	M. T. Stewart, Commercial Counsellor	Canadian Embassy, Edificio España, Avenida de Jose Antonio 88, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 47-54-00
Sweden Finland	A. P. Bissonnet, Commercial Secretary	Canadian Embassy, Strandvagen, 7-C, STOCKHOLM	<i>Mail:</i> P.O. Box 14042 <i>Cable:</i> CANADIAN <i>Tel.:</i> 67-92-15
Switzerland Austria Czechoslovakia, Hungary	B. I. Rankin, Commercial Secretary N. W. Boyd, Assistant Commercial Secretary	Canadian Embassy, Kirchenfeldstrasse 88, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-63-81
Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	D. B. Laughton, Canadian Government Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 34787
United Kingdom (South of England, East Anglia, Scotland), British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	H. L. Brown, Commercial Counsellor G. H. Rochester, Commercial Counsellor (Timber) D. A. B. Marshall, Commercial Counsellor (Agricultural) T. M. Burns, Commercial Secretary	Office of the High Commissioner for Canada Trafalgar Square, LONDON, S.W.1	<i>Mail:</i> (City Address) <i>Cable:</i> SLEIGHING <i>Tel.:</i> Whitehall 8701 <i>Cable:</i> TIMCOM
United Kingdom (Midlands, North England, Wales)	Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Central 0625
United Kingdom (Northern Ireland)	T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	<i>Mail:</i> (City Address) <i>Tel.:</i> 21867
United States Delaware, Maryland, Virginia, West Virginia	R. G. C. Smith, Commercial Counsellor Dr. W. C. Hopper, Agricultural Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 2-1011
Washington	H. A. Gilbert, Commercial Secretary D. H. Burns, Assistant Agricultural Secretary		

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen, Deputy Consul General (Commercial) C. R. Gallow, Consul and Trade Commissioner H. E. Lemieux, Consul and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY 20	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUDson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	D. H. Cheney, Consul and Trade Commissioner	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	<i>Mail:</i> (City Address) <i>Tel.:</i> HANcock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	G. A. Newman, Deputy Consul General (Commercial) R. F. Renwick, Consul and Trade Commissioner W. G. D'Arcy, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, 1412 Garland Building, 111 North Wabash Avenue, CHICAGO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RANDolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler, Consul and Trade Commissioner A. A. Lomas, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, 1139 Penobscot Building, DETROIT 26	<i>Mail:</i> (City Address) <i>Tel.:</i> WOODward 5-2811
*United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico.	Consul General	Canadian Consulate General, 510 West Sixth Street, LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Tel:</i> VANDike 2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	A. A. Caron, Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RAYmond 2136
*United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Tel.:</i> SUTter 1-3030
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building, Seventh Avenue at Olive Way SEATTLE 1, Washington	<i>Mail:</i> (City Address) <i>Tel.:</i> MUTual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett, Commercial Counsellor	Canadian Embassy, No. 1409 Avenida Agraciada, Piso 7º MONTEVIDEO	<i>Mail:</i> Casilla Postal 852 <i>Cable:</i> CANADIAN <i>Tel.:</i> 96096
Venezuela Netherlands Antilles	R. E. Gravel, Commercial Secretary A. G. Kniewasser, Commercial Secretary W. G. Brett, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urupal, CARACAS	<i>Mail:</i> Apartado 3306 <i>Cable:</i> CANADIAN <i>Tel.:</i> 54-3431

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 1.03426.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 9	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	.05372	18.62	(1)
		Free	.02989	33.46	
Austria	Schilling		.03719	26.89	
Australia	Pound		2.1525	46.46	
Belgium, Belgian Empire and Luxembourg	Franc		.01942	51.49	
Bolivia	Boliviano	Official	.005089	196.50	
British West Indies	Dollar		.5605	1.78	(2)
	Pound		2.6906	3716	(3)
	Dollar	British Honduras	.6726	1.487	
Brazil	Cruzeiro	Effective selling*			*Oct. 31 (4)
		*Category I	.0151	66.05	
		*Category II	.0108	92.23	
		*Category III	.0061	146.18	
		Official buying	.0527	18.99	(5)
Burma	Kyat		.2030	4.93	
Ceylon	Rupee		.2018	4.96	
Chile	Peso	Free	.001922	520.29	(15)
Colombia	Peso	Basic	.3868	2.59	(7)
		Free*	.1571	6.37	*Nov. 9
Costa Rica	Colon	Official	.1722	5.81	
		Controlled free	.1456	6.87	
Cuba	Peso		.9669	1.034	tax 2% (4)
Czechoslovakia	Koruna		.1343	7.446	
Denmark	Krone		.1400	7.143	
Dominican Republic	Peso		.9669	1.034	
Ecuador	Sucre	Official	.06446	15.513	
		Free	.05007	19.972	
Egypt	Pound	Official	2.7764	.360	(6)
El Salvador	Colon		.3868	2.585	
Fiji	Pound		2.4240	.413	
Finland	Markka		.004204	237.86	
France, Monaco and North Africa	Franc		.002763	361.92	(8)
French Colonies in Africa	Franc		.005525	180.96	(9)
French Pacific	Franc		.01520	65.79	(10)
Germany	D Mark		.2305	4.34	
Greece	Drachma		.03223	31.03	
Guatemala	Quetzal		.9669	1.034	
Haiti	Gourde		.1934	5.17	
Honduras	Lempira		.4834	2.07	
Hong Kong	Dollar	Free*	.1570	6.37	*Oct. 26
		Official	.1682	5.95	
Iceland	Krona	Official	.05937	16.84	
		Special selling	.0347	28.84	(11)
India	Rupee		.2018	4.96	
Indonesia	Rupiah	Basic	.08514	11.75	(12)
Iran	Rial	Certificate	.0128	78.35	
Iraq	Dinar		2.7073	.369	
Ireland	Pound		2.6906	3716	
Israel	Pound		.5372	1.86	
Italy	Lira		.001552	644.33	
Japan	Yen		.002686	372.30	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 9	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	-3029	3.30	
Mexico	Peso		-07735	12.93	
Netherlands	Florin		-2525	3.96	
Netherlands Antilles	Florin		-5088	1.97	
New Zealand	Pound		2.6906	.3716	
Nicaragua	Cordoba	Effective buying	-1465	6.83	
		Official selling	-1372	7.29	
Norway	Krone		-1354	7.39	
Pakistan	Rupee		-2018	4.96	
Panama	Balboa		-9669	1.034	
Paraguay	Guarani	Official	-01611	62.07	(6) (13)
Peru	Sol	Certificate	-05089	19.65	
Philippines	Peso		-4834	2.07	
Portugal & Colonies	Escudo		-03374	29.64	(14)
Singapore & Malaya	Straits dollar		-3139	3.19	
Spain & Dependencies	Peseta	Basic buying	-04415	22.65	(6)
		Basic commercial selling	-0589	16.98	
		Free	-02482	40.29	
Sweden	Krona		-1869	5.35	
Switzerland	Franc		-2256	4.43	
Syria	Pound	Free*	-2755	3.63	*Oct. 15
Thailand	Baht	Free	-04723	21.17	(6)
Turkey	Lira		-3453	2.90	
Union of South Africa	Pound		2.6906	.3716	
United Kingdom	Pound		2.6906	.3716	
United States	Dollar		-966875	1.03426	
Uruguay	Peso	Free*	-2429	4.117	
		Basic buying	-6365	1.571	(6)
		Principal selling	-4608	2.17	(16)
Venezuela	Bolivar		-2886	3.465	
Yugoslavia	Dinar		-003223	310.27	(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.

trade and tariff regulations

Ireland

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

Certain electric filament lamps: 100,000 articles for the period December 1, 1956, to November 30, 1957, as against a similar quantity for the previous twelve months' period.

Certain woven cotton piece goods: 5,122,000 square yards for the period December 1, 1956, to November 30, 1957, as against 5,276,000 square yards for the previous twelve months' period—Dublin, Nov. 1.

South Africa

IMPORT CONTROL FOR 1957—The South African Minister of Economic Affairs recently announced the provisional import policy for 1957. The main points are:

- The liberal licensing policy for machinery and genuine raw materials, which had previously been established, will be continued in 1957.

- The "Restricted List" is to be reduced considerably, thus widening the importers' choice. Importers who wish to import goods retained on the list will have to, as in the past, make special application and each case will be dealt with on its merits.

- More freedom is to be granted to importers in the purchase of certain types of building materials, and more generous quotas will be available for motor vehicles, which retail on the coast at up to £700 and which are in short supply.

- The preliminary quota for consumer goods will be the same as last year, i.e., 33½ per cent of 1948 imports by each importer. However, there will be more favourable treatment of "deserving" new and expanded businesses.

Final details regarding import allocations for 1957 will, as is customary, be announced during the first half of next year.

United Kingdom

WHISKY IMPORTS LIBERALIZED—A Notice to Importers issued by the Board of Trade on November 6th announces that, with effect from November 12th, whisky may be imported into the United Kingdom from any country under Open General Licence.

Imports from dollar countries such as Canada and the United States had previously required individual import licences covering specific transactions.

Tours of Territory

L. D. BURKE, Assistant Commercial Secretary in Santiago, Chile, will visit Concepcion in southern Chile and the surrounding district for one week early in December.

A. P. BISSONNET, Commercial Secretary in Stockholm, Sweden, will visit Finland from December 3-7.

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 complete his visit to Mexican cities of Mazatlan, Culiacan, Los Mochis, Ciudad Obregon, Guaymas, and Hermosillo, and Baja California, at the end of November.

R. E. GRAVEL, Commercial Secretary in Caracas, Venezuela, will visit the Netherlands Antilles in December.

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. Burke can be reached at his office in Santiago, Mr. Bissonnet at Stockholm, Mr. Blake at Melbourne, Mr. Osbaldeston at São Paulo, Mr. Rousseau at Mexico City, and Mr. Gravel at Caracas.