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cover An aerial view of the heart of Paris, with the Île de la Cité in the foreground. At OEEC headquarters in Paris, discussions are proceeding on the possible creation of a Free Trade Area among various European countries. For background information on this proposal and on the one for a Customs Union involving six countries, turn to the article on page two.

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European Proposals for a Common Market

Discussions currently going on in Paris and in Brussels over establishment of common market among various Western European countries, including the United Kingdom, have attracted wide attention. Here is an explanation of what the common market means and of how this economic integration might take place.

International Trade Relations Branch.

OVER THE PAST SEVERAL YEARS, there have been many plans and proposals for closer economic co-operation in Europe. Some of these have not gone beyond the stage of study and discussion. On the other hand, there have been some important concrete achievements in this field. The Organization for European Economic Co-operation, the Benelux Economic Union and the European Coal and Steel Community are evidence of the interest in and the desire for such co-operation. The plans for a Customs Union and Free Trade Area which are now being actively considered by European countries are far more comprehensive and ambitious than any previous projects. They stem from the belief among European countries that only through economic integration can they achieve a high level of economic activity and greater political strength.

There need not necessarily be any conflict between these new regional initiatives and the broader objectives of the GATT. The General Agreement permits the creation of a Customs Union or a Free Trade Area among countries wishing to achieve a closer integration of their economies, provided that the purpose is to facilitate trade among the parties and not to raise barriers against the outside world.

Two Terms Defined

What is the difference between a Customs Union and a Free Trade Area? *A Customs Union* is a group of two or more countries in which the tariffs and other trade restrictions are eliminated on substantially all the trade within the union and in which a common tariff is substituted for the existing separate tariffs of the members against the trade of territories outside the union.

A Free Trade Area is a group of two or more countries in which the tariffs and other trade restrictions are eliminated on substantially all the trade within the group but in which each country retains its own separate and different tariff system vis-à-vis countries outside the area. This clearly involves setting up a system of certificate of origin to control transit trade within the area.

In summary, the essential difference between a Customs Union and a Free Trade Area consists in the fact that the countries forming a Customs Union must apply a common tariff to imports from outside countries, but in a Free Trade Area the member countries are free to retain their diverse national tariff systems for their trade with outside countries.

Negotiations Proceeding

The six European countries—France, Germany, Italy, Belgium, Luxembourg and The Netherlands—are currently discussing the formation of a Customs Union among themselves. They expect to have a draft Customs Union Treaty ready for submission to their parliaments by the middle of 1957. Needless to say, the negotiations being conducted at present among these countries are extremely difficult and complex.

The United Kingdom has decided to enter into negotiations for a Free Trade Area arrangement with the six countries forming the Customs Union and possibly with other European countries. The United Kingdom has had some preliminary consultations with Canada and other Commonwealth countries about this proposal, and discussions on the subject are currently proceeding at the OEEC* in Paris among the various European countries concerned. A report setting forth the methods and procedures for the establishment of a Free Trade Area associated with the Customs Union is expected to be ready by the end of the year.

A Free Trade Area between the United Kingdom and other European countries associated with the Customs Union of the six countries would constitute a large common market with a population of possibly 250 million consumers and a combined gross national product which currently totals about $175 billion. The external trade of this area is valued today at $71 billion and accounts for 40 per cent of world trade. About half of Western Europe's foreign trade is conducted with non-European countries.

Customs Union Proposals

The European common market proposals emerged from a conference of the Foreign Ministers of Germany, France, Italy, Belgium, Luxembourg and The Netherlands held in Messina in June 1955. A subsequent report of the Heads of Delegations laid down a set of objectives and methods which may, however, be substantially modified by the time final agreement has been reached on a treaty.

The original recommendations of the report consist of three essential points:

1. The gradual abolition of tariffs and other restrictions on the trade of member countries.
2. The establishment of a common external tariff to be applied by the six countries against the outside world.
3. The creation of common institutions designed to supervise and administer the rules and regulations arising out of the Customs Union Treaty.

* The following countries are members of the Organization for European Economic Co-operation: Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, United Kingdom. The United States and Canada are associated members.

The abolition of tariffs would take place over a period of 12 years divided into three stages of four years each, the last of which may be extended a further three years. The reduction would be in accordance with the following time-table. One year after the treaty has entered into force, there would be a general reduction of 10 per cent, followed by 10 per cent every 18 months, totalling 30 per cent in the first four years. During the second stage, another reduction of 30 per cent would take place with two reductions of 10 per cent at the end of each successive period of 18 months and 10 per cent at the end of the third year, leaving 40 per cent to be eliminated in the third stage.

In addition to the abolition of tariffs, the present proposals call for a broad frontal attack on other impediments to trade such as import restrictions, quantitative restrictions on invisibles and services, and state monopolies, which tend to distort the normal conditions of competition by their effect on costs and prices. The time-limit applied to the elimination of internal tariffs is to be generally the same for the abolition of these other barriers to trade.

Establishment of Common External Tariff

The second feature of the Plan is the replacement of the existing separate tariffs of the member countries by a common tariff against imports from the rest of the world. This would be implemented by stages in the course of the transitional period. Thus, at the end of this period, Canadian and other non-European exports to the six countries would be subject to the new common tariff instead of the separate customs tariffs now in force in each country. The level of the common tariff would in general be based on the arithmetical average of the existing duties of the six countries.

Creation of Common Institutions

Finally, since the members of the Customs Union contemplate achieving their objectives through a federal approach, the initial plan suggests the setting-up of two new European institutions: first, a council of Ministers which would be the instrument of consultations and the body which would take common decisions, and second, a European Commission which would be responsible for the administration and operation of the common market. In addition, complaints and appeals would be dealt with by the Court of the European Coal and Steel Community.

Free Trade Area

Under the original proposal, membership in the Customs Union would be open to other European countries, but the plan also envisages the possibility that one or more countries might seek a close association with the Union through a Free Trade Area.

What the Prime Minister Said

The Right Honourable Louis S. St. Laurent, Prime Minister of Canada, on November 13th issued the following statement on behalf of the Government in response to questions that had been addressed to Ministers concerning the suggestion that the United Kingdom might join a Free Trade Area embracing most of Western Europe.

"The Canadian Government has been informed by the Chancellor of the Exchequer and the President of the Board of Trade of the proposals under consideration by the Government of the United Kingdom which would involve the United Kingdom entering a Free Trade Area in Western Europe along with France, Belgium, The Netherlands, Luxembourg, Germany and Italy (who are considering the establishment of a full Customs Union among the six of them), and other countries of Western Europe. The entry by the United Kingdom into such a free trade arrangement with European countries would entail the removal by defined stages of its customs duties on the products of such countries in return for reciprocal action on their part toward United Kingdom products. The United Kingdom proposes that this arrangement would not apply to foodstuffs, feeds, beverages or tobacco. In that event such advantages as are now accorded by the United Kingdom to imports of these types of products from other Commonwealth countries would not be affected.

"Even with the exclusion of such products, the changes in United Kingdom and European trading relations involved in the carrying out of these proposals would present a number of problems for Canadian trade with the countries concerned. The various possible effects upon Canada's trade and upon our existing trade arrangements will require detailed study by the Government and thorough discussions with the other Governments concerned.

"It will be important that the carrying out of these proposals proceed according to a definite program and on a firm time-table and be accompanied by appropriate internal economic policies. The proposed new arrangement will have its most beneficial effects if it is brought into being with a minimum of discrimination against the trade of other countries and if the expansion of mutually advantageous trading relations with other countries is encouraged.

"If the proposals are carried through with determination, and at the same time the countries concerned proceed forthrightly with the removal of other trade barriers between themselves, and also against other countries as they are already pledged to do, it should be possible to surmount any difficulties which may be created and to increase the flow of trade, and maintain the ties, between this large European area and the rest of the world. On the other hand a partial development that resulted only in the creation of a new system of intra-European tariff preferences would interfere with trade between Europe and other countries, including Canada, without achieving the positive results which are expected from a full implementing of the plan. Similarly, it would be a matter of concern to us if the pursuit of this European objective, worthy as it is, were to result in an increase in tariffs against non-European countries or in less effort or willingness to reduce the other barriers to the development of competitive multilateral trade, which is the over-riding objective of the Canadian Government and of the General Agreement on Tariffs and Trade.

"Should the proposals be adopted and successfully carried through by Britain and nations of Western Europe they should increase the economic strength and prosperity of the peoples of that whole great area and also their sense of solidarity and common purpose even beyond the economic field. Such a result could not fail to be welcomed by Canadians whose security, and cultural and political heritage as well as economic welfare, have been, and are, so closely linked with that part of the world."

In July 1956 the United Kingdom declared its intention to study this type of association. The United Kingdom Government has indicated that its decision not to join the full Customs Union was primarily due to the fact that if it adopted a European common tariff, Commonwealth exports to Britain would be subject to duties; at the same time, however, the United Kingdom felt it could not stand aside from this important European initiative. Therefore, the United Kingdom has decided to explore with other countries in Western Europe the possibility of associating itself with a partial Free Trade Area arrangement.

The exact methods by which the Free Trade Area will be implemented are not expected to be known for some time, but they would undoubtedly aim at being closely co-ordinated with what is being proposed for the Customs Union. The United Kingdom has made it clear that it would wish to exclude the agricultural sector—embracing raw or manufactured foodstuffs, feedingstuffs and drink and tobacco—from the scope of the Free Trade Area. The United Kingdom feels that by retaining its present tariff structure in the agricultural field, it would in effect be safeguarding the existing position for the great bulk of Commonwealth exports to the United Kingdom and would thus minimize the effects on the Commonwealth of its new European relationship.

Canadian Trade with Western Europe

The United Kingdom and continental Europe represent the second largest market for Canadian goods, absorbing more than one-fourth of total Canadian exports. The bulk of this trade consists primarily of basic foodstuffs and industrial raw materials and only about one-tenth is made up of manufactured goods. The composition of Canadian exports to Western Europe reflects the importance for Canada of this area, which is the largest market for many Canadian exports such as wheat, aluminum in primary forms, barley, polystyrene, synthetic resins, etc. As the table shows, an outstanding feature of Canadian exports in recent years is the fact that Canadian sales to Europe have continued to expand rapidly and at a faster rate than Canadian exports to the United States.

CANADIAN EXPORTS TO THE U.S. AND EUROPE, 1950, 1955

(in millions of dollars)

	1950	*1955*	*Percentage increase from 1950-1955*	*Share in total Can. exports*
United States	2,020	2,574	21	60
United Kingdom	469	769	60	18
OEEC Continental countries	201	373	46	9
of which Customs Union countries (Germany, Italy, France, Belgium, Luxembourg, Netherlands)	117	262	55	6

The largest increases in Canadian exports to Europe in this period occurred in industrial raw materials and basic foodstuffs and have been largely determined by the expansion in economic activity in the countries concerned. The increase affected mainly about a dozen traditional exports, (wheat, aluminum in primary forms, planks and boards, nickel, copper, chemicals, barley, newsprint, wood pulp and seeds) which alone represented about 60 per cent of total Canadian sales to Western Europe. The United Kingdom is the second largest market for Canadian exports and absorbs substantial quantities of basic commodities which are important to our economy such as wheat, barley, flour, aluminum, copper and other industrial raw materials. Canadian exports to the United Kingdom, valued at nearly $800 million in 1955, showed an increase of 60 per cent over a five-year period. Canada's main markets on the continent of Europe are Germany ($91 million), Belgium-Luxembourg ($53 million), Netherlands and Norway ($47 million each), France ($42 million), Italy ($27 million), and Switzerland ($25 million). About one-half of total Canadian shipments to these countries is made up of agricultural products of which wheat, at $92 million, is the largest single item. The next largest exports are drugs and chemicals ($26 million), flaxseed, asbestos, and aluminum.

The present pattern of Canadian exports to Western Europe is affected by the nature of import restrictions maintained by these countries against dollar goods. Although substantial progress has been made in this area in the removal of quantitative restrictions on agricultural products and raw materials originating from dollar countries, most European countries continue to maintain severe import restrictions against manufactured goods from dollar countries. Switzerland and the Belgo-Luxembourg Economic Union have achieved the highest degree of dollar liberalization in all categories of products; the United Kingdom and Italy, on the other hand, have freed chiefly goods other than manufactures. Fairly recently The Netherlands, Germany and Sweden have also introduced extensive liberalization measures or have substantially relaxed restrictions. Finally, France, Austria and Norway apply no official liberalization measures but grant liberal treatment to imports of basic products.

Possible Effects Undetermined

The possible effects of these plans on Canadian trade will depend on the height of the common tariff of the Customs Union among the six countries, on the extent to which European markets will expand as a result of the Customs Union and Free Trade Area, and on the extent to which these countries pursue liberal trade policies through the removal of trade barriers and discrimination against the outside world. There is no doubt, of course, that Canada is keenly interested in following these developments closely and in detail.

Although the information contained in this article is based on reliable statements, it must of course be recognized at this stage that all of the plans and proposals are subject to negotiation among the principals. Substantial amendments should therefore be expected. For the same reason, this article does not attempt to analyze the effects of these proposals upon Canadian trade in the future.●

78239—2

Australia: the Picture Brightens

Import restrictions continue but balance of trade is showing a favourable trend, with dropping imports and buoyant wool prices. Purchases from Canada holding up well but range is limited.

J. C. BRITTON, *Commercial Counsellor, Sydney.*

SOME BRIGHT SPOTS have appeared in the Australian trade and economic picture during the past fiscal year. The final foreign trade figures were satisfactory on the whole, with imports down and exports up slightly. In recent months the Government has put great emphasis on the strengthening of Australia's balance of payments, and in September this effort began to bear fruit. For that month, preliminary figures show that imports dropped to £A54·0 million, down more than 25 per cent from the year before. At the same time, exports climbed to £A61·8 million, up 14 per cent from the previous year. This favourable trend continued and by mid-November overseas reserves of the Central Bank, at £A299·8 million, reached the highest level for this fiscal year.

Wool Exports Up

Wool, the most important single export, sparked the rise in sales abroad. During the three months ended September 30, wool sales totalled more than £48 million, up 25 per cent in value from sales a year ago. This rise was made possible by a substantial increase in wool prices; quantities showed a slight decline.

The general level of industrial activity, construction and business turnover has remained high. Wages rose 9 per cent in the fiscal year ended June 30th, company income increased 5 per cent, and business and professional income 7 per cent. Farm income, however, was down 6 per cent. The cost and price spiral has lately been accelerating in spite of measures designed to lessen economic pressures. Strikes such as the long-drawn-out shearers' strike in Queensland continue to harass the export trade drive and the continuation of the automatic adjustments to the basic wage in some states increases domestic inflationary pressures.

Australia's total foreign trade for the 1955-56 fiscal year, compared with the 1954-55 figures, is shown below:

	1955-56	*1954-55*
Exports	A£ 784·7 million	A£ 774·1 million
Imports	A£ 820·5 million	A£ 843·7 million
Total	A£1,605·2 million	A£1,617·9 million

Her chief trading partners, with the value of exports to and imports from each of them, are given below:

EXPORTS TO

(million £'s)

	1955-56	*1954-55*
United Kingdom	258·0	285·5
Japan	86·8	58·6
France	67·4	64·1
United States	55·2	52·4
Germany	36·5	31·8

IMPORTS FROM

(million £'s)

	1955-56	*1954-55*
United Kingdom	355·9	378·7
United States	98·7	102·2
Germany	33·0	30·1
Arabian States	28·4	27·9
India	23·4	26·1
Canada	23·4	23·8

The chief commodities exported from Australia were:

(million £'s)

	1955-56	*1954-55*
Wool	337·9	355·1
Wheat	46·5	45·2
Flour	19·8	20·3
Zinc ores and concentrates	266·8	200·7
Pig lead	141·4	140·3

Import Policy

The Federal Treasurer, in introducing the budget for 1956-57, referred specifically to Australia's import restrictions. He pointed out that the continuance of these restrictions at the present degree of severity over a lengthy period would damage the Australian economy. He offered no solution but suggested that, unless there was a major improvement in export earnings, or unless capital inflow increased considerably, it was difficult to see how the picture could improve much in the near future. "The Government had no choice," the Treasurer pointed out, "but to curtail imports, but it would be the last to claim that the present state of things is satisfactory or even tolerable." He called for an income from exports of nearer to A£1 billion than the present A£800 million, and also a steady flow of capital on both public and private account. However, he did not join with those who say that, unless Australia reduces its rate of economic growth, the country must resign itself to a chronic shortage of foreign exchange and perpetual import restrictions. The Department of Trade, now responsible for both imports and exports, has been streamlining the entire import permit system to reduce the monthly value of imports to A£55 million. The figures for July, when imports stood at A£57·8 million, showed some progress towards this goal. In August they rose sharply to A£78·7, but provisional figures for September showed an encouraging drop to £A54 million, as pointed out earlier. The import returns for the next few months will be watched closely and, under the new flexible import permit system, the authorities will scrutinize import applications very carefully.

Policy to Increase Exports

The Government's trade promotion program is being pushed steadily, with worthwhile results. It is expected, for example, that an additional A£1 million of Australian-made motor vehicles will go to New Zealand this year. A new market for Australian wool tops has been opened in India and fabricated Australian steel has found new customers. The Minister for Trade recently outlined a new six-point plan to boost export earnings. These points were stressed in the recent trade negotiations with the United Kingdom and will also be emphasized in trade talks with other countries. The objective is to ensure for Australia continued access to existing markets; protection against discriminatory tariff obstacles; protection against dumping in traditional markets; and opportunity to purchase at the best possible terms in world markets, without discrimination.

Australia has now concluded the new trade agreement with the United Kingdom and a summary of this agreement is given in the *Trade and Tariff* section of this issue. It is understood that Australia is also negotiating a trade agreement with Japan.

Canada's Exports to Australia

Severe import restrictions currently in force in Australia have limited the range of Canadian products that now enter the country. However in 1955-56 Canadian exports totalled £22·7 million compared with £23·3 million in the previous year. Shown below are the more important products imported from Canada in 1955-56, with the comparative figures for the previous year.

PRINCIPAL IMPORTS INTO AUSTRALIA FROM CANADA

	1955-56	*1954-55*
Douglas fir	£4,596,348	£4,923,510
Motor vehicles and parts	4,063,642	3,778,147
Newsprint	3,234,496	4,109,392
Aluminum ingots	1,699,756	1,728,572
Asbestos, crude and fibre	1,216,478	1,797,497
Special steels	874,720	436,889
Tobacco, unmanufactured	553,705	711,770
Copper	549,079	1,109,678
Crude synthetic rubber	301,737	*Nil
Salmon	282,849	245,151
Redwood and western red cedar	215,871	200,243
Natural sausage casings	202,038	273,939
Hemlock	198,192	126,519
Roller and other ball bearings	184,403	43,541

* Not listed.

Australia's exports to Canada increased slightly from £10,503,000 in 1954-55 to £10,900,000 in 1955-56. Wool exports amounted to £2,848,000 in 1955-56 and £2,334,000 in the preceding fiscal year. Sugar cane exports in the two years were valued at £3,491,125 and £3,408,000; tinned beef at £1,-017,958 and £1,139,158; raisins £1,351,474 and £1,332,248; sausage casings (natural) £279,987 and £179,000; currants £242,305 and £219,891, and wines £169,313 and £172,561.

Gift Clubs Flourish

The Gift Club, a relative newcomer in U.S. merchandising, is making steady progress as a purveyor of unusual and exotic items to the American public. Some 24 clubs scattered over the United States cater to the desires of some 500 thousand individual American customers and even business firms find them a useful source of supply for sales premiums and incentive awards for salesmen. Many of the clubs specialize in particular items or in the products of a particular country. As a rule they try to find merchandise that is not already sold generally in the United States and that has an appeal based on foreign identification.

The most popular items are those that are priced at $1.00 or below in their country of origin; many of them come from small handicraft industries. Mailing from the overseas supplier to the members adds to the foreign atmosphere of the purchase and also facilitates duty-free entry. Because items are sold sight unseen, the clubs are liberal in their refund arrangements if the merchandise proves to be unsatisfactory. One of the major problems they face is a continuous need for new and different products.

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Exporting through the C.C.C.

A government-owned export agency, the Canadian Commercial Corporation, is the official channel through which the exporter sells goods required for Canada's military and economic aid programs overseas, to fill orders from the United States for defence materials, and to meet a variety of requests from foreign governments for goods and services. This article, nineteenth in our series on the techniques of exporting, explains the role of the C.C.C. and its relations with the exporter.

J. T. DAVIDSON, *Information Branch.*

NAME ANY TYPE OF PRODUCT and we wager that the Canadian Commercial Corporation has arranged for its purchase or shipment overseas at least once. Currently the Corporation is involved in procuring equipment and supplies of all kinds to fill North American defence orders placed here by the United States Government. But it also handles exports of munitions and military stores for NATO and defence orders for Commonwealth and other friendly nations. The advantages of using the services of the Corporation should not be overlooked by those countries which normally purchase defence supplies in Canada.

The activities of the CCC are, of course, much broader than its role as an exporter of defence material: in fact, it can help manufacturers and suppliers to expand their sales. This Crown Company is the Canadian purchasing agency for international organizations such as UNICEF and UNKRA; it purchases equipment and supplies and arranges for technical services under the Colombo Plan; it buys relief supplies and ships them to disaster areas when orders are placed by the Canadian Government.

The company is also in the import business—for example, it brings in Rhesus monkeys for the Salk vaccine program and secures abroad certain strategic materials used for defence purposes.

Value of Contracts

During the 1955-56 fiscal year, the value of all contracts awarded by the CCC totalled $77,860,000. Of this amount, $46·6 million covers contracts placed on behalf of the United States military departments with Canadian suppliers—mainly for explosives, military aircraft and parts, and electronic devices used by the Armed Forces. Substantial too were the sums allotted for the purchase of commodities such as chemicals and petroleum products and for obtaining general supplies. Included in this total was equipment and services for joint Canadian-United States defence projects.

Contracts placed for arms for shipment to NATO reached $6·0 million in the last fiscal year and military stores and other defence supplies ordered by the United Kingdom totalled $1·35 million; defence orders from several non-NATO and Commonwealth countries totalled $897 thousand. All this represents orders handled by the CCC.

Most of the Corporation's non-military trade resulted from orders worth nearly $21·8 million placed on behalf of the Colombo Plan Administration for construction materials; generating, transportation and communication equipment; surveying and engineering services for Canada's share in South East Asian development projects, principally in India, Pakistan and Ceylon. The United Nations relief agencies placed orders in Canada through the CCC for supplies worth $694 thousand.

Selling through the CCC

As a Crown Company responsible to Parliament through the Minister of Defence Production, the CCC follows the buying policies of the Department of Defence Production (DDP) and, to a considerable extent, uses the facilities of that department for the calling of tenders and for the negotiation and placing of contracts. Any company wishing to compete for CCC business merely has to see that its name is included in the DDP tender lists for the commodities which it is prepared to supply.

The Corporation works out all details of specifications, packaging, shipping, financing, etc., in connection with a contract or inquiry with the requisitioning agency. In most cases, it then requests DDP to obtain quotations or proposals from Canadian industry on its behalf.

The manufacturer must decide first what products he will be willing to supply. He then writes the Secretary of the Department of Defence Production requesting him to place the firm on the tender lists for these commodities. The Secretary sends a questionnaire to the seller requesting details of plant facilities and other pertinent information; the company must return the form and have it approved before its name will be placed on the lists. The DDP must satisfy itself that any firm asked to tender is capable of supplying the quality and quantity of goods it requires.

The full address for information on tenders and making applications is as follows:

The Secretary,
Department of Defence Production,
No. 2 Temporary Building,
70 Lyon Street,
Ottawa, Ontario.

The Department of Defence Production uses the same tender lists both when it procures supplies for the Department of National Defence and when it places orders for the CCC. A businessman may return a successful tender and be awarded a contract either for the Department of National Defence (which could be called a domestic market) or for the Canadian Commercial Corporation which is, in effect, an export market for his goods.

What the CCC Buys

Recent boosts in Canada's contributions to the Colombo Plan, especially for hydro-electric projects, has upped the proportion of non-military goods and services purchased by the Corporation. At the same time, purchases in Canada by U.S. Defence Departments through the CCC have eased off considerably—$12 million less in 1955-56 than in 1954-55.

Orders placed for engineering and construction services connected with the Colombo Plan power projects in Pakistan, India, Ceylon, and Burma amounted to $13 million in 1955-56; the Corporation also bought generators and other electrical power equipment valued at $4·4 million. Other projects under the Plan, to improve transportation facilities and bulk handling of materials and also to improve farming practices, led to orders for equipment valued at $1·5 million.

The Crown Company, during a typical year, is in the market for a wide variety of goods, as the following summary of additional purchases last year indicates: flour (nearly $3 million); communication and miscellaneous equipment and servicing ($700 thousand); lumber products ($478 thousand); drugs, medical, hospital and laboratory supplies ($148 thousand); wheat ($122 thousand), and insecticides ($54 thousand).

Has Wide Experience

In its brief ten-year history, the CCC has acquired a great deal of experience in procuring supplies and arranging for export shipments. When it was first organized in 1946 the Corporation was to assist in the development of Canada's export trade and help dispose of her goods. To do this, it took over the operations of the Canadian Export Board set up in 1944 to handle purchase and export of the non-military supplies then being poured into liberated countries. Early in 1947, the CCC also accepted the purchasing functions of the wartime Department of Munitions and Supply, thus becoming purchasing agent for the Department of National Defence, as well as handling exports of goods for other government departments. When the tempo of military purchases increased as world tension heightened and after the Korean war broke out, the new Department of Defence Production was organized to take over the rapidly expanding job of procuring munitions and supplies for the Canadian Armed Forces.

By 1951 the Canadian Commercial Corporation had returned to its original export-import activities, although it was shipping mainly arms and military supplies. Its activities and emphases have changed from time to time, but the CCC has continued to provide an export channel for Canadian companies.

Ten years of shipping everything from military aircraft, guns and ammunition to drugs, emergency rations, and clothing to anywhere in the world give the CCC personnel an intimate knowledge of almost any export problem, no matter how intricate. True to the spirit of the Canadian Export Board which it succeeded, the staff of the CCC is broadly interested in expediting Canada's export trade. And, as it carries out its tasks, it avoids competing in any way with the commercial activities of private firms.

New Yeast for Animal Feeds

Cuba is exporting yeast for animal feed to the United States (a large producer itself) for the first time; initial shipment totalled 125 tons. The yeast, a new type and a by-product of the sugar industry, is produced at the Cardenas plant of a well-known Cuban sugar miller and rum distiller.

commodity notes

British East Africa

PASSION FRUIT—The passion fruit industry in East Africa is facing a crisis. Its main market, Australia, has just been closed because of currency problems. The crop, which is grown by Europeans in Kenya and Africans in Northern Tanganyika, is marketed through the Kenya Passion Fruit Board and the Tanganyika Passion Fruit Co. in Lushoto. It is available both in the form of pulp or juice and with its delicate and appealing flavour might well prove popular with the Canadian public—Salisbury, Nov. 12.

Cuba

WHEAT FLOUR—Imports of wheat flour for the first three months of 1956 totalled 50,739,000 lb. as against 48,660,000 lb. in the same period of 1955. Commencing in 1947, when wartime and postwar controls eased off, flour arrivals became more normal (101,800,000 lb. in that year). In 1952, when the first domestic flour mill went into production, flour imports decreased and wheat imports increased. The latter have become more or less stabilized at 48 million lb. a year and the flour imports at about 143 million lb.—Havana, Nov. 16.

Denmark

MINK—Mink is of prime importance to the Danish fur-farming industry at present, since the number of foxes, beaver, and fitch has been further reduced until now these three fur-bearing animals are of little importance.

During the season 1955-56 a total of 414 thousand mink pelts were offered for sale in Denmark, the turnover amounting to 44 million D.kr. The average price for standard mink was 94 D.kr. compared with 107 D.kr. in the preceding season, for silverblu 129 D.kr. as against 120, for sapphire 149 D.kr. compared with 184. The price of silver fox pelts decreased from 70 D.kr. to 48 D.kr., and there seems to be little prospect of increasing interest in these skins.

In 1954, world production of mink amounted to well over four million skins with Scandinavia accounting for 1·1 million, or 27 per cent of the total production. If the present development continues it is estimated that the Scandinavian production of mink skins will reach six million in 1956—Copenhagen, Nov. 9.

Greenland

LEAD AND ZINC—A survey of the first six months' activities in the collieries at Mesters Vig in East Greenland reveals that the total output amounted to some 45,000 tons of ore. This volume was semi-processed at Mesters Vig, where milling and flotation plants are available, and yielded about 4,000 tons of lead concentrate and 6,300 tons of zinc concentrate that will be offered for sale in the powdered state, delivered in sacks. The powdered lead concentrate contains approximately 82 per cent pure lead and the zinc concentrate approximately 63 per cent pure zinc.

Of the first six months' output, some 9,000 tons were shipped to smelting factories in Belgium, which will take delivery of the total 1956 output. Net proceeds for these 9,000 tons of concentrate equalled just under nine million D.kr.—Copenhagen, Nov. 9.

India

DYNAMOS—Two Calcutta engineering firms are to start the manufacture of train-lighting dynamos, an important item of railway equipment which has hitherto been imported. The railways require between 900 and 1,000 dynamos per year, and it is expected that when these two firms are in full production, they will be able to meet about half the country's demand—New Delhi, Nov. 5.

Jamaica

POTATOES—Another record crop of potatoes has been harvested by Jamaican farmers using Sebago seed stock from Canada. The Canadian seed gave an average yield of at least nine to one and may be as much as ten to one. Before last year, the yield varied around six to one.

Plans are being made to import 13,000 cases of Sebago seed from Canada next year and 3,000 cases of Aaron Consul from Scotland. Because the local crop does not meet the Island's total requirements, 1,200 tons of table potatoes will be allowed in from all countries when domestic stocks are used up in November—Kingston, Nov. 14.

Spain

DIESEL MOTOR VEHICLES—Small trucks and cars fitted with diesel motors are to be produced in Spain at the rate of 2,000 in the first year, rising to 6,000 a year when the plant is completed by a new company. The site of the plant has not yet been decided, but likely will be at Avila—Madrid, Nov. 13.

Surinam

PREFAB HOUSES—A plywood and lumber mill in Surinam is reported to have shipped 200 small prefabricated houses to the West Indian island of Grenada. These two-roomed units are of the simplest possible construction and lowest price. They are intended to supply temporary shelter for those still homeless as a result of Hurricane Janet in September 1955. The total contract may amount to 2,000 units—Port-of-Spain, Nov. 15.

Sweden

PAPER—Sweden's paper exports during the first seven months of this year were about 40,000 tons greater than during the same period last year. It is expected that the increase for the year will be about 8 to 10 per cent.

Despite the increase there is a noticeable softness in the market. Newsprint and kraft paper are still in good demand but the situation has altered slightly for other kinds—Stockholm, Nov. 14.

Tanganyika

SOYA BEANS—Soya beans have not figured in the Tanganyika Agricultural Department's list of exported crops up to now. But this year Corporation farms at Nachingwea have produced for export 900 tons of the bean, valued at $100 thousand, an indication that the crop could play an important role in the Territory's economy. Early attempts to grow the bean in Tanganyika yielded only about 200 lb. an acre, but perseverance has brought production up to about 850 lb. in the past two years and mechanical harvesting is possible—Salisbury, Nov. 12.

Uganda

RECORDS—The first gramophone records ever to be completely manufactured in East Africa were recently turned out by the Opel Gramophone Record Factory Ltd. in Kampala, capital of Uganda. The company will market its products under the slogan, "Tom-Tom Records—made by Africans for Africans". The owner, who is a grandson of the founder of the German auto factory bearing the family name, visited Kampala last year and was impressed with the possibilities of such an enterprise. The plant, which is capable of producing 50,000 records a month, was built at a cost of $135 thousand—Salisbury, Nov. 12.

United States

FLOORING WASTE—A firm in Crossett, Arkansas, has installed new equipment to convert hardwood flooring mill waste, formerly burned for fuel, into a desirable and useful wood product. The new product is paper roll plugs, which traditionally are made from solid wood. The new plugs are said to be superior to regular ones because of uniformity of size, greater strength, and stability in storage.

The new process works like this: waste is taken from the flooring machines and broken into fine sawdust-size particles. The material is then mixed with glue, forced into moulds under pressure, and "cured" for about 12 minutes under 300-degree temperature. The new installation employs two men each shift—New Orleans, Nov. 19.

APPLES—This year's apple crop in Massachusetts is estimated at 1,471,000 bushels, 50 per cent less than the large 1955 crop of 2,940,000 bushels, and 35 per cent below the 1945-55 ten-year average production of 2,276,000 bushels. This local shortage is expected to create increased demand for apples from other areas, including Eastern and Western Canada—Boston, Nov. 23.

MUSICAL INSTRUMENTS—Sales of musical instruments in the U.S. are currently running at the rate of $380 million a year and manufacturers are optimistic about future prospects. Present estimates indicate that more than 28 million Americans now own musical equipment compared with about 17 million 20 years ago. Banjos, accordians, pianos, bongo drums and records are a few of the instruments for which sales are heading towards new highs. Behind this boom is the fact that there are now more opportunities to indulge in musical pursuits through musical programs in industry, community orchestras and school bands. Television has also spurred interest by focusing attention on individual instruments and how they are played—New York, Nov. 20.

TIMBER—National forests in South Carolina yielded a record 66,406,000 board feet of timber during the fiscal year, which was sold for a record $1,582,494. This year's sales show a healthy increase over last year when 43,736,000 feet of wood were sold at a value of $958,301—New Orleans, Nov. 19.

United States

Foreign Trade Achieves Record

Close study of record exports from and imports into the United States during 1955 and comparison with other years reveal certain interesting trends. These are discussed in some detail and from the Canadian point of view in this article.

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

THE YEAR 1955 proved to be a record one for United States foreign trade, surpassing even the glittering achievement of 1953. This improvement was particularly notable towards the end of the year, when foreign trade in general gathered momentum that carried it to new peaks, in spite of continuing difficulties with sales abroad of agricultural products. This momentum has been carried forward into 1956. Total exports reached \$15·5 billion in 1955 and \$9 billion in the first half of 1956. The former figure was only slightly ahead of 1954 and actually under 1953, but the figures are misleading since they include exports of military goods and supplies (that is to say, goods exported under the Mutual Defence Assistance and Mutual Security programs). If these "military exports" are deducted, remaining exports for 1955 reached \$14·1 billion compared with \$12·7 billion in 1954.

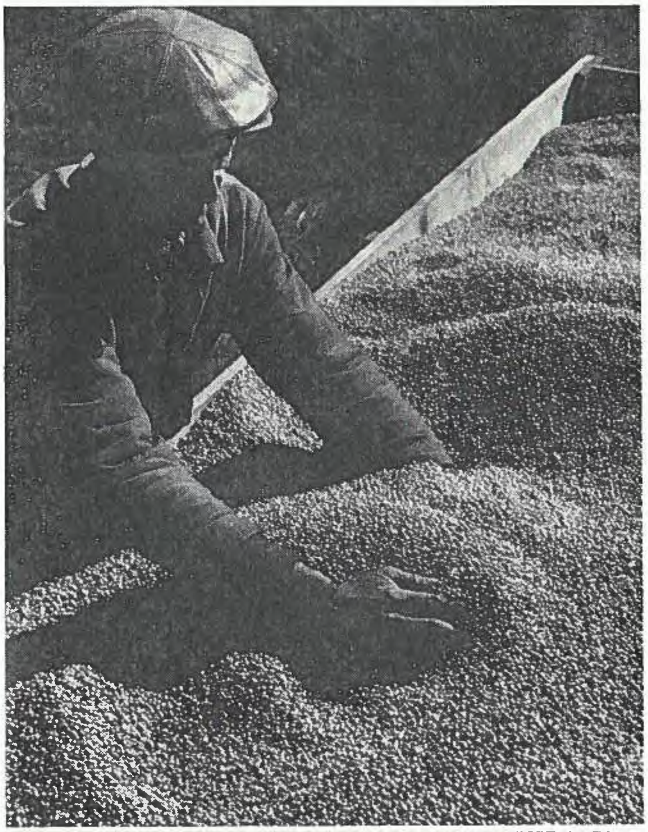
Total imports into the United States in 1955 were valued at \$11·4 billion, compared with \$10·2 billion in the previous year. For the first six months of 1956, they totalled \$6·3 billion.

The 1955 figures, when broken down by main sources of supply and by principal destinations, disclose several significant facts:

- The recovery of Germany and Japan as major factors in world trade.
- The improvement in trade with Europe as United States economic aid has tapered off and import restrictions for balance-of-payments reasons have been relaxed.
- The shift from the postwar sellers' market towards more normal international competition.
- The dominant position of Canada as the principal trading partner of the United States.
- The growth of foreign trade in the U.S. at about the same rate as that of the economy as a whole.

Analyzing Export Pattern

Table I on page 13 gives figures for United States exports during the last few years and shows percentage of the gross national product which they represent.



—USDA Photo

Soybeans continue to be an important agricultural export from the U.S.; Canada buys some \$19·5 million worth a year. Here threshed soybeans are moving from the storage bin on the combine to a wagon which has been drawn up nearby.

Table I—United States Exports

	1950-53 average billion $	1950-53 average % of GNP	1953 billion $	1953 % of GNP	1954 billion $	1954 % of GNP	1955 billion $	1955 % of GNP	1956 6 Mos. billion $	1956 6 Mos. % of GNP
Total exports	13·4	3·9	15·7	4·3	15·0	4·2	15·5	4·0	9·0	4·4
Total "non-military" exports*	12·2	3·6	12·1	3·3	12·7	3·5	14·1	3·6	8·3	4·0

* The expression "non-military" exports means total exports less goods financed by the Mutual Defence Assistance and Mutual Security Programs. Such goods are not necessarily war equipment but may include such items as wheat or other essential commodities financed under these programs.

Another feature of the more recent pattern of exports is the relatively *constant value* of exports of agricultural products (though the pattern within the main group is not constant), accompanied by a long-range tendency to a *decreasing share* of total exports. In 1955, thanks to an increase in grain exports, (particularly coarse grains), dairy products (mostly relief shipments), and tobacco, the serious drop in raw cotton exports disappeared in the total figure of agricultural exports. Actually, agricultural exports now make up almost the same proportion of total trade as they did during the 1936-40 period, when they accounted for some 20·6 per cent. However, they are well below the 1926-30 average of 36·2 per cent. On the other hand, if the percentage of "non-military" exports is taken, agricultural exports are somewhat above the prewar average, as the following table shows:

	1950-53	1953	1954	1955	1956 6Mos.
Exports of agricultural products (in $ billion)	3·2	2·8	3·1	3·2	1·86
Per cent of total exports	23·8	17·8	20·7	20·8	20·6
Per cent of non-military exports	26·2	23·2	24·4	22·7	22·5

In the non-agricultural field, the variety of exports is very great and trends are less easy to discern. However, exports of manufactured and semi-manufactured (non-food) items accounted for about 76 per cent of total exports in 1955. (This excludes special category* exports; because these categories are nearly all manufactured goods, the percentage of total exports would be even higher if these were taken into account.) This is about the same percentage as 1954 but well above the 1950-53 average and the prewar average, both of which were 72 per cent. (In 1926-30, the average was only 57 per cent.)

The principal export increases in 1955 took place in various types of machinery, principally industrial, (Canada being largely responsible); automobiles and parts (again Canada) chemicals (Far East, Europe and Canada) iron and steel mill products (mostly Europe), and coal (Europe). Declines were not particularly spectacular in any main export, but sales abroad of cotton textiles continued to decrease slightly.

* Special category items include military equipment of all types, a few special types of machine tools, heavy-duty tires and tubes, high-grade aviation fuels, lubricating oils, some radio and electrical apparatus, heavy tractors.

Table II on page 14 gives the export pattern over a number of years of the mainstays of United States export trade. The figures are in current dollars and do not include special category items, which apply only to the years 1950-55.

Where Exports Went

Table III on page 14 shows the main destinations of United States exports; it gives actual export figures and compares them with the percentage of total exports. It has been necessary to use total figures, less special category items for 1953-55, because they are the only figures available for all destinations. Before 1950, the special category exports were not separated out, so that the prewar and 1946-49 figures are totals and the comparisons are therefore not exact. Nevertheless, the table does illustrate the main trends.

Here again the percentage figures give a better appreciation of trends than the absolute values do. The reader will note that, although during the immediate postwar years when Canada imposed import restrictions our share of total U.S. exports remained the same as before the war, during the last three years this share has increased by over 8 per cent. Although Western Europe has still not regained its prewar place as a market for American goods, the gain in 1955 over the 1953-55 average indicates the improved economic health of that area and the progress made in dismantling import restrictions. The comparison with the 1946-49 average is of little significance because in those years exports were stimulated by loans and various aid schemes.

The increase in exports both to Japan and Germany during the past few years promises expanding opportunities for United States trade. Germany has already surpassed its prewar position and although Japan has a long way to go, it has recovered remarkably from its 1946-49 position.

Table II—Exports by Main Commodity Groups

	av. 1926-30	av. 1936-40	av. 1950-53	1953 ($1,000,000)	1954	1955	6 Mos. 1956
Machinery, total	488	494	2,466	2,747	2,595	2,814	1,745
Industrial machinery	214	282	1,375	1,545	1,465	1,625	1,059
Agricultural implements*	109	68	132	138	126	123	71
Tractors	n.a.	n.a.	286	300	278	286	163
Automobiles and parts	406	273	962	963	1,036	1,234	751
Chemicals	137	153	823	800	986	1,075	620
Textiles	189	103	664	640	621	616	314
Cotton textiles	103	61	360	329	317	293	149
Iron and steel mill products	171	270	506	495	516	815	530
Petroleum and products	524	345	504	498	431	440	217
Coal	122	67	435	346	312	495	310
Total	2,037	1,705	6,360	6,489	6,497	7,489	5,930
Per cent of all non-agricultural exports (less special categories)	68%	71%	61%	51%	55%	61%	74%

* Exclusive of tractors.
(The comparison with the prewar periods is, of course, misleading unless a percentage of the total is taken.)

Table III—Destination of Exports

	1936-39 billions $	1936-39 % Total	1946-49 billions $	1946-49 % Total	1953-55 billions $	1953-55 % Total	1955 billions $	1955 % Total	1956 6 Mos. billions $	1956 6 Mos. % Total
Total	3·02	100	12·22	100	12·50	100	13·61	100	7·98	100
Canada	·46	15·3	1·87	15·3	2·99	23·9	3·21	23·5	1·99	25
20 Latin American Republics	·50	16·7	2·95	24·2	3·09	24·7	3·15	23·1	1·78	22·3
Western Europe	1·17	38·6	4·21	34·4	3·46	27·6	4·10	30·2	2·38	30·1
Far East	·57	19·0	1·78	14·6	1·93	15·4	1·99	14·6	1·13	14
United Kingdom	·50	16·6	·82	6·7	·73	5·8	·92	6·8	·39	5·1
Japan	·24	8·0	·24	1·9	·66	5·3	·64	4·7	·37	4·6
Germany/W. Germany	·09	3·1	·47	3·9	·46	3·7	·59	4·3	·35	4·3
Mexico	·06	1·9	·53	4·3	·66	5·3	·70	5·1	·41	5·1

Changes in Import Picture

Although imports increased in 1955 to a record figure, this increase did not take place at a rate faster than the general growth of the economy. At $11·4 billion, they represented a considerable increase over 1954 but they still only measured some 3 per cent of the gross national product, which compares with 3·2 per cent of the GNP for 1950-53 average and with 2·9 per cent for the ten years before the war.

By using the percentage figures, the pattern of imports, when compared with the immediate postwar and prewar positions, also shows some interesting changes as Table IV on page 15 illustrates.

Imports from Canada have risen quickly and have remained at a high level pretty well since the war. At the same time, Latin America has also improved its postwar standing, reflecting the U.S. demand for raw materials and the large increase in its imports of coffee. (The drop in the 1955 Latin American percentage principally reflects a fall in the value of imports of coffee by some $150 million below 1954.)

Western Europe has continued to improve its position. The nearly 7 per cent share of total improvement over the 1946-49 average, although it does not bring Europe back to the prewar percentage, represents a satisfactory showing, particularly since this region now does not include all of Germany. This showing was aided considerably by the greater share of trade taken by the United Kingdom and by Western Germany.

Imports from the Far East, however, have failed to show the same bounce. However, this apparent failure to expand markets in the United States following the war can be explained largely by the fact that there is now no trade with China, and that demand for natural rubber and raw silk has fallen off. In 1938, for example, purchases from China and purchases of silk and rubber from the Far East represented over 11½ per cent of total imports into the United States. In 1955 they were about one-half of one per cent.

Purchases from Brazil and Colombia (coffee) and from Venezuela (oil), have been largely responsible for the increase in imports from Latin America. In 1938, for

Imports Into the United States

TABLE IV—SOURCES

	1936-39 billions $	1936-39 % Total	1946-49 billions $	1946-49 % Total	1953-55 billions $	1953-55 % Total	1955 billions $	1955 % Total	1956 6 Mos. billions $	1956 6 Mos. % Total
Total	2·45	100	6·11	100	10·82	100	11·38	100	6·33	100
Canada	·34	14·1	1·29	21·2	2·50	23·1	2·65	23·3	1·38	22
20 Latin American Republics	·54	21·9	2·15	35·2	3·35	30·9	3·33	29·3	1·91	30
Western Europe	·61	24·9	·87	14·2	2·24	20·7	2·39	21·0	1·4	22
Far East	·74	30·4	1·15	18·9	1·61	14·9	1·77	15·6	·98	15
United Kingdom	·17	6·8	·22	3·6	·56	5·2	·62	5·5	·34	5·3
Japan	·17	6·8	·06	1·1	·32	3·0	·43	3·8	·26	4·1
Germany/W. Germany	·05	2·2	·02	·4	·31	2·9	·37	3·3	·22	3·4
Mexico	·06	2·2	·24	4·0	·36	3·3	·40	3·5	·22	3·4

TABLE V—COMMODITY GROUPS

	1950-53 billion $	1950-53 % total imports	1953 billion $	1953 %	1954 billion $	1954 %	1955 billion $	1955 %	1956 6 Mos. billion $	1956 6 Mos. %
Total imports	10·3	100	10·8	100	10·2	100	11·4	100	6·2	100
Agricultural	4·5	44	4·2	39	3·97	39	3·98	35	2·14	34
Non-agricultural	5·8	56	6·6	61	6·30	62	7·40	65	4·09	66
Crude materials	2·8	27	2·6	24	2·4	24	2·8	25	1·5	24
Crude food products	2·0	19	2·2	20	2·2	22	2·0	18	1·1	17
Semi-manufactures	2·5	24	2·7	25	2·3	23	2·8	25	1·5	24
Manufactured foods	1·0	10	1·1	10	1·1	11	1·1	10	·6	10
Finished manufactures	1·9	18	2·2	20	2·2	22	2·6	23	1·5	24

example, imports from these three countries only made up some 8½ per cent of the total; in 1955 they were responsible for over 14½ per cent.

Types of Imports

The division of imports by main commodity categories shows a surprisingly steady relationship between products for industry and products for the consumer. However, this generalization hides very considerable shifts within each commodity group. For example, in base metals, iron ore, and petroleum products, the U.S. economy is clearly becoming increasingly dependent on imports.

The 1955 performance confirmed the long-term tendency towards a decrease in the proportion of agricultural imports to total imports. Otherwise the main groupings by use—that is, raw materials versus finished products—showed no significant change. Imports of raw food products did show a 4 per cent (of total imports) decline, but this was largely the result of the fall in the prices of coffee and cocoa, rather than any significant change in the make-up of imports.

In many respects these broad groupings are too general to provide any significant information on trends unless they are considered in the long term. It is of some interest, however, to note that if the longer term is considered, imports of fully manufactured goods and manufactured food products together have shown no real trend over the last thirty years. The share of these categories in total imports for the period since 1950 has been between 28-33 per cent (as shown in the table). For the immediate postwar period (1946-50) the share was 29 per cent, for 1936-40 it was 33 per cent, and for 1926-30 it was 32 per cent. However, there does appear to be a definite trend towards an increasing proportion of non-agricultural commodities among imports. Before the war agricultural commodities took up about 50 per cent of the total, whereas, as the table shows, this share has been steadily decreasing postwar. In the immediate postwar year agricultural imports took an average of 45·5 per cent of the total.

Trading Balances

The fact that the United States has favourable balances of trade with nearly all regions and countries, with the exception of Latin America, is not a new development. Even before the war the U.S. had a small adverse balance of about $33 million a year, on the average, with Latin America, or 3·2 per cent of total trade with that area. In the last three years, however, the figure in favour of Latin America has become so small that it would be more accurate to say that U.S. trade with that region is now in balance. (The total export figures, including special category exports, are available for Latin America, Canada, and Western Europe, and these have been used in discussing the balances of trade.)

In trade with Canada, the balance in favour of the United States has always been large. It has in fact grown larger in recent years, in keeping with the high level of Canadian development and the investment of United States capital there. For example, the average adverse balance for the prewar period was some $117 million, which was $14\frac{1}{2}$ per cent of total United States/Canadian trade. In the postwar period this rose to an average of $575 million or nearly $18\frac{1}{2}$ per cent. Although it rose to $667 million on the average in the 1953-55 period and $749 million in 1955, the relative percentages were only 11·6 and 12·4 respectively.

In the case of Western Europe, a heavy trade balance in favour of the United States is not a new symptom. During the prewar period it averaged $558 million, or over 31 per cent of the total United States/European trade. In the immediate postwar period—when trade was inevitably much more one-sided—it increased to $3,338 million average, or over 68 per cent of the total trade. However, during 1953-55 the average dropped to $3,067 million, or 40·7 per cent, and in 1955 to $2,714 million or 36·3 per cent.

In its trade with the Far East the United States generally has an adverse balance. However, this balance declined from the average of $629 million (21 per cent) during the immediate postwar years to $320 million average in 1953-55 (9 per cent) and to only $220 million (5·9 per cent) in 1955.●

This article forms part of a more detailed study by Mr. Smith on United States exports and imports. Readers who would like a copy of this study should write to R. G. C. Smith, Commercial Counsellor, Canadian Embassy, Washington.

fairs and exhibitions

Chicagoland and Canadians

Chicagoland, as the Chicago metropolitan area is known, has just completed a decade of great economic growth. Now, to focus international attention on the area as a centre of American industry, agriculture and population, the Chicago Association of Commerce and Industry is staging the first annual Chicagoland Fair. It will be held in 1957 from June 28-July 14 on the Navy Pier.

The fair is planned to reveal the value and importance of Chicago and the Midwest as an industrial and marketing area for both national and international trade. One of the six principal themes in the mile-long show is "Chicagoland of World Trade", and an area of 43,000 square feet in which foreign governments are invited to exhibit has been devoted to this aspect. The Department of Trade and Commerce is reserving 1,000 square feet for a Canadian exhibit which will emphasize our industrial and trade relations with the Midwest. The Chicago Association of Commerce and Industry has also reserved an adjoining space of 4,000 square feet in the expectation that other Canadian organizations or firms may wish to participate on their own responsibility. The Province of Manitoba has taken about 1,000 square feet to publicize its industrial advantages, and it is probable that other provinces will enter the fair.

The Chicagoland Fair should be particularly attractive to Canadian businessmen because Chicago and the Midwest is an important area for branch plants and also sends many tourists to Canada. In addition, Chicagoland is becoming an increasingly important market for Canadian primary and secondary manufactures. For this reason, a number of Canadian firms are taking space. Inside space at the fair costs $2.75 per square foot; corners and other preferred locations are $3.00 per square foot. A minimum of 100 square feet must be reserved.

Full details of the fair can be obtained by writing to the Canadian Consulate General, 1412 Garland Building, 111 North Wabash, Chicago 2, or to the Department of Trade and Commerce, Ottawa.

—G. A. NEWMAN,
Deputy Consul General (Commercial), Chicago

Part of the display of Canadian foods which was featured at the Canadian Showroom in Rockefeller Centre during November. Some 22 companies contributed to this exhibit.

Argentine Showcase in New York

TO PROMOTE the sale of Argentine products in the United States, private interests are opening an Argentine House in New York. Argentine House will provide a permanent exhibition of the country's export products, such as wine, fruit, canned vegetables, oils, dairy products, textiles, footwear and other leather goods.

Texas Spotlights Sports

CANADIAN MANUFACTURERS of boats and sports equipment who are interested in southern United States markets might consider exhibiting at the Houston Boat, Sports and Travel Show. Sponsored by the Variety Club of Houston, the show will be held from April 6-14, 1957, in the Sam Houston Coliseum, Houston, Texas. For information and space reservations contact: Martin P. Kelly, Managing Director, United Sports & Vacation Shows, First National Bank Building, St. Paul 1, Minn., or Bill Brown, Manager, Houston Boat, Sports and Travel Show, 329 Waverly Drive, Corpus Christi, Texas.

The many types of sports equipment displayed in this show include aircraft, archery supplies, autos and mobile homes, bathing suits and beach equipment, boats, outboard motors and boat trailers, cameras and equipment as well as sections for furniture and interior decoration, arts and crafts, wearing apparel, textiles, supplies, camping equipment, fishing tackle, golf equipment, guns and ammunition, marine accessories, outdoor sports clothes, portable radios, saddles and riding equipment, travel luggage, and water skis and skin-diving equipment.

The travel part of the show includes promotion displays by boys' and girls' summer camps, dude and guest ranches, hunting and fishing camps, recreational real estate promoters, resorts, lodges and hotels, travel bureaus and vacation tours, and vacation transportation services.

This year again the show will present stage and tank entertainment.

Two for Stationery—One with Books

THE THIRD ANNUAL STATIONERY FAIR, organized by the Stationers' Association of Great Britain and Ireland, will be held in Brighton from February 4-8, 1957. The fair will be housed in the Hotel Metropole and the Grand Hotel which are across the street from one another and provide accommodation for 150-200 exhibitors. The 1957 show will have open stands on the ground floor of the Hotel Metropole as well as the usual stockrooms. Buyers came to the last fair from many European countries and from South Africa, New Zealand and the United States. For information, write to the General Secretary, The Stationers' Association of Great Britain and Ireland, 6 Wimpole Street, London, W. 1.

THE NATIONAL STATIONERY AND BOOK TRADES FAIR OF 1957 will open in the Old and New Royal Horticultural Halls, Westminster, on February 11, 1957, for five days. Buyers' tickets are available on application to the Exhibition Manager, National Newsagent (Exhibitions) Ltd., 149 Fleet Street, London, E.C. 4. These tickets enable a buyer to visit the Fair on any day; if a second or third visit is necessary, season tickets can be obtained at the fair. At this year's fair over 6,000 overseas, wholesale and retail buyers visited the exhibits of stationery products, greeting cards, postcards, books, shop fittings, typewriters, and pens and pencils. The general public is not admitted to this show.

Arts and Crafts in Munich

AN EXCELLENT OPPORTUNITY for craftsmen and small industries from all countries, the 9th German Handicraft and Trade Fair will open in Munich on May 15, 1957, and run for ten days. There will be a technical section for machines, tools, and workshop equipment as well as sections for furniture and interior decoration, arts and crafts, wearing apparel, textiles

Trade Shows in the United States

Name of Show	*Date 1957*	*Place*	*Canadian Exhibitors Accepted*	*Permanent Secretary or Show Manager*
Mid-Atlantic Shoe Show (annual)	Jan. 12-16	Ben Franklin Hotel, Philadelphia, Pa.		Cal J. Mensch, Secretary, 2 Kendall Avenue, Pittsburgh 2, Pa.
New York Curtain and Drapery Show-National Domestic and Linen Show (semi-annual)	Jan. 12-17	New York Trade Show Building, New York City	Yes	Mrs. H. M. Waters, Managing Director, Lansdale, Pa.
National Motor Boat Show (annual)	Jan. 19-27	Coliseum, New York City	Yes	Joseph E. Choate, Secretary, 420 Lexington Avenue, New York City, N.Y.
National Association of Home Builders (annual)	Jan. 20-24	Coliseum, Conrad Hilton and Sherman Hotels, Chicago	Yes (sold out)	Paul S. Van Auken, Convention and Exposition Manager, 111 West Jackson Blvd., Chicago 4, Ill.
National Association of Variety Stores (5¢-$5) Merchandise Show (five shows a year)	Jan. 20-22 Feb. 3-6 Feb. 24-26	Minneapolis Chicago Cincinnati	Yes	Marvin E. Smith, Secretary-Treasurer, 10-147 Merchandise Mart, Chicago, Ill.
Chicago National Boat Show (annual)	Feb. 8-17	Chicago International Amphitheatre, Chicago	Yes	Guy W. Hughes, Executive Director, 307 N. Michigan Ave., Chicago 1, Ill.
Wholesale Stationers Association of the U.S. (annual)	March 4-7	Drake Hotel, Chicago		H. C. Whittemdre, General Manager, 250 Fifth Ave., New York 1, N.Y.
American Toy Fair (annual)	March 6-15	Hotel New Yorker, Sheraton-McAlpine, New York City		H. D. Clarke, Secretary, 200 Fifth Ave., New York, N.Y.
National American Wholesale Grocers' Association (annual)	March 17-20	Sherman Hotel, Chicago	Yes	Ralph B. Johnson, Vice-President, 60 Hudson St., New York 13, N.Y.
Super Market Institute Convention (annual)	April 7-10	Cleveland Public Auditorium, Cleveland	Yes (waiting list)	Don Parsons, Executive Director, 500 N. Dearborn St., Chicago, Ill.
National Restaurant Convention and Exposition (annual)	May 6-10	Navy Pier, Chicago	Yes	Ralph G. Peterson, Exposition Director, 8 S. Michigan Ave., Chicago 3, Ill.
National Luggage and Leather Goods Show (annual)	July 28-Aug. 1	New York Trade Show Building, New York City		Jack Citronbaum, Executive Vice-President, 220 Fifth Ave., New York 1, N.Y.

and fashion articles. This year 2,250 exhibitors from 27 countries took part and many good business contacts were made by participating countries. Applications to date for the 1957 show indicate that it will be even bigger.

A special added show (inaugurated in 1954), the International Sample Show of Arts and Crafts and Industrial Design, will adjoin the foreign section of the general fair. Prepared by collective groups from different countries (individual exhibitors may show within these groups), this special show is designed to give a cross-section of European and overseas craftsmanship and national art. The space is given to the exhibitors free of charge and will again be arranged on modern lines by the fair's architect.

For information about the 9th German Handicraft and Trade Fair, write to: Deutche Handwerksmesse, Theresienhoehe 14, Munich 12.

—M. B. BLACKWOOD,
Assistant Commercial Secretary, Bonn.

Spain Sends a Shipboard Show

LAST AUGUST, 464 years after Christopher Columbus set out on his historic sail to the New World, Spain launched another voyage of discovery to America. But this time, as the Spanish Director of Foreign Markets put it, the purpose was to have America discover Spain and what Spain has to offer. The ship entrusted with this mission was the 15,000-ton *Ciudad de Toledo,* newly-built for the Compana Transmediterranea and cleverly adapted as a floating trade fair. Her three decks carry a range of Spanish export products, from heavy machinery to precious jewellery.

The *Ciudad de Toledo,* under the command of Captain Francisco Lleal Bacas, has now completed some three-quarters of her itinerary and expects to be home in time for Christmas. Sailing from Bilbao, she visited Lisbon, Tangier, Casablanca, and the Canary Islands before beginning the Atlantic crossing. Her first port of call in South America was Rio de Janeiro. She then proceeded to Santos, Montevideo, Buenos Aires, and Bahia (southernmost port on the trip). After the long non-stop haul to Recife (Pernambuco), the show-boat sailed north, bearing west, to La Guaira, Baranquilla, Cartagena, Colon (only call in Central America), Vera Cruz (first call in North America), and Tampico. The ship made her only stop in the United States at New Orleans on November 9th; from there her itinerary took her south to Havana, around Cuba to Santiago, Ciudad Trujillo and San Juan, and then to Barcelona and the end of the voyage.

Visitors who boarded the *Toledo* at every stop found the Spanish goods displayed in 14 exhibition halls, two new outer decks and a terrace. On A-Deck they could see home appliances, a hunting pavilion, toys, industrial accessories, an electronic organ, handicrafts, and in an art gallery, examples of Spanish bookprinting, ceramics and porcelain. Two special attractions on the deck were Chicote's Tavern and the Valenti monstrance. Pedro Chicote, known to his friends as Perico, is Spain's most famous bartender and owner of probably the world's most complete wine museum. He stocked a typical Spanish tavern on board the *Ciudad de Toledo* with 40,000 bottles of Spanish wines and three tons of selected Spanish appetizers. The wines and delicacies are being sold at cost.

The giant silver monstrance includes 3,000 separate pieces and weighs over 750 pounds. The monstrance is a work of love which the Valenti family may never sell. It was begun in 1907 by Augustin Valenti Colom, a Spanish silversmith, and the work was continued after his death in 1950 by his son Augustin Valenti Jr. Details of the monstrance are yet to be completed.

Also on A-Deck is the Spanish patio with a fountain bubbling wine and a facsimile of the famous Guisando bulls. Twelve little shops in the patio display garden furniture and decorations, and foodstuffs, wines and liquors for sampling.

The transportation section of the show is on B-Deck and includes a Pegaso sportscar and five-ton truck, delivery tricycles, bicycles, small cycle engines, tires and other automotive accessories. Also on this deck are the textiles, leather goods and skins.

The "Ciudad de Toledo", gaily decked with flags, sails from Bilbao for Latin American ports, carrying exhibits designed to show Spanish production and craftsmanship to prospective customers. The ship will return to Spain before Christmas.

C-Deck carries the heavy machines and machine tools, the displays by the aircraft and defence industries, and a miscellaneous group including industrial ceramics, rubber goods, plastic products, cork and wood products, chemicals, perfumes, minerals and metals, vegetable fibres, etc.

The work of converting the ship to a floating trade fair began last January. Her exterior is painted in red and green with a white superstructure and hung with flags and pennants. Construction over the hatchways that house the stairs to the exhibit halls has improved her silhouette. The stairs, considered an engineering feat, are of steel decorated with fine woods and coloured plastics. To connect the forward and aft exhibition halls, bulkheads were cut through and special steel watertight doors installed. A fire protection system was installed and methods devised for holding the exhibits securely in rough seas. The *Ciudad de Toledo* is completely air-conditioned and entrances and exits are protected by a curtain of conditioned air. ●

Markets in Asia for

Canadian manufacturers of primary plastics are today finding a $2 million a year market in Asia. This market should increase with the growth of industry in these countries, where development plans favour plastics production and mean greater demand for imported plastic raw materials. The following reports cover ten countries in Asia and outline present plastics production, materials in current demand, and future prospects. For the first instalment in this series, see our issue of November 10th which covered markets in South America.

INDIA—*Opportunities for Canadian suppliers of plastic raw materials limited. Import licensing restricts dollar purchases; lack of purchasing power curtails output, raises costs, and hampers expansion of plastics industry.*

THE PROGRESS OF THE PLASTICS INDUSTRY in India since it started ten years ago has been excellent, if one considers how difficult it is to establish profitable enterprises here in the consumer goods field. In 1948 there were 40 plants producing plastic goods and there are now more than 100 medium and large factories; many more operate on a cottage industry basis. Investment in the industry totals about Rs. 80 million and the Government encourages it because plastics production creates a market for the chemicals industry. During 1955, 2,516,400 gross of moulded items were produced, compared with 1,302,000 gross during 1954. This indicates how quickly the plastics industry recovered from the depression which resulted from a shortage of raw materials following the Korean War.

The Indian Government has estimated the present annual raw material requirements of the industry as follows:

Phenol formaldehyde moulding powder (electrical grade)	500 tons
Urea formaldehyde moulding powder	600 "
Polystyrene	3,500 "
Polyethylene	1,500 "
PVC resin compounds	1,600 "
Cellulose acetate/acetate butyrate (moulding powder and sheets)	800 "
Cellulose nitrate (sheets, rods and tubes)	300 "
Acrylics (moulding powder and sheets)	300 "
Nylon—monofils and powder yarn	3,000 "
Styrene butadiene copolymer latex (GRS rubber)	20,000 "

To Manufacture Materials

With the exception of general grade phenol formaldehyde moulding powder, which is manufactured in India, all raw materials for the industry are imported. However, the Indian Government is planning to make at least some plastic raw materials during the Second Five-Year Plan but using mainly imported chemicals. This is the second stage in a well-defined plan for the development of the plastics industry. The third stage is to manufacture the basic chemicals needed to produce plastic raw materials.

A plant that will manufacture polystyrene is at present under construction in Bombay by Polychem Limited, in collaboration with the Dow Chemical Company; it will have a capacity of six million pounds. Imperial Chemical Industries (India) Private Limited will set up a factory soon to make 5,500 tons of polyethylene a year. The National Carbon Company (Indian) Limited plans to produce polyethylene, and Rattanchand Harjasrai (Plastics) Private Limited will manufacture urea formaldehyde moulding powder in collaboration with a well-known British firm. A new company, East Anglia Plastics (India) Limited, has registered recently and plans to manufacture cellulose acetate flakes and PVC resins. If all of these projects

Plastic Raw Materials

materialize, the industry will achieve an annual installed capacity for moulding powders of 11,400 tons by 1960-61, as against 1,180 tons in 1955-56.

The production of phenolic laminates and polythene film and layflat tubing began in 1952, and of PVC unsupported sheets in 1954. These sheets are now manufactured in thicknesses from 0·008 inches to 0·02 inches, transparent and opaque, plain, and with many types of finishes. Polyethylene film and layflat tubing are becoming very popular, and production is rising rapidly.

Small Demand Restricts Industry

In common with most consumer industries in India, the plastics industry is handicapped by the generally low standard of living of the people; the slow pace of consumer purchasing seriously restricts production. For example, the present annual capacity, on a single shift basis, of the phenol formaldehyde moulding powder plants is 1,135 tons. Production has risen, however, from only 382 tons in 1953 to 472 tons in 1954 and 728 tons last year. Imports of phenol formaldehyde during the same years were 116, 207, and 204 tons. The ex-works price of a pound of this moulding powder produced in India is about Rs.1-1-0 (about 21 cents) while the landed cost, without duty, of a comparable product from Germany is annas 12-11 (about 15 cents). The Tariff Commission recently recommended the extension of protection to the producers of phenol formaldehyde moulding powder for a period of three years ending December 31, 1959. The duty applied to this material is 31·5 per cent ad valorem; only manufacturers of plastic goods are granted import licences. The duties levied on the three main chemical raw materials used in the manufacture of phenol formaldehyde moulding powder are refundable to those plants with a minimum annual capacity of 200 tons.

U.K. Is Main Supplier

The United Kingdom is by far the largest supplier of plastic raw materials, with Western Germany a poor second. The market prospects here for Canadian exporters of plastics for further processing are not promising because the restrictive import licensing policy directly affects Canadian sales. The Government is allowing imports from the dollar area of small quantities of polyvinyl acetate resin, polyvinyl butyral resin, PVC compounds including moulding powder, polyethylene moulding powder, and polyvinyl chloride resin powders. The present import regulations apply to the current half-year but appear to be temporary only. Import duties on powders and other materials for production of finished plastic goods vary from 31½ per cent to 50 per cent ad valorem.

The products of the Indian plastics industry are exported to several overseas countries, including Burma, Ceylon, the Middle East, and the Far East. The Government encourages these sales by granting special import licences to exporters to replace the raw material content of exported goods. This procedure allows a "drawback" of customs duty on four moulding powders: polystyrene, cellulose acetate, cellulose acetate butyrate, and urea formaldehyde moulding powders. Manufacturers are able to reduce the price of their products and compete quite successfully in foreign markets.

—Wm. JONES,
Commercial Secretary, New Delhi.

PAKISTAN

PAKISTAN'S RATHER SMALL PLASTICS INDUSTRY is confined to the Karachi area and consists mainly of injection moulding. The Government recently cut tariffs on moulding powders and compression moulding now is increasing. One firm manufactures leather cloth, PVC coated, at a rate of 2,000 yards a day and some acrylic sheeting is produced in the country.

The yearly amounts of raw materials that the industry requires are estimated as follows: 150-200 tons of phenol formaldehyde moulding powders, 600 tons of polystyrene, 70 tons of methyl methacrylate sheeting, 50 tons of cellulose acetate, 20 tons of polythene. The only primary plastic produced in Pakistan is phenol formaldehyde. The plant responsible produces about 100 pounds a day of this material for its own electrical accessories section. This firm plans to expand output fivefold.

United Kingdom suppliers have captured the biggest share of the plastics market in Pakistan in keen competition with Germany, Czechoslovakia, and Italy, because there is no tariff preference for British materials. ●

CEYLON

—This small market for primary plastics is unlikely to expand very much in the near future. Imports totalled 216·5 tons in 1955 valued at $272 thousand, and included polystyrene and phenol formaldehyde moulding powders, and films and sheets of polyethylene, polymethylmethacrylate, and PVC.

CEYLON IS NOT HIGHLY INDUSTRIALIZED and except for her three main agricultural industries —tea, rubber and coconut processing—most manufacturing is still in its infancy. Hence it is unlikely that Ceylon's requirements for industrial raw materials from abroad will be important until present plans to industrialize the country are implemented. The pressure to establish new industries, however, is building up, with the possibility of the market for raw materials increasing before most people expect it. It is estimated that Ceylon's plastics business currently amounts to about Rs.2 million ($412,317) a year.

Primary Plastics Imported

Primary plastics used by the producers of plastic goods include polyvinylchloride, polystyrene, phenol formaldehyde, polymethylmethacrylate and polyethylene. None of the monomers of these plastic materials are made locally. They are all imported either as the fully polymerized thermoplastic polymer (acrylic sheet, polystyrene moulding powder, PVC sheet or polyethylene film) or as the semi-polymerized thermosetting resin moulding powder (phenol formaldehyde resin).

Polyvinylchloride—is imported as tubes, films and sheeting. As fabrication consists chiefly of cutting and stitching the sheets, this industry should develop quickly to meet local requirements.

Polystyrene—is used for injection moulding of utility articles like trays, dishes, combs, and simple toys.

Phenol formaldehyde—is used for press moulding of opaque articles like ashtrays, but the industry has not yet undertaken to make electrical fittings.

Polymethylmethacrylate—is limited to making signboards, key tags and similar flat objects by cutting directly from the sheets.

Polyethylene—is imported as film for moisture-proof, heat-sealed packaging of curry powders and other foodstuffs.

Market Unlikely to Expand Rapidly

In 1955 plastic raw materials imported into Ceylon, chiefly from the United Kingdom, totalled a little over 40 tons valued at Rs.114,585 (approximately $23,625). Fabricated primary forms of plastic, like sheeting, come mainly from the United Kingdom, Germany, France and Japan. Imports under this heading for 1955 totalled 176·5 tons valued at Rs.1,207,345 (about $248,937). In addition, Ceylon purchased a further $61,860 worth of plastic utility articles.

Differential tariff duties are levied which distinguish between imported primary forms (5 per cent to 20 per cent ad valorem) and finished products (up to 75 per cent ad valorem); the latter duty protects the local industry.

Obviously there is scope for expansion but the local industry is small with high plant overhead, because factories are frequently designed for output far in excess of present market demands. At the moment, substantial expansion of the plastics industry is unlikely. Possible new lines of goods include spectacle frames, electrical fittings, and radio and accumulator cases.

A recent development is the use of urea formaldehyde glue for bonding veneers in the local plywood industry. About eight tons of this glue now is used each month and this amount likely will increase when the factory is reorganized to expand output to its maximum. It is possible that this type of bonding agent may be used to make synthetic boards employing local supplies of sawdust, coirdust, and fibre. Experiments are being conducted to test the economics of providing this product.

Unless the plastic industry in Ceylon expands considerably, exporters of plastic raw materials, other than those mentioned above, cannot include the Island among their promising markets.

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

HONG KONG—*Colony's plastics moulding industry expanding rapidly; raw materials are imported and enter duty-free. Industry's exports favoured by Commonwealth preference, proximity to growing Asian plastics market. Hong Kong was Canada's best export market for polystyrene last year.*

RAPID EXPANSION OF THE PLASTICS INDUSTRY in Hong Kong in recent years makes it now one of the Colony's major branches of manufacturing. There are over 300 plants in operation, all privately owned. They range in size from fairly large companies employing several hundred workers to small injection moulding plants using from one to five operating machines and employing from two to ten workers. Most finished plastic articles are exported, chiefly to the United Kingdom. Large quantities also go to other Commonwealth markets, to adjacent South East Asian markets, and to the United States.

Import Raw Materials

Because there is no local production of plastic raw materials, Hong Kong is a substantial importer. It is a free port and all plastic materials used in injection, compression and extrusion moulding are free of import duties, no matter what country they come from. There is no direct preference for plastic raw materials imported from Commonwealth sources. However, the bulk of the industry's output is exported to Commonwealth markets; exporters enjoy preferential rates of duty in these markets, provided that their goods have sufficient Commonwealth content. There is in fact a considerable advantage to the industry if it obtains raw materials from the United Kingdom, Canada and other Commonwealth sources. For example, in the case of the United Kingdom, imports of all plastic articles from Hong Kong are free of duty when suppliers can show a Commonwealth content of not less than 50 per cent of the finished goods. This indirect preference explains to a large extent the extremely high percentage of Commonwealth-produced raw materials imported by the Hong Kong industry.

Figures for the main plastic raw materials imported into Hong Kong during 1955 and the first half of 1956 are summarized below.

HONG KONG IMPORTS OF PLASTIC RAW MATERIALS*

(in pounds)

	full year 1955	*1st half year 1956*
Vinyl resins, including polyvinyl chloride and polyvinyl acetate....	558,155	289,950
Acrylic resins	445,448	338,191
Polystyrene and polydichlorostyrene	7,029,471	4,890,571
Cellulose acetate and acetate butyrate	248,976	129,368
Formaldehyde resins, including phenol, urea and melamine	1,585,802	1,287,244

* Because of space limitations, we are unable to give import figures by countries of origin but anyone interested may obtain them by writing to the Chemicals Division, Department of Trade and Commerce, Ottawa, Canada.

Sales Possibilities

Polystyrene injection moulding compound is imported in greater volume than any other plastic raw material; Canada is by far the largest supplier and Hong Kong is Canada's largest market. In 1955, out of total polystyrene exports from Canada amounting to $7 million, Hong Kong took more than $1½ million worth. Total imports of polystyrene into Hong Kong in 1955 reached 7,029,471 pounds. During the first six months of 1956, imports increased about 25 per cent over the first half of 1955. These imports should continue to expand with the development of the industry.

Polyethylene injection moulding compounds are comparatively new to Hong Kong, but this plastic material is proving extremely popular and imports are increasing rapidly. The main sources of supply are the United Kingdom and the United States, with the United Kingdom securing about 90 per cent of the business. Imports of this material are expected to increase rapidly over the next year or two.

Acrylic resins are imported mainly in sheet form and used for the manufacture of mahjong tiles and umbrella handles. The principal source of supply for this material is the United Kingdom. These materials are not produced in Canada at present.

Polyvinyl chloride resin is compounded in Hong Kong and consumption of the resin from Japan has increased considerably during the past few months. The colony also buys substantial quantities of the compound, sheeting, and film. The United Kingdom has been the main supplier of these materials in the past; Canada and West Germany share second place. At present, however, imports from Japan and Canada are increasing and those from the United Kingdom declining to some extent. Consumption of polyvinyl resins and compounds should continue to increase and the market to expand considerably over the next few years. Canada can maintain her position as a major source for the material only by making quick deliveries and meeting the formidable competition that Japan offers both in price and in the wide range of colours and designs.

Cellulose acetate is imported in the form of moulding compound and sheets. The United Kingdom is the main supplier, accounting for about 90 per cent of the market demand for moulding compound and sheets. Smaller quantities are imported from Germany, Belgium and Japan.

Formaldehyde resins, including phenol formaldehyde, urea formaldehyde and melamine formaldehyde compression moulding compounds, find wide application in Hong Kong. The Colony could easily manufacture its own phenol formaldehyde moulding compound but the total demand is not large enough and imports too are small. Three factories do produce cast phenolic resins by combining phenol and formaldehyde; the total consumption of phenol for these purposes approximates ten tons a month. The manufacture of mahjong tiles accounts almost completely for all the cast phenolic resin produced. The United Kingdom supplies about 75 per cent of the requirements for phenol formaldehyde moulding compounds; smaller quantities come from Germany, the Netherlands, and Belgium. The consumption of urea formaldehyde resins for adhesives is less important; plywood manufacturing facilities in the Colony are practically non-existent.

Imports Will Increase

Styrene monomer to be used as a base for the manufacture of polystyrene is not imported at present and is unlikely to be in the forseeable future. Styrene paints are now produced in Hong Kong and the styrene resin comes mainly from the United States. Most producers of paint use alkyd resins extensively and the market for these is expanding rapidly. Polyester resins, although new to the market, offer some prospects for the future.

With the exception of polyvinyl sheeting and films, imports of plastics in the form of consumer goods are negligible. There is little chance that this situation will change. The rapid and continuing expansion of the industry is attributed to several factors: the Colony's ideal location for obtaining supplies of cheap raw materials, the advantages of the Imperial Preference in its principal markets, proximity to Asian markets which are taking increasing quantities of plastic goods, and an abundance of good and comparatively cheap labour. Prospects are for continued growth of the industry and a consequent increase in the volume of imports of raw materials.

—C. M. FORSYTH-SMITH,
Trade Commissioner, Hong Kong.

INDO-CHINA—*Demand for plastic goods is rising and interest in the plastics industry growing. France, Germany and Italy supply most raw materials at present, but Canadian producers should investigate this expanding market.*

GOVERNMENT AID to a plastics firm in South Vietnam has strengthened the industry here after a slow start. Aid to the Vietnamese company under the country's industrial development plan has enabled it to surpass the output of a French firm, the other chief producer. In addition, there are numerous small producers with little capital investment who do not use much material.

In the past year a total of $2½ million of ICA funds was allotted for import of plastic materials; this amount will be increased—or at least maintained—for future purchases. Canadian producers of plastic materials should note the rising demand for plastic goods here, the growing interest in the plastics industry, and the attention government officials are paying to it.

The government-supported firm is producing a variety of goods, from toothbrush handles to electric sockets. It combines a small variety of toiletries with the plastic goods—toothpaste is the leading one at the moment. The firm is showing great initiative and good management, with a plant addition under way. The plant fabricates raw materials at a rate of approximately 20 tons a month. Typical purchases are block orders for 30 tons of phenol formaldehyde (now secured from France and Denmark); 30 tons of urea formaldehyde (from Switzerland); 20 tons of melamine (from France); 20 tons of polystyrene (from Germany and Italy); 10 tons of polyethylene (from Germany and Italy); 20 tons of vinyl compounds (from Italy); and 20 tons of PVC resin (also from Italy).

The French company specializes in fabric coatings and hose; it combines this with dealing in toiletries, such as a popular shampoo in plastic vials. No details of the raw material requirements of this company are available but it is a long-established firm with considerable experience and potential; it is certain to be a relatively large consumer of raw materials.

The two large firms report that at present they buy no raw materials from the United States or Canada. In our case no Canadian supplier has ever approached them and, in the past, they did not realize that Canada sold these materials. Canadian producers of primary plastics should investigate this growing market and they might even find it worthwhile to visit Vietnam for this purpose. There appears to be no plastics industry in either Cambodia or Laos so far.

—P. STUCHEN, *Hong Kong.*

TAIWAN—*Canada's share of this market negligible at present but merits closer attention. Industry's main requirements are for polystyrene and polyethylene, with small market for PVC resin and compound, phenolic and urea moulding powders.*

THE STEADY GROWTH of plastics manufacturing in Taiwan has continued in recent years until the industry now consists of about 100 factories producing secondary plastic goods. About 50 firms are working only on polystyrene, about 40 on both polystyrene and polyethylene, and most of the rest on PVC extrusion.

The relatively small population has limited growth and the industry faces stiff competition in adjacent export markets from such large suppliers as Japan and Hong Kong. Restrictions on imports of raw materials because of import licensing requirements has also hampered expansion. The foreign exchange allocation for all plastic raw materials during the current year is approximately US$720 thousand, with the largest share used to buy polystyrene.

No Raw Materials Produced

No plastic raw materials are produced in Taiwan, although one company, the Formosa Plastics Co. Ltd., which is financed by U.S. aid funds, plans to produce PVC resin at some future date. Polyethylene, polystyrene, PVC resin and compound, phenolic moulding powder, and urea moulding powder are all used by the industry to turn out toys, cups, handbags, bottles, films, pipes and tubes, and fabric coatings. Most manufacturers import compounded material ready for fabrication and only two of the larger manufacturers import PVC resin and compound it themselves. Imports of film, sheet and all plastic consumer goods are prohibited. The principal sources of PVC resin are Japan, the United Kingdom and the United States; polystyrene and polyethylene are imported from the United Kingdom and the United States; phenolic moulding compound is imported from Japan, the United Kingdom and the United States.

There are no special regulations or duties affecting Canadian plastic raw materials shipped to Taiwan. Imports of raw materials from any source are subject to a duty of 35 per cent and any finished plastic items allowed in are dutiable at 50 per cent ad valorem. Canada's share of the market is, however, extremely limited and consists of small quantities of polystyrene. But this market merits closer investigation by Canadian suppliers because the demand for plastic raw materials should grow steadily.

—C. M. FORSYTH-SMITH,
Trade Commissioner, Hong Kong.

SINGAPORE and MALAYA

—No dollar restrictions on primary plastics or plastic fabrics for local manufacturing but sales prospects limited. United Kingdom dominates small market for moulding compounds, film and sheets. Local industries must compete with finished goods from Hong Kong and Japan.

A FEW COMPANIES are now moving into the plastics field in this area but the industry is not widely established here. The fact that Singapore is a free port undoubtedly has affected industrialization adversely in Singapore and Malaya. Manufacturers lack incentives to establish new industries; they are not protected by import licensing or customs duties.

Consequently, only a few producers have entered the plastics field. The plastics market in this area is therefore mainly for finished goods or semi-finished products that can be processed with a small amount of local labour. Some fabricating machines have been installed in Singapore and in Kuala Lumpur in the Federation of Malaya, but strong foreign competition has limited local output. A large domestic market in the Federation and Singapore is lacking and imported plastics are cheap; local manufacturers find it difficult to expand production.

Kinds of Plastics Produced

The most recent plastics development in Singapore is a plant to extrude polythene tubing. This is the only plastic extrusion operation in the whole of Southeast Asia. This factory currently imports polythene from the United Kingdom. The polythene tubing is designed to carry cold water required for irrigation sprinkler systems and liquids for various specialized purposes.

There are also a few small producers making goods from moulding compounds such as battery fillers, bicycle handlebar grips, ashtrays, dishes, etc. There are no industries to produce the usual variety of moulded plastic products such as radio cabinets, toys, etc. Although small quantities of urea formaldehyde and phenol formaldehyde are imported, there is little activity in this field. Some products are brought in for further processing such as printing and stamping.

Although there are a few injection moulding units in the area, they have not proved successful because of the keen competition from finished goods produced in Hong Kong and Japan. The firms are small and local; limited export markets have discouraged large-scale production. Some injection machines are idle at the moment.

Local production of plastic raw materials is nil at present and this situation is unlikely to change in the near future. However, local fabrication from compounded materials is appreciable considering the small size of the market and limited purchasing power. This type of processing will continue, with little chance that any company will produce the basic raw materials locally. Compounded plastic materials are brought in for further processing by local industries. For example, phenol formaldehyde and other glue resins are used in the plywood industry and small amounts of polystyrene are imported for fabrication.

Signs, advertising materials and various other goods from acrylics are produced in the area. Plastic fabrics are very popular in the local market and synthetic leathers, polyvinyl chloride sheets, etc., are fabricated locally into handbags, wallets, belts, shoes, upholstery and other products.

Imports of Plastic Materials

The classification system used by Customs is not broken down according to individual plastic materials. However, the major imports in Malayan dollars for 1954 and 1955 respectively were: polyvinyl chloride sheets and film (M$1,236,907 and M$2,366,420); reconstituted and artificial leather (M$1,073,092 and M$1,256,790); laminated plastic materials (no figures available for 1954 and 1955 but M$260,645 imported in first four months of 1956); primary plastic materials (M$2,165,239 and M$2,241,121); acrylic sheets, film (M$443,318 and M$557,603); cellulose acetate (M$46,544 and M$51,083); polystyrene (1954 and 1955 figures not available but imports in the first four months of 1956 were M$37,662); phenol formaldehyde (M$56,508 and M$113,980); urea formaldehyde (M$681 and M$18,832), and polyethylene (January to April 1956 imports were M$17,817).

Except for small quantities of polystyrene, phenol formaldehyde, polyethylene and urea formaldehyde, the majority of these imports are compounded materials for local manufacturing. Space limitations do not permit listing the detailed import statistics by country but anyone interested in these may obtain them from the Chemicals Division, Department of Trade and Commerce.

Plastic materials in primary forms are freely licensable from dollar countries; so are imported plastic fabrics for local manufacturing. If the fabric materials are for direct sale to the consumer for curtains, tablecloths, etc., dollar import licences are refused. In this case, the market is still open to dollar goods because exporters can ship via Hong Kong, where the goods are re-documented and sterling is exchanged for dollars. The financing and documentation processes in Hong Kong add to the landed costs.

The market possibilities are fair for compounded plastic materials if prices are competitive. At present the United Kingdom, West Germany and Japan dominate the market for primary plastics in this area; the United States provides some of the primary materials classified as "n.e.s.", and polyvinyl chloride sheets. Market prospects for plastic materials will continue extremely limited.

A fair percentage of Singapore's plastics imports are re-exported to the adjacent Borneo territories and Indonesia.

—M. P. CARSON,
Trade Commissioner, Singapore.

JAPAN—*Except for materials derived from the petrochemical industry, Japan is a net exporter of primary plastics and ranks fourth among the world's leading producers. Imports from Canada are limited to polystyrene. This market should continue until output of Japan's new petrochemical industry meets demand.*

THE RAPID EXPANSION in recent years of Japan's plastics industry, which is based largely on raw materials from indigenous carbides, has provided a market for Canadian exporters but demand is limited to primary plastics from petrochemical sources. In 1955 Japan imported over two thousand tons of polystyrene and about 40 per cent of this came from Canada. Canadian sales of synthetic resins to Japan last year reached 866,165 pounds valued at $296 thousand. Japan's newly organized petrochemical industry will produce its first polystyrene this year and hopes to supply polyethylene in 1957. The plastics industry's heavy demands will result in continued imports, although Japan may reach her goal of self-sufficiency in plastic raw materials within a few years.

Domestic Industry Developed

Japan's output of plastic raw materials rose to 130 thousand tons in 1955, and she now ranks fourth (after the United States, West Germany and Great Britain) among the world's leading producers. Synthetic resins, including polyvinyl chloride, vinyl acetate, polyvinyl alcohol and urea resin, comprise the bulk of her production. Japan has an abundance of limestone and adequate coal resources to produce the carbide which is the source of these products. And because of her relatively poor resources, an industry based on domestic raw materials is likely to be developed to a high degree.

One test of Japan's productivity in the plastics field may be found in the following table for 1955 which shows the nation's exports and imports of plastic raw materials. The reader will see that, with the exception of materials derived from the petrochemical industry, Japan is a net exporter.

Type	*Exports*		*Imports*	
	Tons	*$'000*	*Tons*	*$'000*
PVC	2,500	1,500	100	120
Phenolic resin	30	20	100	110
Cellulose acetate	760	490	0	0
Polystyrene	0	0	2,300	1,600
Polyethylene	0	0	4,000	3,800

Another index of the development of Japan's plastic industry is her virtual self-sufficiency in plastics processing machinery. There are approximately 680 extruding machines, 600 injection moulding machines and 4,000 transfer moulding machines now in operation and practically all of them are Japanese built. Japan also manufactures high frequency ware, sewing machines, welders, and vacuum-forming machines.

Program to Expand Output

The Japanese Government, which is fully aware of the economic importance of a plastics industry based on indigenous raw materials, has announced a five-year production program for the industry. The targets set in the new program are as follows:

Item	*1956*	*1957*	*1958*	*1959*	*1960*
			(in metric tons)		
Phenol resin	13,400	14,000	15,000	16,000	16,500
Urea resin	50,000	53,000	56,000	60,000	65,000
Polyvinyl chloride	55,000	60,000	65,000	70,000	72,000
Methacrylate resin	1,200	1,500	2,000	2,500	3,000
Silicone resin	300	400	500	600	700
Fluorinated resin	200	300	400	500	600
Alkyd resin	6,200	6,600	7,300	8,000	8,500
Polyester	1,000	1,500	2,000	3,000	3,500
Polystyrene	1,100	6,300	8,000	10,000	12,000
Polyethylene	0	10,000	15,000	20,000	25,000
Cellulose acetate	7,300	13,000	18,600	24,100	29,500
Polyvinyl acetate	28,000	46,000	59,500	79,000	102,200
Polyvinyl alcohol	12,400	20,780	27,100	36,200	47,200
Melamine resin	3,400	5,450	6,680	6,980	8,800
Total	179,100	238,830	283,080	336,880	394,500

Until the Japanese primary plastics industry is in full stride, Canada will probably continue to supply it with polystyrene and polyethylene. But the long-term outlook for plastic raw materials, particularly from dollar sources, cannot be considered bright in view of the rapid development in almost every phase of Japan's plastics industry.

—W. G. PYBUS,
Commercial Secretary, Tokyo.

PHILIPPINES—*This country's small but expanding plastics industry depends entirely on imports of primary plastics which enter duty-free. Polystyrene is main material used at present.*

ONLY IMPORTED RAW MATERIALS are used by the plastics moulding and fabricating industry in the Philippines and all primary plastics enter the country free of taxes and duties. The market for synthetic resins—particularly those designed for moulding and extrusion—has expanded in the past few years and this trend should continue. Imports of plastic sheets and film may drop as local production increases. The major obstacle to increased imports of plastic materials is exchange control; Philippine manufacturers have limited dollar allocations for which suppliers of foreign raw materials must compete. The local firms are making more plastic products which replace imported goods and as their output expands, dollar allocations for plastic raw materials should increase.

Industry Small but Expanding

There are about two dozen manufacturers of plastic products in the Philippines, making articles such as extruded sheets, tubing, handbags, hangers, tumblers, buttons, combs, household brushes, raincoats, and bottle caps. Total output of the Philippine plastics industry was reported as about US$900 thousand in 1953, US$1·25 million 1954, and US$9·45 million in 1955. There may be duplication in these figures because the value of locally made sheeting was included also in the value of fabricated products and the 1955 statistics were more complete.

The most common plastic processes are compression moulding, injection moulding, and extrusion. Two firms are using blow moulding to make squeezable bottles, and one or two firms are considering calendering.

The Philippine plywood industry, which produces about 80 million square feet a year, uses three types of glue: urea, phenol, and melamine formaldehyde. All of these adhesives are imported at present, but Borden Chemical, a United States company, is constructing a plant in the Philippines to produce urea formaldehyde, and later phenol formaldehyde. The firm, which plans to produce about ten tons a day on a one-shift basis, should begin production in early 1957. This plant eventually will meet the entire Philippine demand for these glues.

At least one United States firm has considered making moulders' supplies in the Philippines but has apparently discarded the idea. It is likely the country will rely solely on imported plastic raw materials for at least several more years.

Proper statistics are not available, but Philippine imports are estimated at three million pounds of plastic raw materials a year and about 2·5 million pounds of plastic sheeting. The principal materials in probable order of importance are polystyrene, polyvinylchloride, urea, phenolics, and cellulose acetate.

Polystyrene Main Product Used

Polystyrene is the biggest single plastic material consumed in the Philippines and most of it comes from the United States; Germany has sold small quantities, and recently an Italian company has attempted to enter the market. About 90 per cent of the urea formaldehyde moulding compound originates in the United Kingdom with small quantities bought from Japan. The Japanese urea is about two cents a pound cheaper than the British but the quality is not as high. Germany dominates the market for urea formaldehyde adhesive and polyvinylchloride. Canada sold about 53,000 pounds of synthetic resins to the Philippines in 1955 and another 50,000 pounds during the first seven months of 1956.

How to Do Business

Imports into the Philippines are controlled by allocation of U.S. dollars for specified commodities. Importers of primary plastics are especially favoured by having no duties or taxes to pay. Because the dollar allocations for plastic raw materials are made directly to the manufacturer and not to importing firms, most Philippine plastics manufacturers place their orders on an indent basis with local representatives of foreign companies. United States suppliers have to compete freely with those of other countries because their usual tariff preference (25 per cent of the general duty) does not apply. The listing which follows gives an indication of the prices paid for synthetic resins here. In each case the quoted price is the one asked by the suppliers who are the largest exporters of the material to the Philippines. The name of the main supplying country follows. All quotations are c.i.f. Manila in U.S. dollars, because this is the usual form of quoting in this market.

Polystyrene—

general purpose....	$·305/lb.	(U.S.)
high impact	$·374/lb.	(U.S.)

Polyvinylchloride—

crystal grade	$·350/lb.	(Germany)

Urea Formaldehyde—

moulding compound	$·278/lb.	(United Kingdom)
adhesive	$·170/lb.	(Germany)

Phenol Formaldehyde—

general purpose....	$·255/lb.	(U.S.)
adhesive	$·325/lb.	(U.S.)

Polyethylene—

medium molecular weight	$·439/lb.	(U.S.)

Under the existing exchange control regulations, payment for all imports of plastic raw materials is made on an irrevocable letter of credit basis. If their quality synthetic resins can compete in price, Canadian manufacturers should obtain a larger share of the growing market for plastic raw materials here.

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

INDONESIA—*Canada's sales of plastic materials to Indonesia have increased this year; industry is new and may expand rapidly, if exchange is available to buy new equipment. Polystyrene and polyethylene are chief materials purchased; United Kingdom, United States, West Germany and Netherlands the main suppliers.*

A GROWING MARKET for plastic raw materials is developing in Indonesia and the prospects for increasing demand are considered good. The manufacturing of plastic products is a new industry and has expanded rapidly during the last three years. Restrictions on imports of most types of finished plastic products have encouraged this development.

Must Import Raw Materials

Indonesia has no chemical industry producing primary plastics and must import compounded materials for fabrication and semi-fabricated materials for further processing. The Central Bureau of Statistics keeps no record of imports of individual raw materials; all are classified as derivatives of cellulose or artificial plastic materials, and the total also includes some finished plastic products. The table on page 29 gives imports by country of origin for 1954 and 1955 and the first five months of 1956.

People in the trade estimate that the industry imports 500 tons of polystyrene a year from the United Kingdom, the United States, Canada and West Germany. Polyethylene imports are placed at 25 tons

Indonesian Plastic Imports

Country	1954 Quantity Metric Tons	1954 Value 000's Rupiahs	1955 Quantity Metric Tons	1955 Value 000's Rupiahs	January-May 1956 Quantity Metric Tons	January-May 1956 Value 000's Rupiahs
Netherlands	232	1,463	131	950	74	621
United Kingdom	191	1,787	706	6,688	259	2,253
West Germany	77	860	93	600	126	896
Italy	......	......	....	....	40	55
Czechoslovakia	......	....	....	....	63	306
Canada	36	327	19	170	65	571
United States	128	881	438	4,041	140	1,201
Switzerland	13	154	6	140	......	....
Hong Kong	77	784	144	1,192	2	22
France	......	....	15	140	......	....
Total	756	6,265	1,578	14,018	756	6,014

* $1.00=11.65 rupiah.

a year from the United Kingdom, the United States and West Germany; the United Kingdom supplies 15 tons of urea formaldehyde and the Netherlands ten tons of phenol formaldehyde. About half a ton of nylon filament is obtained from West Germany. Polyvinyl chloride sheeting is also supplied by West Germany but the amount is unknown.

Imports of plastic raw materials, regardless of the source, are subject to the following taxes:—

- An import surcharge of 100 per cent of the c. and f. value.
- An import duty of 9 per cent ad valorem payable on the c. and f. value, plus the import surcharge.
- A statistical tax of 1 per cent payable on the combined cost, import surcharge, and import tariff.
- An import tax of 5 per cent payable on the total costs, import surcharge, import duty, statistical tax.

The plastics industry consists of an estimated 45 firms with some 500 moulding machines using dies bought in Hong Kong. Many of these machines were made locally and are small, crude, and operated by hand. They are now out-of-date and need to be replaced. There are three moulding machines capable of using polyvinylchloride compounds but none is producing at the present time.

Polystyrene and polyethylene are the chief raw materials purchased abroad. Other imports include urea formaldehyde for moulding buttons, bottle caps, and domestic utensils; some phenol formaldehyde to make bottle caps and electrical components; polyvinyl chloride sheeting for the manufacture of wallets and handbags, and a small amount of nylon filament for toothbrushes.

Local production of plastic products should increase and be accompanied by an expansion in manufacturing facilities. There are, however, two factors which may limit output. One is the lack of domestic capital for expansion purposes; the other is the question of available foreign exchange. The Government could refuse to approve purchases of the necessary fabricating machinery and plastic moulding compounds. The current foreign exchange shortage makes it unlikely that any of the newer plastic raw materials or finished plastic products will be allowed in.

—W. D. WALLACE,
Commercial Secretary, Djakarta.

Tours of Territory

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

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.

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

W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, plans to visit Pakanbaru, Medan and Palembang in Sumatra between January 14 and 23, 1957.

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. Blake can be reached at his office in Melbourne, Mr. Burke at Santiago, Mr. Gravel at Caracas, and Mr. Wallace at Djakarta.

General notes

Argentina

STEEL PLANT—"Acinfer, Industria de Fundiciones de Hierro y Acero S.A.", with an authorized capital of 150 million Argentine pesos, proposes to establish a new steel plant in Argentina early in 1957. Estimated annual production valued at 450 million Argentine pesos will effect a substantial saving in foreign exchange. "Acinfer" is a combine formed by one Argentine and three American firms—Buenos Aires, Nov. 14.

Belgium

COAL—The High Authority of the European Coal and Steel Community estimates that its annual coal requirements will increase by over 30 per cent in the next twenty years, even although some 70 million tons of coal will probably be replaced by nuclear energy. The ECSC is expected to satisfy 29 per cent of its energy needs by means of liquid fuels in 1975, compared with 16 per cent today.

STEEL—The demand for steel in the European Coal and Steel Community is estimated at 66 million to 73·2 million tons for 1965, compared with 43·8 million tons for 1955. This estimate excludes exports —Brussels, Nov. 14.

Chile

ELECTRIC POWER—The International Bank for Reconstruction and Development has granted a loan of US$15 million to the Chilean National Electricity Corporation for the development of power. The proposed projects will provide increased electricity to Santiago, Valparaiso and Concepción. In addition to these main undertakings, diesel and hydro facilities are being improved in many smaller centers. The proposed program should satisfy the Chilean demand for electric energy until 1965—Santiago, Nov. 16.

Cuba

EXPORTS—Exports in January 1956 at $50,636,000 exceeded those for the same month of 1955 by almost $4 million, and set an all-time record for this month of the year (the average for 1947-1955 was $38 million). Unfortunately, no comparison can be made with imports for this month as compilation of import figures is delayed—Havana, Nov. 16.

Denmark

INCREASED IMPORTS—Denmark's imports during the first seven months of 1956 totalled 5 billion D.kr., 331 million more than in the corresponding period in 1955. OEEC countries accounted for 3,824 million, and dollar countries supplied goods valued at 555 million. Although imports from OEEC countries increased by D.kr.38 million, those from dollar sources showed an increase of 205 million. The increase in imports from other countries—mainly Argentina, Brazil, and in Eastern Europe—reached 88 million—Copenhagen, Nov. 10.

Federation of Rhodesia and Nyasaland

EXPORTS INCREASE—Exports from the Federation of Rhodesia and Nyasaland for the first six months of this year totalled £90·5 million, a 26 per cent increase over 1955 and 29 per cent over 1954. A substantial portion of this increase is due to larger copper exports. Ignoring exports of gold bullion, the Federation's visible favourable balance of merchandise trade amounted to £14·3 million for the first half of this year, compared with £6·6 million for the same period last year. Next to copper, tobacco is the most important export and, in spite of the lower average price for the crop since sales began in April, greater production will probably step up the Federation's total tobacco earnings by as much as 10 per cent over last year's £24 million—Salisbury, Nov. 12.

French Equatorial Africa

MANGANESE—Ore from the Franceville manganese deposits will be extracted by the open-pit method, after deforestation and the removal of a 15-foot layer of earth which are scheduled for February 1957. After being trucked to washing installations, the mineral will be transported 85 kilometres by cable railway and 265 kilometres by ordinary rail. The 265 kilometres of railway will be financed by a state loan of 1·75 billion francs CFA. Tenders for the construction of the railway will be awarded to contractors without any national discrimination—Leopoldville, Nov. 9.

India

MICA EXPORT COUNCIL—The Indian Government has formed a mica export council consisting of Central Government officials, representatives of the State Governments of Bihar, Rajasthan and Andhra, and representatives of the trading interests in these states. The main function of the council will be to increase the export of raw mica, manufactures of mica and by-products of the mica industry, by means of foreign market surveys, dissemination of statistical and other information, and standardization of quality and packing. India supplies about 80 per cent of the world's requirements of good quality mica and 90 per cent of inferior quality mica from which micanite is produced. Between 60 and 70 per cent of India's total mica exports go to the United States; the United Kingdom is the second largest importer. Exports of mica during the twelve months ended March 31, 1956, were valued at approximately $16·7 million—New Delhi, Nov. 5.

ELECTRIC TOOLS—The Government of India has approved a proposal for the domestic manufacture by a well known British firm of a wide range of electric tools, including small saws and lathes, buffing and planing machines. A substantial portion of indigenous material is to be used in making the tools—New Delhi, Nov. 12.

South Africa

OIL AND GREASE PLANT—A new factory for the manufacture of lubricating oils and greases is under construction near Durban at a cost of £1 million. When it comes into operation early next year, it is expected to mean a saving of over £1 million a year in foreign exchange—Cape Town, Nov. 13.

FOREIGN TRADE INCREASES—Imports for the first eight months of 1956 totalled £341·8 million, compared with £327·7 million for the same period of last year. Exports rose steeply to £264 million from £233·1 million last year—Cape Town, Nov. 9.

Sweden

AGRICULTURAL IMPORTS—The Board of Agriculture has requested authority from the Government to apply licensing without quantitative restrictions on imports of meat, pork and butter from OEEC countries, from countries not belonging to this organization but within the sterling area, and from Finland, Indonesia and Yugoslavia. The request was made in connection with the new price system for agricultural products, but final decision has not been reached by the Board as to whether this authority will be used if granted—Stockholm, Nov. 15.

Trinidad

NEW INDUSTRIES—The Government of Trinidad is in the process of granting Pioneer Industry concessions to three new industries to produce gypsum wallboard and tile, gramophone records, and packaged spices. These concessions will include a tax holiday for at least five years and the right to import machinery and. equipment free of duty—Port-of-Spain, Nov. 8.

United States

SYNTHETIC FIBRE PLANT—American Cyanamid Company has announced definite plans to build a new Creslan synthetic fibre plant in Pensacola, Florida. It will employ 350 workers, including some 55 chemical engineers and technicians. Cyanamid has established a new fibre division to operate the plant—New Orleans, Nov. 20.

INDUSTRY IN NEW ENGLAND—With 600 plants employing 76,000 workers, New England has 15 per cent of the nation's electronics industry. More than half of these plants were not in business a decade ago. New England also produces 38 per cent of the nation's shoes, 56 per cent of its newsprint, 42 per cent of special industrial papers, 32 per cent of groundwood printing and specialty papers, 29 per cent of absorbent papers and 18 per cent of book papers. It also makes 16·5 per cent of the pulp and paper industry's annual sales—Boston, Nov. 15.

GIVE-AWAYS—There is a trend now toward more quality in give-away premiums. Demand is increasing for items valued from fifty cents up to be given away for a box top. The public is losing interest in cheap novelty items; something more substantial but relatively inexpensive is required—New York, Nov. 22.

NEW PULP MILL—Construction of a new pulp mill, to be called Bowaters Carolina Corporation, in York County, South Carolina, is expected to begin soon. The 400-ton sulphate pulp mill will be in operation early in 1959, according to plans. Initial costs of the mill have been estimated at approximately $35 million; later expansion, it is said, could eventually increase the value of the investment to $100 million—New Orleans, Nov. 20.

Six Problems in Overseas Selling

At the recent convention of the Canadian Exporters Association, Mr. Young, out of his broad experience in dealing with foreign markets, had sound advice for Canadian traders. Here is an abridgment of his address on foreign sales problems and how to overcome them.

MARSHALL E. YOUNG, *Vice-President, Monsanto Chemical Company, St. Louis, Mo.*

CANADIANS it seems to me really have two major kinds of foreign trade problems. One is short-range —the peculiar kind of problem that develops in a period of exceptional internal growth and when so much of the capital and equipment comes from a single source—in this case, the United States. This problem almost surely is temporary because today's exceptional development situation will give way soon to more normal growth. Certainly the abnormal one-way flow of capital will soon move toward some degree of balance because the United States will buy increasing quantities of the production Canada is now creating.

It is not too soon for Canadians to face up to the problems which this condition automatically imposes. If you recognize them now and lay your plans accordingly, you can avoid many of the worries and some of the setbacks the United States has suffered over the last thirty years. What, then, are these basic problems and how can they be solved?

Problem One: Wider Markets

The first problem is one that has plagued foreign traders in both Canada and the United States since the end of the First World War for, though you did not become a creditor nation at that time, you possessed an abundance of the goods a hungry world wanted and you ran your economy—then as now—on a sound fiscal basis. As a result, the need for Canadian dollars is greater than the supply abroad, and Canadians know what a dollar shortage means to overseas business.

Today your exports and imports of goods come close to balancing, even after including the "abnormal" imports of special equipment for your massive development program. And while you have smaller investments elsewhere than non-Canadians have in Canada, your dividend remittances have not been seriously critical in recent years because the continued influx of new investment capital has kept you supplied with foreign exchange. Before this influx slows down, I feel confident that first, your own overseas investments will have grown and so will be providing you with growing dividend payments in foreign currencies, and second, your exports in the many fields now under development are likely to expand faster than your imports. Certainly the basic factors in your foreign trade outlook are good.

But the character of both your exports and imports is likely to shift significantly in the years ahead. As your extractive industries expand, ore—and eventually a mounting volume of refined metals—will compete with such old standbys as grain and timber products. But with major new supplies of iron ore, petroleum and gas now available within your borders, I predict also that Canada will have a new surge of expansion on the industrial front. And this means new competition among yourselves for mass markets—at home or abroad.

Here then, it seems to me, is your first problem. Whether you are already in export or merely marketing at home, you may soon find—as many of us in the United States have—that you definitely need an overseas market, or a bigger overseas market, to accommodate the mass production you need for maximum economy of operation.

And if overseas sales are vital to you—or if they are going to be vital to you over the next few years—now is the time to establish your product solidly in the overseas market for if, after Canada becomes a creditor nation, you are eventually forced to manufacture abroad because of dollar shortages, you will then have the knowledge of the area and the product prestige likely to make your local venture successful.

Problem Two: Understanding Your Markets

The second problem confronting the would-be foreign trader (indeed it is still a problem not yet frankly faced by many who consider themselves to be in overseas business) is one of understanding each local market.

The export market is full of in-and-outers, companies which jump in when they have misjudged the size of the domestic market and over-produced some item, or who are caught with an old model and are willing to sell it overseas at almost any price.

No company today can expect to operate successfully in the overseas market on any such haphazard basis. Competition has become too keen and overseas buyers have become too experienced. With Germany, Britain, Japan and others back as shrewd and diligent competitors, even the most astute manufacturer has to know each market well and has to appeal increasingly to local tastes and conditions if he expects to hold or build a significant place for his products.

While Canada has only about $1·0 billion invested in Canadian-controlled overseas business now, according to the latest records available to me, this is double the figure for 1947. So it seems clear that overseas developments are already well under way and a study of the operations of the 300 companies already involved quickly indicates that most of them have certainly passed beyond the shoestring operation stage of selling abroad.

You may choose to make a pilot sales effort in a single foreign market such as England or Mexico or Australia.

If You Are Operating an Overseas Business . . .

Out of its own experience in running overseas operations and from watching other companies which it considers especially successful, Monsanto Chemical Company has evolved a brief credo of organization and operational procedures. Here are the main points, as Mr. Young outlined them:

1. *Whenever possible, staff overseas operations with nationals of the countries concerned.*
2. *Handle the organization and job analyses exactly as you handle them at home and treat your overseas staff on the same basis that you treat your home staff, bearing in mind local conditions.*
3. *Maintain close personal contacts with your overseas staff and markets. To achieve this I can hardly overemphasize the importance of overseas travel on the management, sales, manufacturing and technical levels. Key men in your overseas operation should be brought to the home office periodically. The efficiency of our own operation has been increased greatly by a staff of area sales supervisors who reside in strategic overseas locations and work closely with our selling organization in improving communications among customers, selling agency and manufacturer.*
4. *Learn and respect the local customs, traditions, religions and sensitivities of the nationals.*
5. *Try to give the overseas market the product which the market wants—and not the product which you may think it should have.*
6. *If you are selling industrial goods, provide your customers and prospective customers with complete information on the nature and application of your products and—whenever expedient—in the language of the individual country.*
7. *Create a long-range plan for each overseas plant just as you do for your domestic business and see that comparable controls are established and checked with the same care and regularity.*

But if you undertake even such a step-by-step venture without a careful survey of the market potential, a thorough study of local tastes and customs, and a careful look at your competition, you are likely to run into trouble.

Problem Three: Organizing the Operation

The third problem is one of the most important in the foreign sales business: how should the operation be organized?

It is impossible for me to lay down a set of rules as to when a company should discontinue exporting from its own country and start manufacturing locally overseas. Conditions differ too radically by products, sources of raw materials, manufacturing problems in overseas countries and, above all, in measurement of market potential.

Actually, many companies use a varied pattern of overseas operations. Donald McMaster, vice-president of the Eastman Kodak Company, told the National Business Conference at the Harvard Business School last June, for example, that Eastman currently has five overseas manufacturing plants and a series of company-operated distributing companies in 44 countries, with a total equity in its overseas assets of $99 million.

The overseas operation of my own company, Monsanto, has twelve manufacturing plants, six subsidiary companies, three associate companies and a part interest in four other companies. Sales representatives are located in 68 countries. From these specific examples it should be clear that there is no standard pattern for overseas operations. Some companies prefer to start from scratch and create a 100 per cent-owned branch. General Electric has operated more or less along these lines though sometimes there has been some small amount of local participation in their overseas units. Other companies prefer to encourage foreign capital participation, sometimes even beyond 49 per cent.

In contrast to this pattern, other companies prefer to buy outright, or purchase a share in, some local manufacturing company which has a similar product or a desirable set-up of worker skills, sales organization and management experience. I cannot recall any company following this formula exclusively, but it has the advantage in this period—when so many firms are trying to move into foreign sales in a hurry—of providing a going set-up which can quickly adapt itself to the needs of a parent firm.

Problem Four: Market Information

The fourth problem is market information. One of the greatest shortcomings of overseas marketing is the fact that there is such a dearth of local market data in most overseas countries. One of the many reasons why Canada has been so popular with businessmen and investors in the United States is that you can provide virtually the same economic data that we are familiar with at home. Unfortunately, there is no evidence in other parts of the world that this situation is going to improve quickly. In almost every country I visited on my periodic rounds overseas, there are no statistics comparable either in scope or accuracy with those we use regularly at home. However the United Nations Statistical Commission has recently proposed that United Nations governments make regular and uniform censuses of their wholesale, retail and service trades. When this develops—and it is the kind of project which can move quickly once it is established—business will have its first important and somewhat comprehensive set of marketing facts on which to base its overseas plans.

In the meantime, managements entering the overseas field should be forewarned that they must provide most of their own local market research and—at least for the present—it is likely to be pretty sketchy. They will get help from the larger banks but the data will be in no such detail as that available at home.

Problem Five: Getting Started

The fifth problem is when to launch out. Don't undertake to establish yourself in the overseas market until you are prepared to staff, co-ordinate and supervise your sales and order-handling organization in much the same way that you do at home. Sales personnel the world over need to be organized, assigned specific territories or customers, supplied with a sound sales story, and equipped with a good knowledge of the product they sell. Personnel for your export department staff should be selected and trained well. Don't use these posts as stepping-stones to the domestic operation. These people need a knowledge of the domestic operation as well as sound training in all phases of export handling. Remember your export customer is not readily at the other end of the telephone so too much emphasis can hardly be put on attention to communications and their interpretation. In handling orders there must be a mutual understanding between the buyer and the seller as to what, how, where, etc., on materials, packing, methods of shipping and methods of payment. Much of your success will depend upon the handling of your overseas inquiries and orders.

Advertising in the foreign field is not much different from advertising here. And good advertising can be just as profiitable. Properly used, it can be one of your most vital forces of communication.

Do not be misled by the often repeated belief that advertising to foreign markets is a complicated and totally different endeavour employing a high degree of hocus-pocus. Generally your customers and prospects are pretty much alike whether they are in Latin America, the East, or Europe. They want to know something of your ability to serve their needs and how your products or services can help them with their problems.

Problem Six: Language

Language is the sixth problem and one that cannot be ignored overseas. But it is not an insurmountable one. Not every company entering the foreign trade field today can supply trained executives who have a knowledge of one or more foreign languages and I do not think that this is essential to doing business abroad. I feel, however, that selling abroad on the scale you hope to achieve in the next 20 years will require a command of at least one foreign language for the top men in your organization. I believe that our increasing business, political and social contacts with the rest of the world will demand a practical teaching of language in our secondary schools in the near future. In the meantime, we are fortunate that English is the accepted language of trade in so many parts of the world.

Bahamas Market Expands

Investment in tourist facilities and building of free port has sparked business boom. Canadian share of market, despite preferential tariff, lags behind that of the United States.

H. E. CAMPBELL, *Trade Commissioner, Kingston.*

UNITED STATES BUSINESSMEN have cultivated the Bahamas market intensively; as a result, in the first half of 1956 they received orders for $9 million worth of goods. Canadians, in the same period, achieved sales valued at only $1·13 million. Yet Canadian exporters enjoy a 10 per cent tariff preference in this market over their U.S. competitors and should be getting a larger share of the business.

U.S. exporters, admittedly, have a shipping advantage, although there is excellent freight service from Montreal to the Islands every 12 days. The eastern coast of Florida is close to the Bahamas, which partially explains the United States domination of the market. Deliveries from Miami and Jacksonville are rapid and freight rates low (about one cent a pound). These are not, however, the only reasons for the larger U.S. sales.

Must Seek Business

Bahamas businessmen are quick to point out that Canadian exporters show lack of interest in the market the Islands offer. Here is how one man bluntly stated the case: "Miami salesmen are over here regularly with samples, prices, and delivery schedules. The only person we ever see from Canada who wants to talk business is the Canadian Trade Commissioner." Yet Canadian manufacturers of construction equipment, building materials, consumer goods, and foodstuffs could share in the present business boom.

The list that follows has been drawn up to show the main commodities imported from dollar countries during the first six months of 1956. The table also compares United States and Canadian sales in this area.

Commodity	*Value of Imports from United States*	*Canada*
Foodstuffs	$1,497,761	$507,885
Lumber and wood products	524,033	106,837
Apparel	599,169	3,929
Engines—machinery and parts	387,042	1,254
Electrical fittings and devices	354,464	1,576
Household furnishings	313,291	225
Paper and paper products	246,700	11,546
Drugs, medicines, pharmaceuticals	164,511	17,761
Motor vehicles	130,824	27,150
Textiles	127,858	6,350
Plumbing fixtures and supplies	127,767	2,000
Hotel supplies (excl. foodstuffs)	113,715	475
Government supplies (non-consumable)	113,788	1,985
Auto parts and accessories	99,367	6,451

Alcoholic beverages was the only commodity in a list of more than 80 that enjoyed higher sales than the competitive product from the United States; Canadian sales totalled $66,364, about three times U.S. imports. Feed manufacturers in Canada shipped $29,761 worth of animal feeds compared with $56,600 sold by U.S. firms.

—Bahamas News Bureau

A Canadian ship unloads flour at Prince George Dock, Nassau, Bahamas. Foodstuffs of various types rank first among varied Canadian exports to the Bahamas group of islands.

The economy of the Bahamas depends chiefly upon the tourist trade and American and Canadian tourists are invading the Islands in ever-increasing numbers (10,000 a month at present). Tourist spending boosts retail sales, attracts real estate developments such as hotels and resort facilities, and stimulates other construction. These developments add up to more business for exporters.

Capital Projects Flourish

Capital investments in the Bahamas are subject to no income or inheritance tax, and there is only a small tax on developed property. Luxurious resort hotels, sporting facilities, and high-class residential developments are springing up around Nassau on New Providence Island. Other resort developments are under way on the Berry Islands and on Eleuthera Island. The latter is also the centre of a new cattle-raising venture financed by a Chicago stockyard operator. A group of real estate investors have joined forces to build a warehouse on Nassau's waterfront.

One well-known Canadian financier has long taken a serious interest in the Bahamas and is boosting the Island's prosperity. He plans to develop the western tip of New Providence Island, on which Nassau is located, and has purchased 3,000 acres of land. Plans call for an hotel, a yacht club, an 18-hole championship golf course and clubhouse. In return for tax concessions granted by the Government, he has agreed to spend at least $840 thousand on the development by March 1958. Around the hotel and golf course, improved residential sites will be offered for sale.

Six miles away, on the south shore of New Providence Island, a United States real estate corporation is building a multi-million dollar yacht club and inn and a residential development called Coral Harbour. In Nassau a new half-million dollar hotel with 52 rooms is being built on West Bay St. by a New York investment company.

Freeport to Attract Industry

Important as the vast real estate investments are in improving the tourist industry in the Bahamas, the most spectacular new development is the Freeport project on Grand Bahama Island. Here a prominent United States investor has undertaken to construct a modern deep-water harbour.

In return, the Government has promised property and income tax exemptions for at least 30 years for industries that establish in the area. Additional concessions include a 99-year guarantee of freedom from excise taxes, customs duties on imports, and stamp taxes. Complete freedom for firms in Freeport to hire experienced employees is stated in the agreement; Bahamians are granted priority for employment as unskilled workers.

The prospect of operating from a tax-free base next to one of the busiest sea-lanes in the world appeals to international investors. One of these, an American shipping magnate with the second largest merchant fleet in the world, is transferring his vast shipbuilding activities from the former Navy Yards at Kuri, Japan, to Grand Bahama Freeport. The choice of skilled workmen from any part of the world is another appealing feature.

Bedrock of the Freeport area has turned out to be 98·45 per cent pure limestone and the plans for a cement plant and chemical-lime plant are therefore logical developments. Other firms are showing considerable interest in establishing light industries.

The founder of the Grand Bahama Port Authority, which has made the Freeport agreement with the Government, expresses confidence in the port area's future: "Companies establishing themselves in Freeport will have an incomparable advantage in world markets and a rare opportunity to grow and accumulate capital, without being hampered by tax burdens." ●

trade and tariff regulations

Australia

TRADE AGREEMENT WITH UNITED KINGDOM—Under a new trade agreement which has been concluded between Australia and the United Kingdom, Australia has obtained the right to reduce many margins of preference on United Kingdom goods and has also obtained tariff and other concessions on Australian goods entering the United Kingdom. Further detailed tariff negotiations will be carried out early next year in Australia. These arrangements replace the previous Australia-United Kingdom Trade Agreement which was concluded in 1932.

Without consulting the United Kingdom, Australia may reduce margins of preference on many classes of raw materials and equipment. Preferences also may be reduced on a further lengthy list of commodities, including capital goods and component parts. By gaining the right to reduce margins of preference on United Kingdom goods, Australia is in a position to seek increased trade with other countries and to reduce the price of imports.

The United Kingdom has guaranteed that Australian goods which now enter duty-free will continue to receive this treatment. In addition, the list of goods on which the margin of preference is guaranteed is to be increased. A large proportion of Australia's exportable primary products are covered under these arrangements.

An important part of the agreement is an understanding by the United Kingdom to guarantee purchases of not less than 750 thousand tons of Australian wheat and flour a year during the next five years, provided the Australian price is competitive.

Sweden

FLOUR IMPORTS FROM DOLLAR AREA—The Swedish Board of Agriculture is prepared to consider applications for import licences submitted by Swedish importers for the purchase of flour from dollar countries, against payment in transit dollars. Each case, however, will be considered on its own merits. Transit dollars must be obtained by the importer from a Swedish bank. According to the Swedish authorities, licences for imports of agricultural commodities from the dollar area have up to now been granted without exception under the new policy, which became effective in September 1956—Stockholm, Nov. 15.

United States

NEW CUSTOMS VALUATION LAW—As a legal prerequisite to the introduction of the new valuation law, the Treasury Department is required to establish a list of articles for which the new valuation procedures would bring about a reduction of more than 5 per cent in their appraised value, when calculated from their 1954 import performance. These listed articles will not be granted the benefits of the new valuation procedures making "export value" the main basis, but instead will continue to be appraised on the old basis of "foreign value".

The Treasury Department has now published a notice stating that before the establishment of this list of excepted articles, consideration will be given to any relevant views on why particular imported articles should appear on this list or why certain imported articles should not appear on the list, even though closely related articles may properly be on it.

Venezuela

SAMPLES—Arrangements have been made with the Venezuelan Customs for Canadian exporters who do not have agents or trading connections in this country to consign commercial samples to the Canadian Embassy in Caracas. The Commercial Secretary at the Embassy will arrange for clearance and customs payments, the cost of which will be collected from the exporter. Businessmen who have agents or other trading connections here must consign their samples directly to interested parties in future—Caracas, Nov. 15.

VISAS—The Venezuelan Ministry of Finance has advised that all businessmen visiting this country on "transeunte" visas in future will be obliged to pay income tax here before obtaining exit permits. The income tax will be calculated on 4 per cent of earnings and expenses for the period spent in Venezuela. Each application for a "solvencia" or tax clearance certifying that the tax has been paid must be guaranteed by a local resident. Canadian visitors who do not intend to take orders, sign contracts or undertake legal proceedings during their Venezuelan visit may prefer, therefore, to apply for tourist visas which do not require this formality—Caracas, Nov. 8.

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 $1·038961.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 23	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05347	18·70	(1)
		Free	·02766	36·15	
Austria	Schilling		·03702	27·01	
Australia	Pound		2·1425	·4667	
Belgium, Belgian Empire and Luxembourg	Franc		·01923	52·00	
Bolivia	Boliviano	Official	·005066	197·39	
British West Indies	Dollar		·5579	1·79	(2)
	Pound		2·678125	·37339	(3)
	Dollar	British Honduras	·669531	1·494	
Brazil	Cruzeiro	Effective selling*			
		*Category I	·0181	55·20	*Nov. 14
		Category II	·0105	95·57	
		Category III	·0067	148·67	
		Official buying	·0525	19·06	(5)
Burma	Kyat		·2021	4·95	
Ceylon	Rupee		·2009	4·98	
Chile	Peso	Free	·001914	522·46	(15)
Colombia	Peso	Basic	·3850	2·60	(7)
		Free*	·1662	6·02	*Nov. 23
Costa Rica	Colon	Official	·1714	5·83	
		Controlled free	·1449	6·90	
Cuba	Peso		·9625	1·038	tax 2% (4)
Czechoslovakia	Koruna		·1337	7·48	
Denmark	Krone		·1393	7·18	
Dominican Republic	Peso		·9625	1·038	
Ecuador	Sucre	Official	·06417	15·58	
		Free	·04916	20·34	
Egypt	Pound	Official	2·7639	·3618	(6)
El Salvador	Colon		·3850	2·60	
Fiji	Pound		2·4127	·4145	
Finland	Markka		·004185	238·95	
France, Monaco and North Africa	Franc		·002750	363·64	(8)
French Colonies in Africa	Franc		·005500	181·82	(9)
French Pacific	Franc		·01513	66·09	(10)
Germany	D Mark		·2293	4·36	
Greece	Drachma		·03208	31·17	
Guatemala	Quetzal		·9625	1·038	
Haiti	Gourde		·1925	5·19	
Honduras	Lempira		·4813	2·08	
Hong Kong	Dollar	Free*	·1492	6·70	*Nov. 16
		Official	·1674	5·97	
Iceland	Krona	Official	·05910	16·92	
		Special selling	·0345	28·97	(11)
India	Rupee		·2009	4·98	
Indonesia	Rupiah	Basic	·08476	11·80	(12)
Iran	Rial	Certificate	·0127	78·70	
Iraq	Dinar		2·6950	·3711	
Ireland	Pound		2·6781	·37339	
Israel	Pound		·5347	1·87	
Italy	Lira		·001545	647·24	
Japan	Yen		·002674	373·97	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 23	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	·3003	3·33	
Mexico	Peso		·077	12·99	
Netherlands	Florin		·2514	3·98	
Netherlands Antilles	Florin		·5066	1·97	
New Zealand	Pound		2·6781	·37339	
Nicaragua	Cordoba	Effective buying	·1458	6·86	
		Official selling	·1366	7·32	
Norway	Krone		·1348	7·42	
Pakistan	Rupee		·2009	4·98	
Panama	Balboa		·9625	1·038	
Paraguay	Guarani	Official	·01604	62·34	(6) (13)
Peru	Sol	Certificate	·05066	19·74	
Philippines	Peso		·4813	2·08	
Portugal & Colonies	Escudo		·03359	29·77	(14)
Singapore & Malaya	Straits dollar		·3125	3·20	
Spain & Dependencies	Peseta	Basic buying	·04395	22·75	(6)
		Basic commercial selling	·0586	17·06	
		Free	·02471	40·47	
Sweden	Krona		·1861	5·37	
Switzerland	Franc		·2246	4·45	
Syria	Pound	Free*	·2755	3·63	*Oct. 15
Thailand	Baht	Free	·04701	21·27	(6)
Turkey	Lira		·3437	2·91	
Union of South Africa	Pound		2·6781	·37339	
United Kingdom	Pound		2·678125	·37339	
United States	Dollar		·9625	1·04	
Uruguay	Peso	Free*	·2378	4·20	
		Basic buying	·6337	1·578	(6)
		Principal selling	·4587	2·18	(16)
Venezuela	Bolivar		·2873	3·48	
Yugoslavia	Dinar		·003208	311·72	(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.

Hamburg Helps Promote Trade

Last month the Canadian Trade Commissioner Service opened its 55th office abroad. Situated in Hamburg, Germany's largest city and seaport, the new office is strategically placed to assist in the promotion of West German-Canadian trade.

E. H. MAGUIRE, *Consul of Canada, Hamburg.*

THE OPENING OF A CANADIAN CONSULATE in Hamburg last month bears witness to Canada's awareness of the enormous progress that Germany is making both in production and in foreign trade. More particularly, it recognizes the increasing flow of trade between the two countries. Today Germany vies with Japan as Canada's fourth ranking customer and has become our fourth ranking supplier.

Foreign trade in Germany is at an unprecedented level and her gold and foreign exchange holdings have reached the record-breaking figure of roughly $4,000 million. Her gold and dollar reserves alone are nearly equal to those of the sterling area. Because of the chronic creditor position and in the interests of internal price stability, Germany is following a liberal import policy with all countries, including the dollar area. The latest moves in this direction took place in June 1956 (see *Foreign Trade* of August 18, 1956) when imports from dollar countries were further liberalized and tariffs were reduced on a wide range of goods from all countries. Importers can now purchase dollar goods about as freely as products from countries in the European Payments Union. However, some products of vital interest to Canada, chiefly agricultural, are still not liberalized and certain agricultural products did not benefit, or benefited only slightly, from the tariff reductions.

Trade Promotion Paramount

The main function of the new Consulate is trade promotion and it is ideally situated to take full advantage of the increased opportunities for trade with Germany. Hamburg was chosen as the locale for the new office because it is the principal commercial and shipping centre of Germany and one of the leading banking centres. In addition, it holds a leading position in industrial processing. It is also West Germany's largest city, with a population of nearly 1·8 million. About one-third of the country's foreign trade passes through Hamburg and there is also considerable movement of goods consigned to or originating from Iron Curtain countries.

The port of Hamburg, one of the largest in Europe, is known as a speedy one because its 15,000 stevedores work on the basis of three shifts, 24 hours a day. In addition to the usual facilities for handling all types of cargoes, it has storage space for 282 thousand tons of grain and 31 transporter bridges for handling coal, ore, etc. Although the heavy war damage to buildings and homes in Hamburg has not yet been entirely repaired, the port area, which was also severely damaged, has been almost fully restored.

Hamburg is also the commercial centre of Germany: the greater number of import-export firms with nation-wide distribution arrangements or connections have their head offices there. In particular, the city is the headquarters for the grain, timber, chemical, paper, coffee and fruit trades. In addition to a stock exchange, it has a commodity exchange which deals in 33 commodities or groups of commodities. About a quarter of a million of the city's population are employed in industry—chiefly in shipbuilding, mineral oil processing, tobacco manufacture, vegetable oil processing, the making of chemicals, and electrical and general engineering.

Territory Office Covers

The territory for which the Consulate is responsible includes the city states of Hamburg and Bremen, and the states of Lower Saxony and Schleswig-Holstein. Bremen, with a population of about 650 thousand, is also important as a shipping, industrial and commercial centre. The volume of traffic through the port area totals about half that of Hamburg; grain storage capacity amounts to 145 thousand tons. Bremen is the headquarters of the cotton, wool and tobacco trades.

The Consulate will also look after the Canadian exhibit at the annual German Industries Fair at Hanover. It will, of course, maintain close liaison with the Office of the Commercial Counsellor at the Canadian Embassy in Bonn.

The new Canadian Consulate is located at 69 Ferdinandstrasse, Hamburg, Germany, and is in charge of Edward H. Maguire, who has been appointed Consul. Canadian businessmen who are interested in trade with this area should write to Mr. Maguire at the above address. ●