CANADA

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cover Into the harbour of Sydney, Australia, come ships from all parts of the world, bringing in imports and carrying away Australia's primary agricultural and other products to distant markets. The present transitional stage in the Australian economy is affecting trade policies; new measures have been taken to cut down imports and boost export sales. For the complete story, please turn to page two.

75300—1

Australia Adjusts Trade Policies

With phenomenal economic growth continuing, Government is taking steps to restrain demand, cut imports, and expand exports. Further import restrictions imposed in late June designed to cut back imports by A£40 million a year, but should not affect Canadian sales to any extent. Australian exports show encouraging rise, thanks to promotion by government and business.

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

THE BOOM CONDITIONS which have come to be accepted as an integral part of the Australian economy in recent years appear to be levelling off and demand is much more restrained than it was earlier in the year. The Australian economy is certainly in a state of transition. Growth over the past few years has been phenomenal; demand for goods and services has spiralled and has exerted great pressure on the available resources. Before the war, Australians were inclined to accept economic fluctuations as the normal pattern, but postwar developments have changed economic problems and concepts.

Demand Has Shifted

The Government moved in March to restrain demand by imposing increased sales taxes on passenger cars and petrol, putting an excise tax on beer, and increasing the company tax and sales taxes on essentials. At the same time, bank overdraft rates were permitted to rise from 5 to an average of 5½ per cent. Already money is much tighter, competition for available business is becoming more and more keen, and buyers are more selective as public demand shifts from luxury and high-priced items to essentials in the lower-priced fields. During the past few weeks the number of vacant positions requiring labour registered with the Commonwealth Employment Service has fallen steadily. At the same time, the Federal basic wage has increased by 10/– a week. Activity in home building has slowed down recently and business in general appears to have become much more competitive.

The forces which brought about the change in economic concepts are correctly attributed to internal rather than external factors as was the case in prewar years. Whatever else materializes from the present situation, it is perhaps not too much to say that the traditional Australian low cost-of-living pattern which successive Governments have endeavoured to maintain is a thing of the past.

Large Imports Continue

Provisional trade returns for May placed imports at A£72,100,000—an increase from A£68,100,000 in April, but a decrease from the A£80 million of March. For the first 11 months of the fiscal year 1955-56 imports totalled £757,900,000—about £10,600,000 less than the corresponding period in the previous year. The additional import restrictions which became effective at the beginning of October 1955 were expected to level off imports at the monthly rate of £55 million by the end of the fiscal year, June 30. But it soon became extremely doubtful whether the Government's target of £660 million a year would be reached by the beginning of July, and the press began to inquire whether the present quota levels were sufficient to cut imports to the annual target. It was expected that the intensified restrictions of last October would be felt in April but, for a variety of reasons, (including heavy ordering by importers for stock-building) their impact was not apparent even by early June.

On June 28, the Government of Australia announced further restrictions designed to reduce imports by A£40 million a year, although the full effect may not be felt in the fiscal year 1956-57, which began on July 1st. The cuts became effective on that date.

At the present rate of licensing, the total annual value of imports could reach A£700 million in a single year, the Acting Prime Minister asserted in introducing the new measures. Their object, as expressed by an official spokesman of the Department of Trade, is "to encourage those developments which can be expected to lead to a long-term strengthening of our external payments position".

The intensified restrictions affect hundreds of articles from non-dollar countries, and particularly fully assembled motor vehicles, unassembled chassis, Scotch whisky and imported cigarettes. Canadian exports to Australia—which are already confined to a rather narrow range of products—are only very slightly affected.

Exports Also Increase

While government officials are, with reason, preoccupied with the continuing level of imports there is encouraging news about exports, which increased substantially from £78,100,000 in April to £90,300,000 in May. This resulted in a trade deficit for the eleven months of the fiscal year of £47,700,000 —well below the deficit for the corresponding period of the last year (£64,600,000). The Australian drive for export trade continues to gain momentum, with an increasing awareness among manufacturers of the essential need to increase exports. An institute of export has been organized, group marketing procedures for particular industries are being established, and the number of industrialists visiting potential overseas markets is increasing. Australian exporters are showing encouraging interest in the Government's promotion efforts and already exports of chemicals and medicinal products are increasing. So are overseas sales of electrical equipment, cigarettes and tobacco, timber and sleepers, and engines and parts. Exports of petroleum products, farm machinery, earth-moving equipment, motor cars and trucks are rising steadily. Estimates for the 1955-56 wool cheque are set at about £320 million, or £32 million less than last year. Australia is looking for export markets for 126 million bushels of wheat in 1956 to stave off another increase in its wheat surplus. It is doubtful whether it will achieve this objective: experts forecast sales of about 100 million bushels for the year.

Promoting Export Trade

The Minister for Trade has announced that efforts to improve Australia's trading opportunities will not be restricted to trade with the United Kingdom. He has stated his intention of visiting Washington to discuss the implications of U.S. surplus disposal and aid programs for Australia's export trade. Trade negotiations with Japan are to begin shortly. In exploratory talks during the past few months, the Japanese and Australian Governments have discussed trade needs and difficulties and it is hoped that the problems will be solved to everyone's satisfaction during the discussions and will provide a reasonable basis for trade relations between the two countries. Australia's exports to Japan are now running at about £80 million a year, with Japanese exports to Australia currently at an annual rate of £25 million. The Minister of Trade will hold official discussions in Colombo and with governments in European countries—including Austria, West Germany, the Netherlands and France. The Minister also reported that he has received an invitation from the Czechoslovakian Government to talk about trade opportunities. He will accept this invitation if there appears to be a basis for advantageous discussions. ●

The Kwinana oil refinery, 17 miles south of Fremantle, was completed about 18 months ago; has a throughput capacity of three million tons of crude oil a year. Exports of petroleum products are now rising steadily.

75300—2

How Export Credits Insurance Works

What protection does export credits insurance give the exporter? What types of policy does the Corporation offer and what risks does it cover? How does this coverage help business to expand its foreign markets? In this eleventh article of our series on the techniques of export trade, we answer these and several other related questions.

A. W. THOMAS,
Assistant General Manager,
Export Credits Insurance Corporation.

EXPORT CREDITS INSURANCE is a vital part of any foreign trade enterprise. It is available to exporters in most major exporting countries and its purpose is to protect them against non-payment of foreign accounts.

The Canadian Government passed the Export Credits Insurance Act in 1944, and the Export Credits Insurance Corporation, a Crown Company, started operations in 1945. This development of a government-sponsored insurance plan did not represent any intrusion of government into the field of private enterprise —it merely provided a service which was not available from commercial insurance companies.

Export credits insurance recognizes the fact that, particularly when the transfer of the proceeds of export sales presents difficulties, there is no other means by which an exporter can cover his risks or even assess the risk properly. However, the Corporation was not intended to subsidize exporters but to enable them to compete with exporters in other countries who are similarly protected. In all cases, the exporter pays a premium for the insurance cover.

Types of Policies

The Corporation insures two main classes of business:

1. General commodities sold on short credit terms, or credit terms which are usual for the particular trade. These generally extend from cash against documents terms up to a maximum of, say, six months.
2. Capital goods sold on medium credit terms with payments ranging over a period of from six months to a number of years.

The General Commodities Policies are issued to cover an exporter's entire export sales for one year. For capital goods an individual policy is issued to cover each specific contract of sale insured.

General Commodities Policies

Two types of policies are issued to cover goods sold on short credit terms—the Contracts Policy and the Shipments Policy. The Contracts Policy protects an exporter from the time when he receives the order until he is paid; the Shipments Policy protects him from the date of shipment only. Both policies cover exactly the same risks and the only difference is the time at which protection begins. The Shipments Policy is designed for the exporter who does not need to protect himself against the risk of loss before shipment. If an exporter manufactures goods to particular specifications, or goods which are so marked or stamped that they are of no value except to the original buyer, then he should take out a Contracts Policy. This will protect him against his customer becoming insolvent or against anything else which may prevent the shipment of goods which could not easily be sold elsewhere.

Capital Goods Policies

Specific policies are issued to cover capital goods such as plant equipment, locomotives, ships, heavy machinery, etc., sold on terms extending from six months to a number of years. The Corporation issues an individual policy to cover each contract of sale. When he is selling capital goods, the exporter should approach the Corporation as early as possible during his negotiations with the foreign buyer. The reason is that the Corporation has to consider not only the nature of the equipment being sold and the financial standing of the foreign purchaser, but also current conditions and the long-range economic outlook in the importing country.

Risks Insured

The main risks of loss against which the Corporation insures are:

- Insolvency of the foreign buyer.
- Failure of the buyer to pay to the exporter within twelve months after the due date the gross invoice value of goods which he has duly accepted.
- Blockage of funds or transfer difficulties which prevent the Canadian exporter receiving payment.
- War or revolution in the buyer's country.
- Any other cause outside the control of both the exporter and the buyer which arises from events occurring outside Canada and the continental United States of America—for example, the cancellation of an import licence or the imposition of import restrictions on goods not previously subject to licence.

The Corporation does not cover trade disputes nor straight repudiation by the foreign buyer. This is one point which exporters find difficult to understand. The Corporation cannot accept the task of acting as an arbitrator between Canadian exporters and foreign buyers in a dispute about the quality or quantity of goods delivered. If there is any dispute, it must be settled before the Corporation can consider a claim for loss.

Blockage of Funds or Exchange Transfer

The Corporation accepts risks in all countries where the buyer, under the laws of the country, can pay for the goods in Canadian dollars, U.S. dollars, or sterling which is transferable to Canadian or American account. One of the prerequisites for transfer insurance coverage is that at the time the exporter accepts the order, the buyer must have been able under the import and exchange regulations of his country to import and pay for the goods. If the buyer's country, before due date of payment, puts through some law, order, decree or regulation which prevents the transfer of the necessary currency, the Corporation will pay the exporter its share of the loss.

Spread of Risk

To obtain export credits insurance coverage an exporter must, as a rule, insure his exports to all countries—excluding sales made against irrevocable letters of credit or those paid for in advance. However, an exporter may exclude the United States from his policy and still be eligible for insurance coverage, because he can obtain credit insurance from commercial companies for U.S. sales.

One of the basic principles of insurance is to have a broad spread of risk. If, for example, an exporter wishes to insure a particular shipment to Venezuela, then all shipments to Venezuela (excluding those made against irrevocable letters of credit) must be covered. Similarly, if he wants to insure shipments to Venezuela, then all countries to which he ships must be included in the policy. By maintaining a broad spread of risk, the Corporation can quote rates which are moderate.

During our eleven years' experience we have often found an exporter unwittingly attempting to select against himself. As an example, during the early days of our operation I was called into a meeting of top executives in one of Canada's oldest manufacturing companies to discuss the advantages of export credits insurance. The president asked me what our insurance covered and I told him "non-payment by foreign buyers". He then asked if the company could select the risks and exclude insurance cover on some of its older accounts. I told him that we required a broad spread of risk and could not allow exporters to select against us. The president then turned to the vice-president and said: "What is the sense of taking out insurance on Jean, José, or the Allens? Why, the Allens are the third wealthiest family in the country". Some years later, this "third wealthiest family" ran into financial difficulties and was unable to pay the Canadian exporter a substantial amount of money. Fortunately for this particular exporter, he did take out an insurance policy with us shortly after the initial discussions and his loss was fully protected.

Country selection can also be costly. Some of our first "political risk" losses were in countries which many exporters had requested us to exclude because they felt there was no risk. In fact, there is a real risk of loss on shipments to any country in the world.

Co-Insurance Principle Holds

Another basic principle behind export credits insurance is that of co-insurance. The Corporation pays up to 85 per cent of the amount of any loss under the terms and conditions of the exporter's policy; the exporter bears 15 per cent. In this way he retains an interest in the account and a restriction is placed on the indiscriminate or reckless extension of credit. Any recoveries made after payment of a loss are split 85 per cent for the Corporation and 15 per cent for the exporter. The Corporation expects its policyholders to continue their business on the same sound commercial lines under which they would operate if they did not have export credits insurance. The advantage to the exporter is that most of the loss element is removed and he is encouraged to expand his foreign trade.

The Corporation wishes to interfere as little as possible with an exporter's normal business and accordingly establishes a maximum amount in each policy, applicable to any buyer in any country covered by the policy; the exporter may extend credit up to this amount without reference to the Corporation. The only requirement is that the exporter must either have had previous favourable credit experience with the buyer or have obtained two up-to-date credit reports from independent reliable sources which justify his extending credit.

If the exporter wishes to extend credit to an amount greater than that set out in the policy, he then applies to the Corporation for approval. (See article on sources of credit information on foreign firms in the June 9, 1956, issue of *Foreign Trade*.)

Credit Check Safeguards Exporter

The Corporation has credit information on thousands of buyers in foreign countries and this information is brought up-to-date from a different source every six months. If the information is detrimental, policy-holders who are shipping to the particular buyer are immediately informed. An interesting case concerned a buyer to whom a Canadian exporter had been selling for some time on a limited basis. However, the exporter developed a new product and sent samples to buyers in different countries. One buyer felt he could take $50,000 worth and sell it. To some extent he based his estimate on the import duty assessed on the sample. The exporter approached us for a $50,000 credit limit but, because of our own information, we refused to approve more than $25,000. This amount of goods was shipped and a short time later the buyer was assessed a substantial amount of extra duty. This happened after he had sold a quantity of the goods and he was placed in a bad financial position and became insolvent. The exporter suffered a considerable loss but was reimbursed for 85 per cent of it through his Export Credits Insurance policy.

Obviously, with the vigilance which the Corporation maintains in procuring up-to-date credit information from numerous reliable sources, when it refuses to accept a name submitted for a credit limit or to reduce the amount of the credit limit, it is performing a valuable service for the policyholder.

Export credits insurance is not intended to make the exporter careless in granting credit nor indifferent to the importance of employing a thoroughly trained credit executive. Not every business enterprise, of course, is large enough to justify the maintenance of a full time Credit Department, but every business must have someone whose duty it is to decide upon the financial and moral standing of the applicant for credit.

The function of export credits insurance is to protect against the unexpected and unpreventable loss incurred in spite of every precaution taken by the policyholder. No precautions can prevent the occurrence of each and every contingency which may arise. Death, business depression, calamities and many other casualties are beyond the power of credit men always to foresee with any degree of certainty, but they all contribute to the inability of the debtor to discharge his obligations.

Calculating Premiums

It is difficult to indicate even generally what the rate of premium per country may be for any particular exporter. Each exporter has his own markets, credit terms, problems and difficulties, and all of these must be considered in setting the rates. The premiums are based on the class or type of goods sold, the countries to which they are shipped, the credit terms, the volume of the exporter's annual sales, the spread of risk afforded to the Corporation, the exporter's previous loss experience, and many other factors.

Until the Corporation receives an application it is impossible to predict the premium rate for any particular country. However, the average rate of premium on risks underwritten for the eleven years the Corporation has been in business is less than 1 per cent, and premiums are allowed as proper deductions in determining the exporter's taxable income.

Rates of premium are strictly confidential between the exporter and the Corporation and so is the fact that he holds a policy. In making his application the exporter agrees that he will not discuss the policy nor any of its details with any other person or concern except in confidence with his bankers. It is impossible for the Corporation, for diplomatic reasons, to publish a schedule of rates or even to indicate how rates vary between different countries.

The premiums which the Corporation collects must be sufficient to produce enough revenue to cover operating expenses and probable losses; it is not out to make a profit but neither is it intended to subsidize export trade.

Applying for Policies

The exporter, in applying for export credits insurance, submits an application on a relatively simple form which sets forth the export sales he hopes to make during the next twelve-month period, in total and by country, and gives information on sales made during previous years. The Corporation then sends the exporter a letter of quotation with the premium rate for each country to which he ships and the terms and conditions under which the Corporation is prepared to insure his export sales. The application from the exporter is in reality an application for a quotation of premium rates and creates no obligation on his part. The exporter is free to decide, after receiving the letter of quotation, that he does not wish to use the facilities offered. If he accepts the letter of quotation he pays a deposit of approximately 10 per cent of the estimated premium for the year. This is refunded to him when his policy expires or is carried forward if he renews it.

The method of reporting export sales is simple. Before the tenth day of each month, the exporter makes a declaration of the contracts and shipments he has made during the previous month and reports them, in total only, by country. It is not necessary to list individual shipments to different buyers. He then calculates the premium at the rates set out in the policy and sends his payment with his declaration.

Loss Payments

It is only when a claim arises that the Corporation is concerned with shipments made to individual foreign buyers. Then the policyholder must show that he has complied with the terms and conditions of the policy.

Generally speaking, the Corporation covers losses arising from events outside the control of the exporter and the buyer. Losses are paid in accordance with the conditions set out in the policy—very broadly, as follows:

Insolvency—immediately after the insolvency occurs.

Default—twelve months after the due date of payment if by that time the debtor's insolvency has not been established.

Foreign Exchange Transfer—six months after the due date of payment of debt.

All Other Risks—six months after the occurrence of the event which causes the loss.

Upon payment by the Corporation, the exporter is usually required to instruct his bank to assign to the Corporation 85 per cent of all recoveries obtained.

Aid in Financing

The Corporation will agree to pay to any bank the proceeds of any claim payable under a policy. Accordingly, the possession of an Export Credits Insurance policy should help an exporter in arranging his financing because he has insured one of his most important liquid assets and the collateral value of his foreign accounts receivable is enhanced. There are two main ways of assigning his insured accounts to his bankers—he can either assign an individual bill or he can make a blanket assignment of all his foreign accounts receivable.

Many of our policyholders arrange with their bankers that they will not ship any goods to foreign buyers without having Export Credits Insurance protection. On many large capital goods transactions, the banks will not finance a long-term contract unless the exporter has such a policy.

The Case for Credit Insurance

The case for credit insurance is that, by reducing the element of risk in the granting of credit, it lubricates the credit system which is of the very essence of trade and prosperity. The cover provided by credit insurance protects the profit and loss account of the insured, and it also protects his working capital which will not get tied up in bad debts and long overdue accounts. Thus credit insurance should make possible a larger turnover of business on the basis of a given volume of working capital. The businessman insures his plant, his stocks and his workers. The prudent businessman also insures his book debts. The cost of such insurance, at less than 1 per cent on the average, is low. Few businessmen would hesitate one moment in raising the commissions paid an agent from, say, 3 per cent to 5 per cent if that agent—of undoubted financial solidity—agreed to guarantee up to 85 per cent of any losses accruing through business which he places.

Cases in Point

Two examples will serve to show the value of export credits insurance to Canadian exporters.

An exporter who had done a relatively small volume of export trade before the Second World War but had geared his plant to high production during the war wished to do as much export business as possible to maintain maximum output. The firm realized that the domestic market could not absorb more than half of its production. The export manager knew he would have to compete with manufacturers in other countries and would have to meet the credit terms they offered. He told the Corportaion that he could sell the goods but he didn't want to worry about accounts receivable and that, once the credit manager had approved a credit limit on a buyer, he would go all out to sell that buyer the maximum amount of goods. He wanted his mind free to develop and maintain demand knowing that, in the event of any non-payment or transfer difficulties, his firm would be reimbursed and would be carrying only a small percentage of the loss. A policy was issued to this company—whose export volume had been running less than $1 million a year prewar—and during its third policy year it did a business of over $10 million. In fact, the firm has averaged better than $6 million a year since taking out an Export Credits Insurance policy.

Recently another exporter approached the Corporation to insure a $6 million contract he was negotiating. He told us that he would not take on the business without this insurance. After a thorough investigation the

Corporation agreed to insure and the contract was financed and shipments made. The Canadian exporter received payments of well over $1 million but suddenly the buyer's country ran into foreign exchange difficulties. Although the buyer made payments in local currency, his country was unable to convert the local currency into dollars and transfer them to Canada. The Corporation will pay this Canadian exporter 85 per cent of the amount of the unpaid debt if the dollars remain blocked.

All trade involves taking risks, and this is especially true of export trade, where it is more difficult to know the buyers well or to be conversant with trading conditions. To meet intensified competition in world markets, the exporter is finding that both the credit he must offer and the risks he must take are increasing. The knowledge that these risks can be insured with the Export Credits Insurance Corporation is often the factor which finally decides whether or not he accepts an export order. Export credits insurance is, therefore, a matter which every firm in export business should consider carefully.

Brazil's Exchange Auctions

how they affect imports

Faced with serious balance-of-payment difficulties, Brazil uses the exchange auction to limit dollar spending. Under this system, Canada's exports to this market have been seriously affected. Main Canadian opportunities at the moment lie in industrial raw materials and capital goods.

C. J. VAN TIGHEM,
Commercial Secretary, Rio de Janeiro.

BRAZIL, the largest republic in South America, with an estimated population of 60 million, has almost half the population of the continent living within its borders. Until recently it constituted a most attractive market for Canadian manufactured consumer goods but postwar developments have changed the trade pattern appreciably.

Brazil has undergone a tremendous industrial development in recent years—much greater than most Canadians appreciate. Industrial production has trebled since 1939. The country is now self-sufficient in many consumer products formerly imported and, as a result, the requirements of the market have changed. Manufactured consumer items once ranked high in the list of imports but now their place has been taken by imports of industrial raw materials and capital goods. Generally speaking, Brazil no longer offers a market for foreign-made consumer goods.

Auction System Introduced

In addition to this first limitation, which is structural and permanent, there is a second and temporary one which must also be considered. This results from the balance-of-payments difficulties which Brazil has faced in the past seven years. After several years of direct control of imports through the issue of import licences by a special Import-Export Department, a new system was introduced in October of 1953. Import licences are now granted automatically on presentation of exchange certificates which are sold at regular weekly auctions in the principal states. The auction system eliminates the danger of favouritism in the issue of import licences and provides that any importer can bring in any product, from any country, if he is prepared to pay the price.

The price an importer must pay for a product depends on the goods he purchases and the country he buys them from. All imported products are divided into five categories, according to how essential they are, and countries of origin are listed by currency areas.

Because the Government controls the number of Exchange Certificates issued, it can place a ceiling on the amount of any currency released to buy imports. Certificates can be used only for the category of goods and currency area for which they were issued.

At an exchange auction, the importer who wants to buy codfish from Canada may find himself competing for certificates with a firm planning to buy industrial raw materials from the United States. Both compete for certificates with other buyers of Category II goods who are also hoping to purchase within the U.S. dollar area.

The codfish importer would probably find the demand for dollar exchange pushing the premium for certificates too high for his purposes. He might then switch to the covenant dollar market. ("Covenant dollar" refers to those countries with which Brazil has bilateral trade agreements.) By doing this, he could buy exchange certificates to cover his codfish imports from Norway at a considerable saving.

Exchange Prices Fluctuate

The prices of exchange certificates fluctuate according to how much of each kind of currency the Government offers and with the degree of competition among importers to buy them. Highest prices have been paid for U.S. dollar certificates which cover imports from Canada and Switzerland as well as the United States.

The amount of U.S. dollar exchange offered at the auctions has been smaller in relation to exchange receipts than for any other country. Main reason for this is the need to conserve dollars for petroleum and wheat imports (30 per cent of total imports) which are outside the auction system. Brazil must also provide for amortization and interest payments on loans from the United States. In addition, a wider range of products is available from the countries included in the U.S. dollar area. Demand for these exchange certificates has been greater than for any other currency.

AVERAGE RATES PAID FOR EXCHANGE CERTIFICATES
MARCH 1956

	First Cat.	*Second Cat.*	*Third Cat.*	*Fourth Cat.*	*Fifth Cat.*	*Weighted Average*
U.S. dollars	74.30	140.25	204.01	261.93	282.18	107.05
ACL	70.40	119.84	139.66	283.82	305.32	103.59
Covenant dollars	59.25	62.51	78.46	86.60	169.17	69.24
Danish crowns	54.41	55.78	98.72	103.32	194.63	73.58
Swedish crowns	67.78	79.31	108.21	146.57	180.23	99.34
French francs	72.49	118.14	131.39	216.77	282.98	96.88

Note: ACL refers to the "limited convertibility area" which comprises United Kingdom, Germany, Belgium, the Netherlands and Luxembourg. "Covenant dollar" countries include Argentina, Austria, Bolivia, Chile, Spain, Finland, Greece, Hungary, Italy, Japan, Norway, Poland, Czechoslovakia, Turkey, Uruguay, Yugoslavia.

The effects of this brisk demand for U.S. dollars may be seen in the table below (left). It shows the average rates paid for exchange certificates in Rio de Janeiro during March 1956.

With the exception of the fourth and fifth categories ACL, the rate for U.S. dollars is higher than for any other currency. This situation prevailed throughout last year and is continuing. As a result, exports from Canada have been very seriously affected—our exports to Brazil declined from $45,095,944 in 1954 to $11,519,580 in 1955.

The Brazilian Market

What can be sold to Brazil at the present time? A look at our 1955 exports may prove helpful. This shows that the following products were the most important: malt, synthetic fibre thread and yarn, book-printing and lithographing paper, newsprint, agricultural machinery, aluminum, copper and nickel, telegraph and telephone apparatus, transformers, dynamos, generators, electric metres and other electrical apparatus, asbestos, refractories, lubricating oil and unexposed motion picture film. These are largely products in which we have a natural price advantage or hold a dominant position in the world supply picture. A large Canadian public utility company operating in Brazil also made appreciable imports of equipment. Such imports come in at a fixed cost for exchange and consequently can be imported from Canada as cheaply as from any other country.

Present indications are that the auction system for exchange certificates will be continued. In view of this fact, the prospects for export to Brazil do not appear encouraging. The higher cost of the U.S. dollar prices many of our products out of the market here. Importers can obtain similar products from Germany, France, Japan and other countries at a considerably lower price in terms of cruzeiros.

Branch Plant Possibilities

There is, however, a way in which some Canadian firms can still participate in this great market. That is through the establishment of a manufacturing operation in this country. A large proportion of the postwar industrial expansion resulted from the entry of European and United States capital. These firms have entered into arrangements to have their products manufactured here, either through a new company formed in conjunction with Brazilian capital, through a fully-owned subsidiary, or through a licensing arrangement.

To date, Canadian firms have not kept pace with their competitors in this field. However, they might wish to take a new look at Brazil to see if it would be in their interests to arrange for local manufacture of their product. ●

commodity notes

Argentina

LUMBER—The Argentine Ministry of Industry has officially announced that the state monopoly for the import of lumber, especially Brazilian pine, has ceased. A state organization known as CIFEN, authorized by the Direcion Nacional de Industrias del Estado, had a strict monopoly of the import and sale of lumber which was detrimental to private importers. CIFEN's 1955 profit was estimated to be as high as 31 million pesos. The stocks of this organization will now be liquidated and in future import permits will be granted to private importers and consumers—Buenos Aires, June 19.

Australia

WOOL—During the first nine months of the current financial year, Australia exported 811 million lb. of wool valued at £A227 million, according to the Australian Wool Bureau. This was an increase of 4 per cent in quantity and a decrease of £A32·4 million or 12 per cent in value, compared with the same period of the last financial year.

Sheepskins exported increased from 73,323,700 lb. last financial year to 75,922,644 lb. for the same period this year. The total value of £A11,918,760 last year declined to £A11,558,728 this year, a decrease of 3 per cent.

Japan expanded her purchases by 62 per cent, France by 18 per cent and Germany by 7 per cent. The United Kingdom reduced her imports by 11 per cent, the United States by 16 per cent, Italy by 10 per cent and Belgium by 7 per cent—Sydney, June 22.

Bahamas

SPONGES—After 18 years of enforced idleness, the Bahamian sponge market reopened last month. The large quantities of "reef" and "wool" sponges offered for sale when the government restrictions on sponge collections were relaxed clearly indicate that these varieties have shaken off the effects of the plague that destroyed the Colony's beds in 1938. Unfortunately, the valuable "velvet" sponges that used to be found in Bahamian waters have completely disappeared. Buyers from Detroit, Tarpon Springs and Chicago were present at the opening sales but most of the 54 lots offered on the first day were purchased by Nassau firms, presumably for overseas customers —Kingston, June 13.

Brazil

TRACTORS—Although the number of tractors in use in Brazil increased over the last five years from about 9,000 to 40,000, less than 2 per cent of the farms in this country use mechanical traction as against about 20 per cent using animal traction. Almost three-quarters of the combined animal and mechanical traction is located in the states of Rio Grande do Sul and São Paulo—Rio de Janeiro, June 18.

Israel

WHEAT—The Israeli wheat crop, it is reported, has yielded a record 80,000 tons, about 30 per cent of the country's requirements. Last year's crop, which was severely damaged by drought, produced only 16,000 tons compared with about 35,000 tons in 1954. This year's record crop, comprising both bread grains and some durum strains, was the result of increased acreage (110 thousand acres against 80,000 acres in 1955) and excellent growing conditions during the winter and spring. The aim of the Israeli authorities is to make their country 50-60 per cent self-supporting in bread grains by 1960. More land is being irrigated and cultivated, particularly in the northern Negev.

Since 1955, Canada has lost its place as Israel's main supplier of hard wheat to the United States, which is supplying Israel with wheat as direct aid or on long-term payment—Athens, June 6.

CITRUS FRUIT—Israel's total exports of 7,855 thousand cases of Shamouti Jaffas and Valencia oranges, grapefruit, and lemons during the season ended April 30 rose 800 thousand cases above the previous season's figure and were only 300 thousand cases less than the best postwar record, established in the 1953-54 season. An estimated one million additional cases would have been available for export this year had the crop not suffered from heavy rainstorms. The aim of the Israeli citrus producers is to reach the prewar export level of about 16,000 cases within the next few years by increasing plantings of new groves and improving cultivation methods.

During the past season the United Kingdom was again Israel's biggest customer, taking almost three million cases; West Germany, Sweden and Soviet Russia also bought substantial quantities. The Canadian market for Israeli citrus fruit, particularly Jaffas and lemons, although still small, has expanded rapidly from a trial shipment of 500 cases in 1953-54 and 15,000 cases last year to an encouraging 278 thousand cases during the season just ended. Citrus fruit exports account for about 40 per cent of Israel's total export earnings—Athens, June 12.

Jamaica

COFFEE—One million specially prepared coffee seedlings are being grown in bamboo pots by the Department of Agriculture which will distribute them to growers late this year or before the end of 1957. The Jamaican coffee industry has been expanding steadily over the past eight years and exports of coffee beans have risen from 3·6 million lb. in 1953 to 4·8 million in 1954. The Government's aim is to expand exports to about 15 million lb. a year—Kingston, June 21.

Japan

ALUMINUM—Heavy internal and overseas demand has prompted Japan's three leading producers of aluminum ingot to revise their production schedules sharply upward, according to a bank report. The target for 1956 ingot production is 65,200 tons, almost 10 per cent above that of the preceding fiscal year. Nevertheless, demand is outstripping production so fast that recently exports of ingot had to be suspended.

Demand seems to be centering on aluminum utensils for home use and as a substitute for copper in industry. Long-term prospects are for substantial growth in the domestic as well as foreign markets, particularly Southeast Asia. Expanding uses appear to be as further substitution for copper, as replacement for lumber, steel and other metals in the construction of buildings and rolling stock, in the aircraft industry and in commercial applications of atomic energy—Kobe, June 15.

STEEL—The Japanese Iron and Steel Federation reports that the production of iron and steel in the fiscal year ending March 1956 exceeded production schedules. Blast furnace pig iron production totalled 5,256,000 tons compared with 4,369,000 tons in the fiscal year 1954. Steel ingot advanced to 9,773,000 tons, an increase of two million tons over the corresponding period of the previous year. Rolled steel production in fiscal 1955 reached 6,884,000 tons, compared with 5,403,000 in the preceding year—Tokyo, June 18.

Malaya

TIN CONCENTRATE—Federation of Malaya tin miners set a postwar record in the first quarter of 1956 by producing tin concentrate containing 15,434 tons of tin metal. The tin metal content was 1·98 per cent greater than in the first quarter of 1955. The definite rising trend in tin production in the past five years is seen in the fact that production figures in the first quarter of each year have increased progressively since 1951—Singapore, June 11.

Sweden

PITPROPS—Sweden's export of pitprops has varied considerably during the past five years, mainly as a result of fluctuations in purchases by the United Kingdom and West Germany. In 1952, exports increased from 320 thousand to over one million cubic metres, solid measure; in 1953 they fell to 550 thousand, and in 1954 dropped further to 330 thousand. In 1955, despite small deliveries to the United Kingdom, exports increased to 440 thousand cubic metres.

During the last few years, shipments to the United Kingdom have declined considerably, from 625 thousand in 1952 to 360 thousand in 1953, 130 thousand in 1954 and to only 10,000 in 1955. On the other hand, deliveries to West Germany have increased from 118 thousand in 1953 to approximately 379 thousand in 1955—Stockholm, June 19.

Venezuela

AUTOMOBILES—Recent official statistics show a total of 238,310 automotive vehicles licensed in 1955, not including 59,336 motorcycles, bicycles, motor scooters, etc. No breakdown by makes is given but the types of vehicles in use are shown as 121,564 private cars, 23,102 taxicabs, 76,356 standard trucks, 3,027 miscellaneous trucks, 4,624 private station wagons, 8,996 buses and 641 demonstration vehicles. Among the 23 political subdivisions, the Federal District, which includes Caracas, has by far the highest number, 94,059; the neighbouring state of Miranda has 26,400. Thus about 50 per cent of all motor vehicles are registered in and around Caracas. The state of Zulia, centred on Maracaibo, comes second with a total of 32,169—Caracas, June 19.

SUS

U.S. Markets for Softwood Lumber

Sales of Canadian softwood lumber in Midwest States strong and growing; the South also is becoming important customer as building industry active and southern pine cannot fill demands made upon it.

THE SOUTH

THE SOUTHERN STATES themselves support a lumber industry which, although its disappearance was prophesied in the mid-thirties, still flourishes. It is based upon an estimated 85 million acres of southern pine—some 40 per cent of the South's commercial forest land—and currently provides one-quarter of U.S. lumber needs. According to the final figures, 1955 production of southern pine lumber in twelve southern states totalled 8,750 million board feet, 9·3 per cent higher than in 1954 and 13·9 per cent higher than in 1953. Canada bought about 2,963,000 board feet of southern pine lumber in 1954.

The pessimists who predicted the slow disappearance of the lumber industry in this area were wrong for several reasons. One is the development of scientific management of the forests and the prevention of exploitation. Another is the increasing mechanization of the industry, which means that all of a tree can be put to profitable use. A third is the rise of "tree farms", which certain progressive lumbermen started around the turn of the century. Today, according to a survey made by the U.S. Forest Service, the annual cut of southern pine saw-timber (trees of the size and quality to make lumber) in a twelve-state area is 22 per cent less than the annual growth.

Imports Still Needed

Production of southern pine, however, is far from sufficient to fill the demand for softwood in the South, and Canadian mills have an ever-increasing market there for their softwood lumber, particularly Douglas fir from British Columbia. According to reports I have received from railway companies handling shipments of Canadian lumber, exports of softwood lumber from British Columbia to the eleven states under the jurisdiction of this office were approximately 12 per cent higher in 1955 than in 1954 and there was no indication of slackening in the demand in the first quarter of 1956. The main reasons for this increase in demand for our softwoods in the South are first, the active building industry, resulting from the large increase in population and the industrial expansion; second, the fact that first-grade softwood lumber in the United States in general is rapidly being used up and local requirements for this type are and will be largely met through imports from Canada; and third, the expanding pulp and paper industry in the South which is taking a major share of southern pine production, leaving a gap to be filled by lumber imports.

There is every indication that the building boom in the South will continue, particularly in Florida and Texas. Canadian lumber mills can therefore count on a steady demand for their products in this area.

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

THE MIDWEST STATES

OF THE $369 MILLION WORTH of softwood lumber which Canada exported in 1955, $259 million worth went to the United States. A large proportion of it, chiefly from Western Canada, moved into Chicago and a great deal more was sold by Chicago brokers, commission agents and wholesalers for delivery largely in the U.S. Midwest, but also throughout the nation. Thus not only is Greater Chicago a major consuming market for Canadian softwoods—it is also a distribution point of first importance.

The great bulk of softwoods moving into the Midwest from Canada is made up of rail shipments from British Columbia and northwestern Alberta. Volume species are Douglas fir and hemlock planks and boards and cedar lumber and siding from coastal British Columbia, and western white spruce and ponderosa pine from interior British Columbia and adjoining areas of Alberta. Western softwoods go for the most part to the construction industry where large amounts are used in building houses.

Douglas fir and West Coast hemlock are in demand for structural members and studs where strength and stability are important. Spruce and ponderosa pine are popular for sheathing and also for studding and light structural members. Ponderosa pine is a favourite for interior trim and sash and door factories prefer it because of its fine working and finishing qualities.

Midwestern farms are strong and important markets for Canadian softwoods. Dealers report that farmers are willing to pay the price for good-quality building materials.

Canadian softwoods also find their way into industry. Canadian white pine (Pinus Strobus) is the wood most desired by pattern-makers and much of our finest wood is used in this way in the highly industrialized Midwest. Our species have a wide range of industrial uses, such as Douglas fir for chemical-resistant tanks and jack pine for crating and for pallet stock.

Demand for Canadian softwoods in the Midwest is strong and growing. Housing construction and remodelling are at healthy levels and seem destined for long-term expansion. At the same time, domestic supplies are weakening. Southern yellow pine, once the all-purpose building wood of this area, is now almost unavailable in the Northern states. Remaining stands in the South have been devoted to the pulp industry or are supplying the rapidly expanding demand for lumber in the producing areas. As time goes on, increased demand in the Pacific area will make it more difficult than ever to get as much lumber as required from the Pacific Northwest states. Canadian lumber should therefore obtain an increasing percentage of a growing market.

Channels of Trade

Channels of trade in the Chicago lumber business are not rigidly stratified. Most lumber is purchased direct from Canadian producers or wholesalers by large Chicago wholesalers and distributors. These firms then sell to retail yards, major building contractors, and large industrial accounts. However, some retail operators now conduct such a large business that they prefer to purchase direct from producers. On the other hand, a few of the largest wholesalers have opened retail yards. Some wholesalers act also as commission men and occasionally as brokers.

During the last few weeks, officers of the Trade Commissioner Service and the Forest Products Division, Department of Trade and Commerce, have corresponded with many Chicago lumber firms and have visited many more. The Canadian Consulate General in Chicago therefore invites inquiries from Canadian firms wishing to expand lumber sales in the Midwest. These should be addressed to the Deputy Consul General, Canadian Consulate General, 111 North Wabash Avenue, Chicago 2, Illinois.

—DAVID M. W. HUMMEL,
Office of the Consulate General, Chicago.

Mining Congress Coming to Canada

MINING ENGINEERS, metallurgists, scientists and others interested in mining and metallurgical progress in the Commonwealth will be journeying to Canada early in September 1957. On September 8th the Sixth Commonwealth Mining and Metallurgical Congress will hold its first session in Vancouver. Three days later the delegates will begin a tour of Canada that will last until October 8th. It will take them north to Dawson City, Whitehorse and Yellowknife, as far south as Niagara Falls, and as far east as Newfoundland.

On their journey they will visit practically all of Canada's best known mining developments and metallurgical plants. They will watch gold mining at Yellowknife, aluminum production at Kitimat, iron ore mining at Steep Rock and uranium mining at Blind River, asbestos operations at Thetford Mines, and metallurgical processes at Trail, B.C., and other points. Included on the itinerary will be Uranium City, Lynn Lake, Val d'Or, Knob Lake, Sydney, Bell Island in Newfoundland, and many other places. Technical papers will supplement the conducted tours and, en route, the Congress will hold meetings at Edmonton, Winnipeg, Toronto, Ottawa, Montreal, and Quebec City. The closing sessions will take place in Halifax, October 8th and 9th.

The tours and technical discussions combined will cover not only mining operations but also exploration for minerals, metallurgical processes, and the manufacturing and marketing of minerals.

The first Congress of this type was held in 1924 in Wembley, England, with the object of acquainting Commonwealth scientists with the mineral development and resources of the Commonwealth and keeping them abreast of technical progress and problems. Succeeding Congresses were held in Canada (1927), South Africa (1930), the United Kingdom (1949) and Australia (1953).

The Canadian Institute of Mining and Metallurgy is sponsoring this Sixth Congress and the federal government and the provincial governments have made substantial financial grants to it. The Rt. Hon. Louis St. Laurent, Prime Minister of Canada, has consented to be Honorary President.

Engineers, industrialists or scientists in any part of the Commonwealth who are interested in the Congress and would like further information about it should write to the Executive Secretary, Sixth Commonwealth Mining and Metallurgical Congress, 507 Metropolitan Bldg., 837 W. Hastings Street, Vancouver 1, B.C., preferably before September 1, 1956.●

75300—3½

Mexico's Chemical Industry Expands

With raw materials available, domestic demand rising, and exports developing, Mexico's expanding chemical industry appears to have a bright future. But large imports, especially of raw materials and certain ingredients, still needed.

MAX T. STEWART,
Commercial Counsellor, Mexico, D.F.

ALTHOUGH THE FLOURISHING MEXICAN CHEMICAL INDUSTRY increased its production tenfold between 1940 and 1950 and is maintaining this rate of expansion, the country is still a large market for imported chemicals, chiefly raw materials and ingredients.

The value of imports of chemicals rose between 1944 and 1954 from 150·4 million to 1,051 million pesos—$84 million at the current exchange rate. The United States supplies, on the average, 77 per cent of these imports. In fact, in recent years chemical products have constituted 12 per cent by value of all Mexican imports from the U.S. They can be broken down as follows: 18·7 per cent raw materials, 16·8 per cent drugs, 15·1 per cent synthetic resins, 12·5 per cent insecticides, 11·2 per cent antibiotics, and 5·1 per cent paints, varnishes and materials for the paint manufacturing industry.

Growth in War Years

The Mexican chemical industry found its feet during World War II. Between 1940 and 1944, the value of all domestic industrial production rose 159 per cent, and of chemical production 243 per cent. The number of plants in operation increased by 105 to 263, and the number of people employed from 3,000 to 10,000. Export markets were developed in Central and South America and in 1944 export sales amounted to $8·4 million, 43 per cent of the value of production. By 1946, chemicals had become the second most important industry in the country as an employer and the third largest from the point of view of investment.

IMPORTS OF CHEMICAL PRODUCTS

Year	*Value (millions of pesos)*	*Per cent of national imports*
1939	86·0	13·7
1945	170·4	10·6
1950	562·6	12·8
1953	656·0	10·8
1954	1,051·0	11·8

In 1952, the latest year for which detailed figures are available and when the exchange rate was 8·65 pesos to the dollar, Mexican imports of chemical products were:

	Dollars	*%*	*Pesos*
Insecticides and fertilizers	11,673,498	16·4	100,949,806
Insecticides	8,949,431	12·5	77,386,628
Fertilizers	2,657,412	3·7	22,986,613
Weed killers	66,655	·2	576,565
Detergents and raw materials for their manufacture	3,305,536	4·6	28,592,886
Drugs	19,920,118	28·0	172,309,020
Antibiotics	7,961,065	11·2	68,863,212
Drugs in general	11,959,053	16·8	103,445,808
Chemical products	36,252,878	51·0	313,587,392
Raw materials	13,263,477	18·7	114,729,076
Solvents	1,016,313	1·4	8,791,107
Synthetic resins	10,730,985	15·1	92,823,020
Colours	1,622,264	2·3	14,032,583
Paints, varnishes and materials (except solvents)	3,626,871	5·1	31,372,434
Primary derivatives of coal	1,156,741	1·6	10,005,809
Others	4,836,227	6·8	41,833,363
GRAND TOTAL	71,152,030	100·0	615,439,104

Between 1944 and 1950, the value of production rose 138 per cent—from 94·4 million to 225·0 million pesos—but imports increased still more rapidly in value—from 147·0 to 562·6 million pesos. Exports in those seven years rose in value from 13·3 million pesos to 44·8 million pesos. The number of operating plants grew from 263 to 330, and the number of people employed by the industry to 19,000.

A brief resumé of progress in the various branches of Mexico's chemical industry follows:

- *Pharmaceuticals*—Pharmaceutical products have become an important part of the chemical industry. Mexican plants, which in large part are subsidiaries of U.S. manufacturers, now are marketing pharmaceutical products worth well over $100 million a year. The number of laboratories in operation rose from 389 in 1950 to 400 in 1952, and the value of production from 23 million pesos in 1940 to 66 million in 1943 and 225 million in 1952.

- *Sulphuric Acid*—Mining of the vast deposits of sulphur in the Isthmus of Tehuantepec, which began in 1955, has led to the establishment of six new sulphuric acid plants in Mexico this year. The new plants will produce a total of 160 metric tons of acid a day. Production has grown from 57,500 metric tons in 1947 to 108,127 metric tons in 1954.

- *Sodium Alkalis*—Production of alkalis for the soap, oil refining, ceramic, paper, textile, vegetable fibre, rubber and other industries has lagged a long way behind the gradually increasing demand. Mexican plants are producing insufficient quantities of caustic soda, sodium carbonate, sodium bicarbonate, calcium hypochlorite, potassium chlorate, calcium carbonate, chlorine, and calcium oxide. Consumption of alkalis in 1954 reached 122,207 metric tons, but Mexican plants could supply only 22,322 metric tons.

The National Bank of Foreign Trade, a government agency, estimated that in 1955 consumption of caustic soda alone reached 47,000 metric tons, and anticipates that the demand will rise to 64,000 tons in 1960. Imports of caustic soda in 1954 totalled 25,452 metric tons.

- *Artificial Fibres*—Production of artificial fibres from cellulose, which began as late as 1947, doubled between 1949 and 1954 to a total of 13,311 metric tons, or 97·2 per cent of national consumption. Of this total, 7,211 tons were produced on a basis of acetate and 6,100 tons on rayon. Production of tire cord reached 1,500 tons in 1954 and imports are falling off rapidly.

- *Fertilizers*—To correct soil deficiencies in the 15 million acres of land under cultivation in Mexico, 1,169,750 metric tons of superphosphate, 210,550 tons of phosphoric anhydride, 1,117,850 tons of ammonium sulphate, and 248,400 tons of nitrogen are required every year, according to a study by the Bank of Mexico. Despite greatly increased domestic production, the quantity of fertilizer purchased abroad has mounted rapidly—from 15,474 metric tons in 1950 to 26,021 tons in 1953 and 58,097 tons in 1954. The following tables give production figures for Mexico's chemical and organic fertilizer industries from 1941 to 1954.

CHEMICAL FERTILIZERS

(metric tons)

Year	*Sulphate of Ammonia*	*Superphosphates*
1941	2,800	3,500
1950	3,000	15,462
1952	60,000	56,000
1953	64,223	62,977
1954	59,445	60,883

ORGANIC FERTILIZERS

(metric tons)

Year	*Bone Meal*	*Others*	*Formulas*
1941	4,600	600	12,500
1950	8,670	1,550	38,000
1952	5,000	16,500	....
1953	7,137	29,200	25,000
1954	7,216	1,530	32,074

Nacional Financiera, the government investment corporation, estimates that minimum emergency requirements call for the production of 325 thousand metric tons of fertilizer in 1956, but comments that expansion is financially difficult.

- *Insecticides*—Current annual consumption of insecticides includes 3,000 metric tons of DDT, 10,000 tons of B.H.C., and 2,000 tons of toxaphene. The market is supplied from domestic plants which process and pack imported materials.

- *Hydrogen Peroxide*—Production increased 52 per cent between 1953 and 1954, but imports continue to be large. By stepping up the capacity of existing plants, the industry this year will raise its output to 75 metric tons a month, which is about 85 per cent of current demand. Imports rose from 232 metric tons in 1948 to 566 tons in 1953 and 784 tons in 1954.

- *Coal Products*—Production of some mineral coal products, such as benzol and phenol, fell 16·7 per cent between 1953 and 1954, but ammonium sulphate was up. The inauguration last year of a new coking plant has provided derivatives which are leading to greater production of benzol.

- *Anhydrous Sodium and Sodium Sulphate*—Supply problems of the paper and glass industries were in large part solved by the greater output of anhydrous sodium which climbed from 8,076 metric tons in 1953 to 10,500 tons in 1954. The domestic demand for sodium sulphate—15,000 in 1955—was completely satisfied by national production.

Future Prospects

Recently completed studies indicate an expanding market for Mexico's chemical industry at home and abroad. Numerous raw materials, as yet undeveloped for use on an industrial scale, are available. The National Bank of Foreign Trade has commented on the abundant supply of sodium chloride, sodium carbonate, magnesium salts, and calcium in its natural state. Much greater production of alkaline substances therefore is possible.

Adequate deposits of coal have been fully explored. The use of petroleum and refinery gases for the development of the petrochemical industry should not be long delayed, in the opinion of the Bank of Mexico.

Official sources and the industry itself are aware of a certain lack of financial and technical resources for more rapid development; growth is retarded also by the fact that for some chemical products there are only limited markets at the present time. There is no doubt that the administration will assist and applaud every new development of the chemical industry as a whole and will particularly welcome foreign capital.

transportation notes

Egypt Establishes Free Zones

EGYPT, situated on the vital maritime route linking the East and the West, occupies a strategic geographical position. It is natural, therefore, that the authorities should consider an expansion of existing commercial and industrial free zone facilities and should encourage foreign manufacturers to use these facilities. Last year, an Egyptian official mission visited eight European countries and studied their customs organizations. The mission also investigated the free port systems in use in Hamburg, Trieste, and Goteböry.

At present, there are free zones in Alexandria, Port Said, and Suez. According to the Egyptian regulations, private or public free zones may be created for storing domestic or foreign goods in transit; for sorting, cleansing, mixing, repacking and reshaping of goods; for industrial operations required for the assembling of goods; for industrial operations required for the assembling, finishing, construction and repair of cars, lorries, tractors and aircraft, the principal parts of which are imported, and also for any other industry which does not compete with local plants.

Regulations and Rates

Users of free zones enjoy a number of privileges. Import duties and formalities do not apply on goods imported into the free zones nor on articles, materials and machinery imported for enterprises located in the free zones. However, foreign goods for personal use consumed there are subject to import duties. Goods exported or re-exported from free zones are not subject to export tax, with the exception of the share of local products originally subject to such tax which are used in making them. Goods manufactured in free zones and consumed in these same zones for personal use have to pay duties only on the value of the foreign content. Establishments in free zones are also exempt from tax on commercial and industrial profits deriving from sales abroad. Special arrangements are made for foreign exchange receipts and disbursements, and the maximum percentage of foreign employees and the salaries paid to them are regulated. Because the free zones are closely connected with transit trade, the use of the special facilities also apply to such trade. Free zones are under the control of customs officials and inspectors, whose salaries, etc., are paid by the enterprises occupying these zones.

The following rates of duties are collected in Egypt for occupying sites and customs warehouses used as free zones. These rates will remain in force until the end of 1956:

(1) 225 milliemes* per square metre per year for sites for construction of warehouses for storing.

(2) 150 milliemes per square metre per year for vacant land for the construction of installations for transforming goods.

(3) 100 milliemes per square metre per year for vacant land to be converted into workshops for industrial operations.

* £E1=100 piastres=1,000 milliemes=$2·8428 Can.

A reduction of 25 per cent on these rates is allowed for free zones in the Suez Customs area.

Facilities in Alexandria

As a temporary measure, an area of 13,000 square metres is available in Alexandria as a free zone to store goods in transit or for simple manual operations. Several applications have been received from pharmaceutical, canning and clothing enterprises and from cold storage establishments. An important ball-bearing company has recently applied for a free zone in Alexandria where it will maintain a stock to meet the needs of the Middle East countries. However, to satisfy all applicants an area of 40,000 square metres appears to be needed. After the transfer of all the oil installations in the Alexandria customs area to Mex City, it will be possible to create another large free zone. (The free zone system applies automatically to shipyards for repairing of ships.)

The Ford Motor Company has had since 1950 a private industrial free zone in Alexandria covering 25,000 square metres. Ford is carrying out the assembling and preparing of American and English trucks and tractors from completely knocked-down material. It also stores in transit Canadian, United States, United Kingdom, French and German passenger cars in its free zone depots.

The British Motor Corporation recently transformed its assembling plant in Alexandria under the free zone regime. Its present capacity is about 500 passenger cars per year and may be increased to reach 1,500 cars per year.

Port Tewfik and Port Said

An area of 10,000 square metres within the boundaries of Port Tewfik, at the southern end of the Suez Canal, was turned into a free zone early in 1955. It will be possible to enlarge this area up to 40,000 square metres. Storing of goods in transit, sorting, cleansing, mixing, repacking and reshaping of goods, as well as simple industrial operations, are allowed in this area.

A number of applications have been received from ships' chandlers and establishments desiring to install refrigerating rooms and these applications are being examined by the Egyptian authorities.

The commercial free zone in Port Said is becoming more and more active and is an integral part of the agreement between the Egyptian Government and the Suez Canal Company. It was seriously affected by wartime restrictions and by competition from Beirut.

Adabiya Port, near Suez, which was created during the last war for the British troops, is expected to have an industrial free zone where industries covering furniture making, hides, spinning and weaving of cotton and the preserving of food may be established. Several Egyptian companies have applied for space in this proposed free zone.

—M. R. M. DALE,
Commercial Secretary, Cairo.

Canada

SERVICE TO VENEZUELA—Saguenay Terminals are extending their service from the Great Lakes to Venezuela to include calls at Maracaibo, Curaçao, and Guanta, effective with the sailing of the S.S. *Suningrid* from Toronto on June 9. Saguenay Terminals are placing three ocean-laker vessels on the Toronto-Montreal-Maracaibo-Curaçao-Puerto Cabello-LaGuaira-Guanta run—Ottawa, June 26.

Cuba

TRAILER FERRY SERVICE—Discussions and negotiations are under way for the establishment by the Pan American Freight Company (an American firm) of a ferry service connecting West Palm Beach and Havana. The ferry would carry refrigerated trailers for fruits and vegetables. The operators plan to put two 4,000-ton vessels on this service, registered under Cuban colours. The trailers will be mounted on flatcars and arrangements are being worked out with the Cuban railroads to move the trailers to the main market centres—Havana, June 14.

Indonesia

NATIONAL SHIPPING—The Ministry of Communications has announced that a twelve-man commission has been formed to draft a bill on national shipping and a bill for the regulation of freight and passenger rates in Indonesia—Djakarta, June 19.

HARBOUR EXPANSION—The Government has allotted 30 million rupiah for an improvement program for the Tandjong Priok harbour near Djakarta; it will take four years to complete. The No. 3 quay will be lengthened and a new quay built to handle tankers. The contract has been awarded to a French construction company—Djakarta, June 15.

Venezuela

SHIPPING—Compania Anonima Venezolana Navigaçion has announced the termination of its regular shipping service between Canadian and Venezuelan ports. The company's ships freed by this decision will be used for a new service to Central America, and to improve the service between ports in the southern United States and La Guaira—Caracas, June 15.

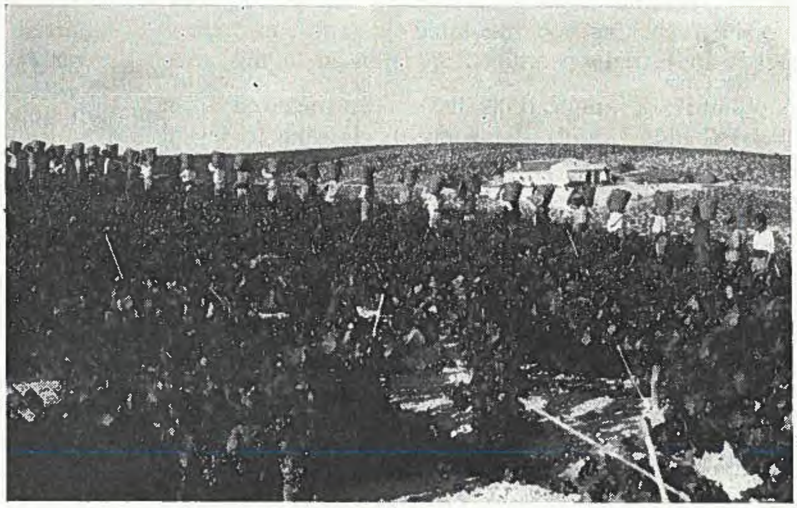
SHERRY, one of Spain's most important exports, is also one of its oldest and most honoured industries. There is a saying that when Drake attacked Cadiz in 1587, his principal objective was to carry off 3,000 casks of sherry. Today Great Britain still favours Spanish sherry and last year bought 160 thousand hectolitres of Spain's total exports of 246 thousand hectolitres. From her sales abroad in 1955 Spain earned 31 million gold pesetas—approximately $10 million. Canadian imports increased to 2,718 hectolitres (compared with 1,132 hectolitres in 1954), worth approximately $200 thousand. Spain's principal customers in 1955, and the quantities they bought, were: United Kingdom and Northern Ireland, 159,263.00 hectolitres; Sweden 12,336.06; United States, 11,552.01; Denmark, 10,003.93, and Eire, 9,471.84.

Sherry from Spain

BRUCE I. RANKIN,
Commercial Secretary, Madrid.

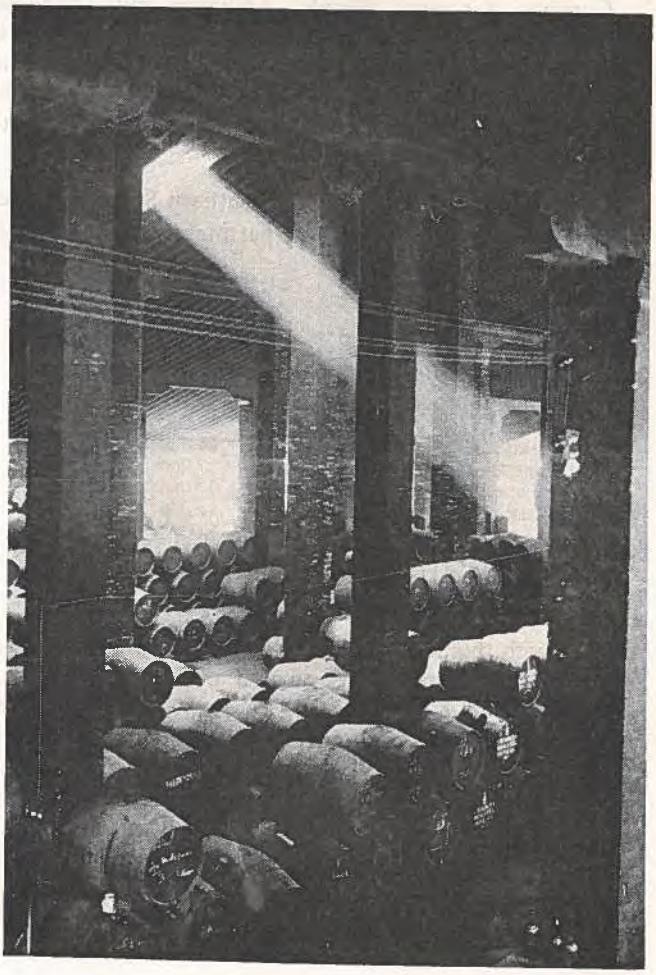
All Spanish sherry is produced in the little Province of Cadiz (only 22,000 acres), and the city of Jerez de la Frontera is the heart of the industry. (A typical Jerez sherry estate is shown in the photograph top left.) Traditional methods of cultivation, carried out entirely by hand, are faithfully followed in the Jerez vineyards. Four important tillings take place during the year: the deserpia in October to collect the autumn rain around the roots; the cava-bien in February or March, when the soil is tilled to a depth of about eight inches to soften it; the golpe-lleno in May to eliminate weeds; the bina in July, again to eliminate weeds but also, by packing down the surface of the white clay soil, to preserve the humidity and save the lower part of the roots from drying up. The vintage normally begins in the first fortnight of September.

After the grapes are harvested (the picture below is a typical harvesting scene), they are pressed by the workers who dance on them in leather shoes studded with nails. This produces the finest must, called yema. An inferior must, called prensa, is obtained by pressing the pulp a second time with heavy wooden blocks.



After the pressing, the wine is placed in maturing casks to gain age and smoothness. A year or two later, the almost magical testings begin. The art of testing wine is in many cases passed from father to son, and these experts, like the one in the picture above, judge the wine by its aroma. When the wine has been classified it is ready to enter the solera system. A solera consists of a series of tiers of casks (perhaps three or four) in the lowest row of which reposes the mother wine—the sherry par excellence. The new wine is placed in the top row of casks in its particular solera, and as the wine is drawn little by little in equal quantities from each of the casks in the lowest row, it is replaced from the tier of casks immediately above. In this way, after a number of years, the newer wine joins the older mature wines. Special wine storehouses, called bodegas, house the soleras (see photograph lower right). These spacious buildings have been so constructed and roofed with tiles and esparto mats to maintain a moderate temperature inside, even though outside the thermometer may reach 130°F. in the sun. There are some 700 bodegas in the area of Jerez de la Frontera, 200 in Puerto de Santa Maria and 300 in Sanlucar.

The curious solera system explains why there is such a profusion of brands of sherry: each solera holds a different type of wine. It also accounts for the fact that sherry retains its stability and style over the years. When we speak of a solera of 1836 this does not mean that the wine has been ageing since then—it would probably be unpalatable—rather, it means that the tiers of casks in which the wine has aged date from that year. "It is the cask, not the grape, which makes the wine", the Jerez wine shippers say. ●



the South are planted in North Carolina, South Carolina, Georgia, Florida, Alabama and Tennessee. The States of Mississippi, Louisiana, Arkansas, Oklahoma and Texas have not, in the past, shown much interest in the Canadian product because of higher transportation costs than for seed from Idaho, the Dakotas and Minnesota.

Potato acreages in the eleven Southern States reviewed, according to the U.S. Department of Agriculture figures, are as follows:

State	*Annual Average 1944-53*	*1954*
	Acres	
North Carolina	63,000	39,000
South Carolina	17,100	11,000
Georgia	12,000	5,000
Florida	30,000	33,400
Tennessee	27,000	15,000
Alabama	37,000	25,200
Mississippi	16,000	7,100
Arkansas	24,000	9,000
Louisiana	23,200	11,300
Oklahoma	12,000	3,000
Texas	35,100	19,000

Although the Southern States produce only small quantities of potatoes for seed and obtain most of their requirements elsewhere, this does not mean that Canadian exporters necessarily have a potential market in each of these states. Most sales of Canadian seed potatoes are made in areas which are served directly by ship and can use shipload quantities. A survey of the eleven Southern States indicates that the Atlantic coast area, because of the varieties preferred and port facilities, offer the best prospects to Canadian exporters. Tennessee and Alabama are the farthest inland points

originate in Idaho, the Dakotas and Minnesota.

Varieties for the Southeast

The varieties preferred in the Southeastern States where Canadian seed potatoes are sold are:

State	*Varieties Preferred*
North Carolina	Bliss Triumph, Katahdin, Sebago
South Carolina	Katahdin, Russet, Sebago, Cobbler
Georgia	Cobbler, Sebago, Green Mountain
Northern Florida	Sebago, Kennebec, Bliss Triumph, Red Pontiac
Southern Florida	Red Pontiac, Bliss Triumph
Tennessee	Cobbler, Sebago, Chippewa
Alabama	Russet, Bliss Triumph, Sebago

Canadian Sebagoes are very much in demand in the Carolinas where approximately 75 per cent of the plantings of this variety last season came from Prince Edward Island. The remainder originated in New York State, Maine, and Nebraska. One broker in Charleston, South Carolina, states that he imported 80,000 one-hundred-pound bags of Prince Edward Island Sebagoes this season for the Charleston area and for inland points in the Carolinas, Georgia and Tennessee.

Most of the P.E.I. Sebagoes for these states entered by the port of Charleston this year. Their average wholesale price at that point was $2.90 for a 100-lb. bag compared with $3.75 for United States seed of the same variety. The planting season is from January 20 to the end of February, and shipments should reach Charleston during the first week of this period.

The Hastings area in northern Florida uses Sebagoes almost exclusively and offers our shippers the best market in the Southeast. Last season, the Sebago acreage in this area was 15,000 acres; an estimated 90 per cent of this acreage was planted with P.E.I. seed imported through Jacksonville. The preference for Sebagoes in this area is partly the result of the large proportion of the crop used by the potato chipping industry, which prefers this variety. Two brokers handle imports of Canadian seed potatoes through Jacksonville and between them they brought in about 420 thousand 100-lb. bags last season. From Jacksonville shipments are sent to Hastings and other points in north and central Florida. Growers in South Carolina, Georgia, and Alabama bought a smaller proportion.

Size, Quality, Packing

In the whole Southeast the preference is for size A potatoes (3 to 10 ounces), but there is a very small demand for size B in Tennessee and Alabama. Buyers of seed potatoes expect freedom from disease, high yield and good appearance. Importers and growers have great confidence in the Canadian inspection service and no one complained about the quality of Canadian seed potatoes sold here last season. New 100-lb. bags are the only containers acceptable for shipment to this market.

This Uruguayan farmer proudly displays a tray of Katahdins which he has just dug. The certified seed potatoes which produced these fine-looking potatoes came from Canada.

Competition and Prospects

No foreign country, except Canada, ships potatoes to the Southeastern States, but Canadian exporters have to meet the competition from domestic producers in the northern states. The rate of duty under the annual quota of 2·5 million bushels is 37½ cents for 100 pounds. The duty is partly offset by lower sea rates on Canadian potatoes compared with higher rail or truck rates on shipments from Northern States to the Southeast.

Under present circumstances, Canadian seed potato exporters should maintain a good volume of sales in this market. However, they should follow closely changes in market requirements and supply only high-quality products.

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

URUGUAY-ARGENTINA

DURING THE PAST SEASON, October 1955-January 1956, Argentina and Uruguay imported more than 26,000 metric tons (955 thousand bushels) of seed potatoes. Canadian producers, shippers and/or exporters participated either directly or indirectly in a very high percentage of this business, making it one of their most active seasons in recent years in this area. For the coming season Uruguay is again expected to import substantial quantities of seed but Argentina—for lack of foreign exchange and following the pattern of recent years—is not expected to authorize seed potato imports. The imported varieties distributed by Uruguay's Official Seed Service are expected to remain about the same as last year—i.e., two-thirds Kennebec and the remainder Katahdin and Pontiac.

Uruguay

Uruguay has for many years regularly imported seed potatoes from North America—usually Canada. The Official Seed Service estimates the minimum quantity of the desirable North American varieties required to maintain its seed stock and purchases this quantity on tender for resale to producers. A high percentage of the crop derived is used in turn to plant the second crop of the year, which is sold mainly for table use. Last season over 200 thousand sacks were imported, distributed as follows: 135 thousand Kennebec, 45,000 Katahdin, 25,000 Pontiac and 1,000 Cherokee.

Each year the Government also allocates foreign exchange for the import by private traders of several thousand tons of seed potatoes for use in the production of table potatoes. Uruguayan producers reportedly are willing to pay a premium of up to 15 to 20 per cent for the officially imported North American varieties over the prices of competing European seed. This seed is usually of the Up-to-Date variety grown in Denmark or the Netherlands. In most years, however, the c.i.f. prices of Up-to-Date are more than 15 to 20 per cent lower than for Canadian seed potatoes and hence the private traders normally import their requirements from Europe. This year a poor harvest in northern Europe led to high prices, whereas North American prices were relatively low. Furthermore, the Kennebec variety has gained exceptional popularity in the last few years because of its very considerable resistance to the prevailing strains of late blight. For these reasons, all but a few thousand bags of the seed imported by private trade (approximately 80,000 bags) were purchased from Canadian exporters; the great majority were Kennebec.

The early part of the present growing season was dry, the Uruguayan crop has been slow in developing, and little information is available about its progress. The condition of the seed upon arrival was exceptionally good, however, reflecting the excellent growing conditions in Canada last year and the greater care taken over size requirements—an important factor in this market. The few preliminary reports which have been received about the condition of the crop have been satisfactory and, barring a sudden heavy attack of late blight or unseasonable frost, a good normal crop is expected.

The prevailing policy of authorizing the import of seed potatoes through both official and unofficial channels is not expected to change. Imports by the Official Seed Service will probably follow the varietal pattern of last year, with possibly a slightly greater proportion of Kennebecs and a slightly smaller proportion of Katahdins requested. The actual quantity imported will be influenced, as always, by the availability of foreign exchange and the level of prices and ocean freight. The source of private imports will be determined to a large degree by the relative c.i.f. prices of North American and European seed. At present the Uruguayan Government is considering a plan to revise its exchange rate structure rather drastically. Should the plan be adopted, there is a possibility that imports of seed potatoes would cost up to two or three times in pesos what they have been costing in recent years. Such a change would undoubtedly influence adversely the quantity of seed potatoes that we might expect to ship to Uruguay during the coming season.

Canadian exporters interested in this market need the services of a responsible, active agent to ensure that all details of their bids meet the rather exact specifications set forth by the Official Seed Service. These are usually announced early in August and bids called for early in September.

Argentina

Argentina has also been an important buyer of Canadian seed potatoes for the past twenty years, and has used them mainly for the propagation of seed for later crops. Imports have fluctuated widely year by year, however, ranging from nil to almost 1·3 million bushels. During the last five years, and mainly because of Argentina's chronic shortage of foreign exchange, imports of seed potatoes have been authorized only twice—in 1953 and 1955. In each case they have been substantial, however, totalling over 800 thousand bushels for the two years. The most noteworthy difference in imports in the two years was the drop of over 30 per cent (3,500 tons) in the quantity of the Katahdin variety requested. This reduced demand for Katahdin may be expected to continue because it is being replaced to a considerable extent by a locally grown variety named Huinkul.

White Rose, which is grown largely under irrigation in the western production zone, enjoys a preferred position in the Argentine potato market mainly because of its very light skin and regular, typical shape. Normally it commands a price premium over other varieties including Huinkul and hence import demand for it should not alter very much.

In the limited trials to which it has been subjected in Argentina so far, the Kennebec variety has not proved very successful except in the Rosario zone, where late blight is always a threat to the summer-sown crop. It is not expected, therefore, that a demand will develop for this variety to anything like the same degree as in Uruguay. Nevertheless, the resistance to late blight under Argentine conditions should ensure it a more important place in future Argentine imports than it received even in 1955, when it accounted for only 2¼ per cent of the seed imports.

In previous years the Argentine state trading organization (I.A.P.I.) has imported seed potatoes on a call for tenders. The policy of the new Argentine Government is to reduce state intervention to a minimum and I.A.P.I. is in process of liquidation. Hence, it is not known how future seed potato imports will be handled. Since there appears to be little if any possibility that imports of seed potatoes will be authorized this year, this presents no immediate problem. However, because future purchases might be turned over to private importers, the need for an active, reliable import agent in this market has become even more important. ●

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

The Venezuelan Market for Fish and Fish Products

Canadian exporters shipped over $417 thousand worth of fish and fish products to Venezuela during 1955. Demand is increasing but immediate business opportunities are restricted mainly to canned salmon, fishmeal, and dried salt cod.

A. G. KNIEWASSER,
Assistant Commercial Secretary, Caracas.

CONTINUED PROSPERITY and a rapidly growing population are resulting in an increasing demand for fish and fish products in Venezuela. Total consumer income is now at a record high and is expected to increase sharply in response to the heavy expenditures which oil companies here will make on their new petroleum concessions.

The per capita fish consumption is still low, however, in relation to the standard of living and to rates of consumption in other Latin American countries. The modernizing of the domestic fisheries and the improvement of refrigerated transport and marketing facilities are receiving attention. In addition, Venezuelans are gradually including more fish products in their diet as quality improves. The process is steady but slow and the greater consumer purchasing power expected next year will probably not mean any exceptional increases in the overall demand.

The following table gives Venezuelan fish imports by type during 1954 and 1955. Total disposable consumer income is estimated to have increased by some 8 per cent during this period; total fish imports increased in volume by roughly 11 per cent.

The Venezuelan Industry

Venezuelan waters abound with many varieties of tropical fish suitable for eating fresh or canned. The domestic fishing and fish-canning industry has not, however, prospered in recent years. The basic difficulties are low per capita consumption, a shortage of cold storage and refrigerated transport, and the fishermen's resistance to new fishing methods. As a result, the bulk of the catch is sold fresh for premium prices in the principal cities which lie close to the coast.

The fish canning and processing industry suffers from high production costs. There are usually abundant supplies of small tropical fish of the family "Clupeidae" which are known here as "sardines" but demand, at the prices which the industry must charge for the canned product, is not sufficient to maintain operations at anything near capacity. The Venezuelan Government has made several attempts to find export markets for canned "sardines" but has made no sales so far. The current retail price in Caracas of a 130-gram tin of Venezuelan quality sardines, in olive oil, is the equivalent of 18 cents.

The Venezuelan Government has placed a high duty, Bs.2.00 per gross kilo (roughly 27 cents per gross pound), on all fish imports and is considering a number

Venezuelan Fish Imports

	1954 12 Months (in gross kilograms)	*1955 12 Months (in gross kilograms)*	*1955 Principal Suppliers (in per cent)*	
Dried salt cod	720,840	779,274	Norway	91
			United States	4
Canned tuna	322,800	394,015	Portugal	45
			Spain	17
Canned salmon	226,627	200,763	Canada	60
			United States	40
Dried salt herring	23,888	30,423	Netherlands	42
			United States	26
Other herring	39,320	75,951	United States	39
			Canada	31
Canned sardines	15,129	19,183	United States	60
			Portugal	28
Dried salt sardines	2,992	2,940	Portugal	77
			Italy	21
Shellfish	135,875	159,001	United States	64
			Spain	24
Cod, except dried salt	7,231	9,366	Spain	63
			United States	20
Caviar	3,474	2,345	United States	68
			Russia	20
Fishery products, unspecified, except dried salt fish	159,373	204,292	Spain	23
			Canada	22
Unspecified dried salt fish	101,064	83,998	United States	56
			Spain	19
Total	1,758,613	1,961,551		

Source: Venezuelan Ministry of Development.

A Venezuelan fisherman bears home his catch after a day at sea. Although Venezuelan waters abound in fish, shortage of cold storage and refrigerated transport limits the market, and imported canned and salt fish are usually in good demand.

of other measures to assist the fish canners. There has been some progress, but it is understandably slow in this land of oil prosperity and high costs. Some useful steps towards modernizing the fishing fleet and increasing refrigeration facilities have been taken.

Canadian Sales Increase

Fish exports from Canada to Venezuela were valued at $65,135 in 1954 and at $131,902 in 1955. Almost the entire increase was the result of the availability and larger shipments of canned pink salmon from British Columbia. And our fishmeal business here grew from $49,520 to $285,209 during this period.

The following table outlines exports in volume and value over the past two years:

CANADIAN FISH EXPORTS TO VENEZUELA

	Volume (in cwt.)		*Value (in $)*	
	1954	*1955*	*1954*	*1955*
Canned salmon—pinks	1,572	3,562	40,053	114,231
Canned salmon—chums	612	292	15,123	7,183
Canned salmon—cohoe	10	85	270	3,702
Canned salmon—sockeye	....	22	....	543
Total canned salmon	2,194	3,961	55,446	125,659
Heavy salt cod	247	280	4,940	5,434
Canned lobster	32	4	4,979	809
Total fish	2,473	4,245	65,365	131,902
Herring meal	6,600	29,889	48,220	234,815
Fishmeal n.o.p.	200	5,575	1,300	51,394
Total	6,800	35,464	49,520	286,209

Venezuela is currently importing canned salmon at the rate of some $250 thousand a year. Canadian exporters secured $55,446 of this business in 1954 and $125,659 last year. Improved agency arrangements and a willingness to extend terms have been important factors in these improved sales. The main demand is for pinks, although there are some sales of chums and, to a lesser extent, cohoes. Most leading salmon canners are now represented by efficient local agents and, provided that they remain competitive with United States suppliers for the rest of this year, some further sales increases can be expected. All canned fish products must be registered with the Ministry of Health before commercial shipments are made.

Dried Salt Cod from Norway

Although Canada supplied Venezuela with only $5,434 worth of dried salt cod during 1955, this is Venezuela's largest single fish import, with total requirements estimated at about $550 thousand a year. Demand stems mainly from the working class, many of whom are recent immigrants from Europe, and from small hotels and boarding houses catering to them. The principal supplier is Norway which at present has 90 per cent of the total market.

Canadian dried salt cod has been offered at as much as 25 per cent below Norwegian quotations, but sales have still not increased significantly. Consumers here prefer the large white Norwegian fish which is considerably dryer than the Canadian product. Norwegian exporters, too, offer terms ranging up to 60 days after arrival of the goods in Venezuela.

Tuna Industry Established

Another substantial import is canned tunafish. Total imports in 1954 were worth approximately $300 thousand; Portugal supplied roughly 45 per cent of this amount and Spain about 17 per cent. Imports of tuna might well decline, however, in future. Tuna in considerable numbers are found in Venezuelan waters, and a Japanese company, in co-operation with local capital, has an experimental deep-sea fishing boat in operation. More boats may be imported from Japan and a tuna-canning industry established.

Packaged Frozen Fillets

A fairly recent development, which is restricted mainly to the large urban markets in Caracas and Maracaibo, is the import, principally from the United States, of packaged frozen fillets. Precise import figures are not available but the business is believed to total about $30,000 a year. Some Canadian exporters are participating in this trade through export brokers in New York. Attempts to arrange for direct shipments have not been successful, mainly in view of the small quantities required in each shipment and the credit risk.

Canadian exporters increased their fishmeal sales here from \$49,520 in 1954 to \$285,209 in 1955. This business depends mainly on the level of domestic production and on relative Danish and Norwegian prices.

Fishmeal is imported mainly for the animal feeds industry: demand is growing but domestic producers are also increasing output. In October 1955 the Government permitted, for the first time, the taking of sardines off the coast of eastern Venezuela for processing exclusively into fishmeal. Until then the three producers at Cumana had been severely handicapped by regulations which permitted them to process offal only. At the present time, all sardines taken must first be offered to canners. If supplies exceed the demand for canning, the remainder can move freely into the fishmeal industry. However, several animal feeds producers prefer imported meal because of its high protein content. There is thus some likelihood that this business will continue, possibly on a smaller scale.

Market Outlook

Although prosperous business conditions and the growing disposable consumer income provide the basic conditions for an interesting market, the customs tariff of 27 cents per gross lb. and consumer preference for Norwegian-type salt cod restrict business opportunities mainly to canned salmon and fishmeal. Canadian exporters are now securing 60 per cent of the salmon business and almost all of the imported fishmeal market. The next twelve months may witness some small increases in our sales of canned salmon and possibly dried salt cod. In fishmeal, we will do well to maintain our present share of the market in the face of keen competition from domestic and Scandinavian suppliers. ●

trade and tariff regulations

Australia

IMPORT RESTRICTIONS IMPOSED—The Australian Government has announced new restrictions on imports from non-dollar countries effective July 1, 1956. These are designed to reduce imports by £A40 million annually. Most non-dollar import controls in Australia are administered on a quota basis. The new restrictions apply, in particular, to goods which are subject to quota. Among the goods affected by the new restrictions are assembled motor vehicles, whisky, floor coverings, fish and many other consumer goods. In addition to the controls being intensified, a number of changes are being made in the administration of the controls.

Imports into Australia from dollar countries are also subject to restriction. These import licences, however, are usually issued on an individual basis for the various products. *Imports from dollar countries are not affected by the restrictions which came into effect on July 1.*

British West Indies

TRADE LIBERALIZATION ANNOUNCED—The Minister of Trade and Commerce made the following announcement in the House of Commons on July 2, 1956, regarding relaxation of import restrictions in the British Caribbean:

"I take pleasure in announcing a trade development in the British Caribbean which will further assist Canadian exports to that area. We have now been informed that *the British Caribbean countries will place apples, leaf tobacco, chemical fertilizers and calcium carbide under World Open General Licence effective today, July 2, 1956.* This means that these products will henceforth be permitted import from Canada without restriction. These products are of importance to many Canadian exporters. With this further liberalization, a large proportion of our exports to the area are now completely free of restriction.

"Honourable members will appreciate that we have over the years maintained close and continuing consultations with British Caribbean countries and the United Kingdom with the object of developing our trade with that area to the greatest extent possible. In these circumstances this additional measure of trade liberalization is especially welcome and will serve to further strengthen the close and traditional commercial ties which exist between those countries and Canada. In 1955 Canadian exports to the area amounted to \$42 million. These exports are increasing this year. With the new federation which is emerging in the British Caribbean, we look forward to a further expansion of mutually advantageous trade."

The official notices issued by the local government authorizing this liberalization will be published when they are received.

Honduras

TRADE AGREEMENT SIGNED—According to an announcement by the Right Hon. C. D. Howe, Minister of Trade and Commerce, a trade agreement between Canada and Honduras was signed at Tegucigalpa, Honduras, on July 11. Mr. H. A. Scott, Canadian Ambassador to Cuba, the Dominican Republic and Haiti signed the agreement on behalf of Canada.

This agreement, which is the first to be concluded between Canada and Honduras, is for an initial period of one year from July 18 and will continue in force automatically thereafter. As a result of this agreement Canada and Honduras will now exchange most-favoured-nation treatment with respect to customs duties and related matters.

Mr. Howe pointed out that Canadian exports of wheat flour, canned salmon and sardines, upper leather and rubber tires will now be placed on an equal footing with United States exports of similar products. Among the Honduran products which will benefit from reduced rates of duty when imported into Canada are bananas, grapefruit and coconuts. Bananas constitute about 90 per cent of our imports from Honduras.

Complete details of the Honduran tariff changes resulting from this agreement may be obtained from the International Trade Relations Branch.

Iran

IMPORT CONTROL REGULATIONS ANNOUNCED—The Government of Iran has announced the import control policy for the period beginning March 21, 1956, and ending March 20, 1957.

Under the new regulations all imports and exports for the current licensing period have been put, as far as foreign currency is concerned, in a single class. Foreign exchange arising from exports and sold to authorized banks shall be bought by the latter at a uniform rate; second category exchange rates have been eliminated.

For the year 1956-57 all authorized commercial imports shall be divided into two classes: essential and non-essential commodities. No quota figures have been allocated to individual items considered as essential but the total quota allocation of such commodities has been fixed at Rials 4,000 million. The value of non-essential commodities must not exceed the amounts allocated to each item as stated in the quota lists. (The Iran Rial equals 1·307 cents Canadian at the current rate of exchange.)

Bank Melli Iran is bound to open documentary credits and settle documentary bills covering non-essential goods provided that the respective quota allocations have not been exhausted and the requisite foreign exchange is available.

If in the course of this period it becomes apparent that the quotas provided do not meet the country's needs, the Ministry of Commerce may, with due regard to availability of exchange, the economic situation and the need for protection of home industries, raise the amount of the quotas.

Essential commodities of interest to Canada include: milk, powdered, condensed, in slabs, unsweetened; industrial chemicals; patent and non-patent medicines; cod liver oil; medicinal preparations; hides, raw; patent leather, black; motor car, lorry and tractor tires and tubes; solid vehicle rubber tires; paper manufactures; books, newspapers and periodicals; catalogues and samples; printed matter; kitchen stove and heating stove wicks; steel strips, squares and sheets; iron and steel manufactures of every description; copper tubing; zinc spelter; lamp chimneys; hurricane lanterns; kerosene stoves, cooking stoves with or without wicks; industrial and agricultural machinery; refrigerating equipment and refrigerators; electrical instruments and apparatus; radio and television receivers and spares and fittings; transformers and their spares; auto cars, ambulances, lorries and chassis of every description; spares and fittings for lorries and motor cars.

Non-essential goods which enter into Canadian export trade to Iran include: vegetable or hydrogenated fats, edible and non-edible; cement; paper napkins; artificial silk yarn; nylon, perlon and other artificial fibres; fabrics made of nylon, perlon or other similar materials; iron and steel hardware; pens, pencils and fountain pens of every description and spares; plastic powders, grains and liquids; pipes, bars and sheets for plastic product manufacture.

Complete information on the new Iran import control regulations is available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

New Zealand

TARIFF REDUCED ON CERTAIN VENEERS—New Zealand has announced a reduction in the tariff rates for veneers under one millimetre in thickness, effective June 20, 1956. The British preferential rate is reduced from 20 per cent ad valorem to 3 per cent ad valorem (applicable to Canada), and the most-favoured-nation rate from 35 per cent ad valorem to 15 per cent ad valorem plus 22½ per cent of the duty.

The rates of duty on other kinds of veneers remain unchanged at 20 per cent ad valorem under the British preferential tariff (applicable to Canada), and at 35 per cent ad valorem under the most-favoured-nation tariff.

Veneers continue to be subject to an import licence when coming from scheduled countries (hard currency countries), but are exempt from import licence when coming from non-scheduled countries (soft currency countries).

Sweden

DOLLAR IMPORT LIBERALIZATION EXPANDED—Effective July 1, 1956, Sweden enlarged the list of products which may be imported from Canada and other dollar countries freely without an import licence. Most of the newly liberalized products had previously been granted licences freely, provided payment was made in so-called "transit" dollars, or if they were purchased via a non-dollar country. This measure expands significantly the Swedish liberalization list which was originally implemented in October 1954, and creates a more assured basis for trade in the products affected.

The list of newly liberalized dollar items contains the following goods which appear to be of interest to Canadian exporters:

Fresh halibut
Salted (also dried) fish other than sprats, mackerel, herring, or sardelles
Spiced or salted (pickled) or sweetened fish other than sprats, herring or sardelles
Smoked fish
Fish roe, salted or otherwise prepared
Oysters, not canned
Shellfish other than lobster or deep sea shrimp, not canned; mussels
Intestines (casings)
Flaxseed
Linseed oil, crude, and linseed oil acid
Powder, rouge, face cream, toilet waters, perfumes and other similar cosmetics
Fur skins
Furriers' goods (manufactures of fur skins)
Paper pulp
Newsprint
Silver, unmanufactured
Sheets, tubes and wire of precious metals other than gold. Other manufactures of silver (other than for technical purposes)
Industrial diamonds
Pig iron
Primary aluminum
Primary nickel
Scrap of base metals
Anodes
Tires and inner tubes for use in the manufacture of automobiles
Photographic cameras, projection apparatus and parts thereof
Manufactures of artificial plastic materials other than slabs, sticks, tubes or hose
Toys and indoor games
Imitation jewellery other than of gold, silver or platinum.

On the other hand, fertilizers were removed from the list of liberalized dollar imports—Stockholm, July 5.

Detailed information on individual commodities may be obtained from the International Trade Relations Branch of the Department.

West Germany

CUSTOMS TARIFFS REDUCED TEMPORARILY—Effective July 1, 1956, German customs duties on most imports were reduced on a temporary basis for the period ending December 31, 1957. The reductions will be based on the rates existing on July 1, including rates on which concessions were granted under the GATT at earlier conferences, as well as some 1956 concessions. Some existing temporarily reduced rates will also be reduced further. The scale of reductions is as follows, with certain exceptions to which reference is made below:

1. Rates from 4 per cent to 16 per cent of the value of imports to be reduced by 20 per cent of the duty.
2. Rates from 17 per cent to 27 per cent of the value of imports to be reduced by 25 per cent of the duty.
3. Rates of 28 per cent and more of the value of imports to be reduced to 21 per cent of the value.

The fractions of the tariff rates reduced pursuant to (1) and (2) above shall be eliminated up to four-tenths and increased to full figures from five-tenths.

The above-mentioned reductions do not apply to agricultural products. However, a separate list has been published which provides for reductions in the duties on some agricultural commodities during the same period. For example, the duty on sea fish fillets is reduced from 10 per cent to 5 per cent, on fresh lobsters from 40 per cent to 25 per cent, on various canned meats from 22 per cent and 25 per cent to 16 per cent, on certain canned vegetables and on jams, jellies and marmalades from 35 per cent to 30 per cent. The 5 per cent duty on tomato purée in large containers is suspended.

In the non-agricultural sector, the following products are specifically excluded from the reductions: pig iron, glucose, lactose, casein, dextrins and vegetable glues prepared from starch or gluten. Moreover, special provisions were made for certain industrial products, including bleached and dyed horsehair (from 2 per cent to 1 per cent), medicinal cod liver oil (from 15 per cent to 12 per cent), spermaceti (from 6 per cent to 4 per cent). The duties are suspended on motor and electrical pumps for liquids without measure mechanism; on metal-working machine tools valued at 10,000 marks or more each; on machines for petroleum boring and other deep boring; on heavy haulage machinery for open pit mining; on electric generators, motors and rotary converters weighing over one metric ton, and on transformers weighing over 10 kilograms, etc.

Information about the effective German rates of duty on individual items may be obtained from the International Trade Relations Branch.

West Germany

ADDITIONAL DOLLAR IMPORTS LIBERALIZED —In *Foreign Trade* of July 7, 1956, it was reported that the German authorities had just enlarged the list of dollar products which may be imported into Western Germany free from quantitative import restrictions. Details are now available on this measure, the fourth step of this kind taken by Western Germany since February 1954.

The new list came into force on June 19. It adds many raw materials and consumer goods to those which in the past were admitted into Western Germany without an import licence. It also includes various foodstuffs. With these additions, the list of liberalized dollar imports is very extensive and under it German importers will have practically the same freedom to buy from dollar countries as from countries belonging to the Organization for European Economic Co-operation. However, import licensing requirements still apply to some important Canadian export products, including cereals, primary aluminum except scrap, synthetic rubber and polystyrene.

Among the dollar products which were liberalized on June 19, the following appear to be of interest to Canadian exporters:

Fresh, chilled or frozen herring, cod, haddock, mackerel, halibut and other salt water fish, but *not* including flounder and plaice
Salted or dried cod, halibut and haddock
Shelled eggs, egg yolk, liquid or frozen, edible
Dried eggs, powdered or not, edible
Dried apples and pears
Alsike clover seed
Poultry fat for human consumption
Whale oil and whale fat, for human consumption, not purified
Fats and oils of fish or marine animals, other than liver oils, for human consumption, not purified
Canned lobster
Tomato juice
Cigarettes, cigars and prepared tobacco
Hard coal
Coke of mineral coal or lignite
Iron oxides and iron hydroxides containing 70 per cent or more by weight of iron oxide
Polyvinyl chloride
Artificial sausage casings of reclaimed cellulose
Piping and tubing of unhardened vulcanized rubber, not combined with other materials
Conveyor belts and transmission belts of unhardened vulcanized rubber, not combined with other materials
Complete sets of tires and tubes for bicycles
Aircraft tires not requiring inner tubes
Fur garments, new
Wood flour
Blocks, strips, friezes and panels for parquet flooring
Wooden beadings and mouldings of a kind suitable for furniture, frames, panelling or the like
Wooden picture frames, mirror frames or the like
Felt and wool felt paper and paperboard
Floor coverings with a backing of paper or paperboard
Articles of paper or paperboard, coated or impregnated with tar, asphalt or bitumen
Artificial staple fibre (not synthetic) except acetate staple fibre
Felt in the piece, even if impregnated, coated or covered
Linoleum and similar floor coverings, on a textile base, whether or not cut to shape
Wicks for lamps, stoves, lighters, candles or the like, woven, plaited or knitted
Felted woven fabrics with multiple warp or weft, in the piece or endless, whether or not impregnated or coated, of a kind suitable for paper-making or for use in machinery or plant
Knitted, netted or crocheted fabrics, in the piece
Rubberized fabrics of textiles of all kinds, knitted, netted or crocheted
Shoes, unlined, of a kind suitable for agricultural or industrial wear
Articles of asbestos other than brake or clutch linings
Certain sheets of alloyed steel and of high-speed steel
Primary copper
Aluminum foil, plain or embossed, whether or not cut to shape, perforated, coated or printed, of a maximum thickness (not including backing) of 0·15 millimetre
Finely divided powder and flakes of aluminum
Primary cobalt
Parts and spares for ploughs
Passenger automobile chassis fitted with engines
Slide fasteners of materials other than base metals.

Information about the status of individual goods in Germany's dollar import liberalization may be obtained from the International Trade Relations Branch.

Tours of Territory

H. E. CAMPBELL, Canadian Trade Commissioner in Kingston, Jamaica, will visit Nassau for several days beginning August 4.

G. F. MINTENKO, Acting Canadian Trade Commissioner in Bombay, India, will visit Calcutta and Madras late in July or early in August.

M. P. CARSON, Trade Commissioner in Singapore, will visit Rangoon, Burma, and Bangkok, Thailand, July 24-August 7.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible.

Day-Old Chicks by Air

Recent air shipments of day-old chicks from Britain to Tanganyika have proved successful. Packed in specially designed, well-ventilated boxes, the chicks were flown in to improve local poultry stock in an effort to combat a protein deficiency in the African diet. Only 21 of the first 1,000 chicks shipped died en route; within an hour after landing at Dar-es-Salaam, the chicks were placed in brooders.

foreign trade service abroad

* No Foreign Trade Officer at this post.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett, Commercial Counsellor	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-8237
Argentina Paraguay, Uruguay	W. F. Hillhouse, Agricultural Secretary		
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton, Commercial Counsellor for Canada	City Mutual Life Building 60 Hunter Street, SYDNEY	*Mail:* P.O. Box 3952 G.P.O *Cable:* CANADIAN *Tel.:* BW 5696
	Commercial Secretary		
Australia (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Commercial Secretary for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE 1.	*Mail:* Bôite Postale 373 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	T. J. Monty, Commercial Counsellor	Canadian Embassy, 35 rue de la Science, BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 11-33-88
	K. G. Ramsay, Assistant Commercial Secretary		
	J. R. Roy, Assistant Commercial Secretary		
Brazil	Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
	H. M. Maddick, Commercial Secretary		
Brazil	Consul and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
	G. F. Osbaldeston, Vice Consul and Assistant Trade Commissioner		
***Ceylon**	Office of the High Commissioner for Canada	6 Gregory's Road Cinnamon Gardens, COLOMBO	*Mail:* P.O. Box 1006 *Cable:* DOMCANADA *Tel.:* 91341
Chile	L. D. Burke, Acting Commercial Secretary	Canadian Embassy, 6th Floor, Av. General Bulnes, 129, SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	W. B. McCullough, Commercial Counsellor	Canadian Embassy, Avenida Jimenez No. 7-25, Office 613, BOGOTA	*Mail:* Apartado 1618 *Airmail:* Apartado Aereo 3562 *Cable:* CANADIAN *Tel.:* 30-065
	A. P. Savard, Commercial Secretary		
Cuba	G. A. Browne, Commercial Secretary	Canadian Embassy, Edificio Ambar Motors, Avenida Menocal 16, HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland	C. F. Wilson, Commercial Counsellor	Canadian Embassy, 4 Trondhjems Plads, COPENHAGEN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Tria 1602

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	M. B. Bursey, Commercial Counsellor	Canadian Embassy, Edificio Copello 408, Calle El Conde, CIUDAD TRUJILLO	*Mail:* Apartado 451 *Cable:* CANADIAN *Tel.:* 5318
Egypt Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	M. R. M. Dale, Commercial Secretary	Canadian Embassy, 6 Sharia Rouston Pasha, Garden City, CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
France Algeria, French Morocco, French West Africa, Tunisia	R. Campbell Smith, Commercial Secretary A. L. Neal, Attaché J. H. Bailey, Assistant Commercial Secretary	3 rue Scribe, PARIS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor S. G. Barkley Commercial Secretary M. B. Blackwood, Assistant Commercial Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Bonn 21971
Greece Israel, Turkey	A. B. Brodie, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson, Canadian Government Trade Commissioner J. R. Midwinter Assistant Trade Commissioner	5a Avenida Sud, 10-68 GUATEMALA CITY	*Mail:* P.O. Box 444 *Airmail:* P.O. Box 400 *Cable:* CANADIAN *Tel.:* 5590
***Haiti**	Chargé d'Affaires, a.i. and Consul	Route du Canape Vert, St. Louis de Turgeau, PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong China, Indo-China, Macao, Taiwan	C. M. Forsyth-Smith Canadian Government Trade Commissioner Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 28336
India	Wm. Jones, Commercial Secretary	Office of the High Commissioner for Canada 4 Aurangzeb Road, NEW DELHI	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 40191
India	G. F. Mintenko, Acting Canadian Government Trade Commissioner	Gresham Assurance House, Mint Road, BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 20672
Indonesia	W. D. Wallace, Commercial Secretary	Canadian Embassy, Budi Kemulian No. 6, DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 499
Ireland	T. G. Major, Commercial Counsellor for Canada	66 Upper O'Connell St., DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta Yugoslavia	S. G. MacDonald, Commercial Counsellor W. R. Van, Commercial Secretary K. F. Osmond, Commercial Secretary (Fisheries)	Canadian Embassy, Via Saverio Mercadante 15, ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 846-842

Territory	Officer	City Address	Mail and Cables, Office Telephone
Jamaica Bahamas, British Honduras	H. E. Campbell, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858
Japan Korea	J. L. Mutter, Commercial Counsellor W. G. Pybus, Commercial Secretary	Canadian Embassy, TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 48-4116
Japan	J. E. Lancaster, Canadian Government Trade Commissioner	7th Floor, Crescent Bldg., 72 Kyomachi, Ikutaku, KOBE	*Mail:* P.O. Box 513 *Cable:* CANADIAN *Tel.:* 3-4617
Lebanon Iraq, Jordan, Persian Gulf Area, Syria	G. F. G. Hughes, Commercial Secretary	Canadian Legation, Alpha Building, Rue Clemenceau, BEIRUT	*Mail:* Bôite Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	Commercial Counsellor C. O. R. Rousseau, Assistant Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	*Mail:* Apartado 126-Bis *Cable:* CANADIAN *Tel.:* 36-27-90
Netherlands	V. L. Chapin, Commercial Secretary T. F. Harris, Commercial Secretary W. R. Hickman, Assistant Commercial Secretary	Canadian Embassy, Sophialaan 1-A, THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 18-51-06
New Zealand Fiji, Western Samoa	L. S. Glass, Commercial Counsellor J. MacNaught, Assistant Commercial Secretary	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	J. C. Depocas, Commercial Counsellor	Canadian Embassy, Fridtjof Nansens Plass 5, OSLO	*Mail:* P. O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	R. K. Thomson, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 5826
Peru Bolivia	H. J. Horne, Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines	H. L. E. Priestman, Consul General and Trade Commissioner W. J. Jenkins, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Madeira	Richard Grew, Commercial Counsellor	Canadian Embassy, Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	W. J. Millyard, Canadian Government Trade Commissioner	Dolphin House, Union and Moffat Sts. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson, Canadian Government Trade Commissioner W. G. Huxtable, Assistant Trade Commissioner	Room E-3, Union Building. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 30631-2

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

Territory	Officer	City Address	Mail and Cables, Office Telephone
Washington	H. A. Gilbert, Commercial Secretary D. H. Burns, Assistant Agricultural Secretary		
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen. Deputy Consul General (Commercial) C. R. Gallow, Consul and Trade Commissioner C. E. Butterworth, Consul and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY 20	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	D. H. Cheney, Consul and Trade Commissioner	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	G. A. Newman, Deputy Consul General (Commercial) R. F. Renwick, Consul and Trade Commissioner W. G. D'Arcy, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, 1412 Garland Building, 111 North Wabash Street, CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler, Consul and Trade Commissioner A. A. Lomas, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
*United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico.	Consul General	Canadian Consulate General, 510 West Sixth Street, LOS ANGELES 14	*Mail:* (City Address) *Tel.:* VAndike 2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	A. A. Caron, Consul and Trade Commissioner	Canadian Consulate General, 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAymond 2136
*United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building, Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett, Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada, Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	Commercial Counsellor A. G. Kniewasser, Assistant Commercial Secretary W. G. Brett, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, CARACAS	*Mail:* Apartado 3306 *Cable:* CANADIAN *Tel.:* 54-3431

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

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

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

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

For conversion to United States dollar equivalent multiply by 1·02008.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent July 5	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05446	18·36	(1)
		Free	·03126	31·99	
Australia	Pound		2·1920	·4562	
Austria	Schilling		·03770	26·53	
Belgium-Luxembourg	Franc		·01971	50·74	
Belgian Congo	Franc		·01971	50·74	
Bolivia	Boliviano	Official	·005160	193·8	
British West Indies	Dollar		·5780	1·730	(2)
	Pound		2·7400	·3650	(3)
	Dollar	British Honduras	·6850	1·460	
Brazil	Cruzeiro	Effective selling*			
		*Category I	·009431	106·03	
		Category II	·006588	151·80	tax 10% (4)
		Category III	·004806	208·07	*June 19
		Official buying	5·339	18·73	(5)
Burma	Kyat		·2059	4·857	
Ceylon	Rupee		·2055	4·866	
Chile	Peso	Free	·001984	504·0	(15)
Colombia	Peso	Basic	·3921	2·550	(7)
		Free*	·2086	4·794	*July 3
Costa Rica	Colon	Official	·1746	5·727	
		Controlled free	·1477	6·77	
Cuba	Peso		·9803	1·02	tax 2% (4)
Czechoslovakia	Koruna		·1361	7·348	
Denmark	Krone		·1491	6·707	
Dominican Republic	Peso		·9803	1·02	
Ecuador	Sucre	Official	·06536	15·30	
		Free	·05270	18·98	
Egypt	Pound	Official	2·8150	·3552	(6)
Fiji	Pound		2·4685	·4051	
Finland	Markka		·004262	234·6	
France	Franc		·002801	357·0	(8)
French Africa	Franc		·005602	178·5	(9)
French Pacific	Franc		·01541	64·89	(10)
Germany	D Mark		·2337	4·279	
Greece	Drachma		·03267	30·61	
Guatemala	Quetzal		·9803	1·02	
Haiti	Gourde		·1961	5·099	
Honduras	Lempira		·4902	2·04	
Hong Kong	Dollar	Free*	·1667	6·00	*June 22
		Official	·1713	5·838	
Iceland	Krona	Official	·06019	16·61	
		Special buying	·04464	22·40	
		Special selling	·03516	28·44	(11)
India	Rupee		·2055	4·866	
Indonesia	Rupiah	Basic	·08633	11·58	(12)
Iran	Rial	Certificate	·01294	77·27	
Iraq	Dinar		2·7449	·3643	
Ireland	Pound		2·7400	·3650	
Israel	Pound		·5446	1·836	
Italy	Lira		·001574	635·3	
Japan	Yen		·002723	367·2	
Lebanon	Pound	Free	·3043	3·286	
Mexico	Peso		·07843	12·75	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent July 5	Units per Canadian dollar	Notes (See below)
Netherlands	Guilder		·2560	3·906	
Netherlands Antilles	Guilder		·5158	1·939	
New Zealand	Pound		2·7400	·3650	
Nicaragua	Cordoba	Effective buying	·1485	6·734	
		Official selling	·1391	7·19	
Norway	Krone		·1372	7·289	
Pakistan	Rupee		·2055	4·866	
Panama	Balboa		·9803	1·02	
Paraguay	Guarani	Official	·01634	61·20	(6) (13)
Peru	Sol	Certificate	·05160	19·38	
Philippines	Peso		·4902	2·04	
Portugal	Escudo		·03421	29·23	(14)
El Salvador	Colon		·3921	2·550	
Singapore & Malaya	Straits dollar		·3197	3·128	
South Africa (Union of)	Pound		2·7400	·3650	
Spain & Dependencies	Peseta	Basic buying	·04476	22·34	
		Basic commercial selling	·05970	16·75	(6)
		Free	·02517	39·73	
Sweden	Krona		·1895	5·277	
Switzerland	Franc		·2288	4·371	
Syria	Pound	Free*	·2770	3·61	*June 19
Thailand	Baht	Free	·04729	21·15	(6)
Turkey	Lira		·3501	2·856	
United Kingdom	Pound		2·7400	·3650	
United States	Dollar		·98031	1·02	
Uruguay	Peso	Official	·6454	1·549	tax 6% (4)
		Principal buying	·5734	1·744	(6)
		Principal selling rates	·4682	2·136	
			·4396	2·275	
Venezuela	Bolivar		·2926	3·418	
Yugoslavia	Dinar		·003267	306·1	(6)

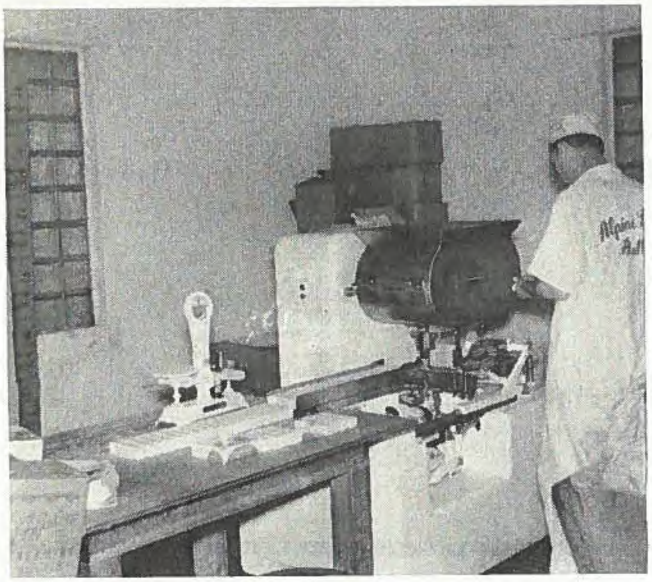
* Latest available quotation date.

notes

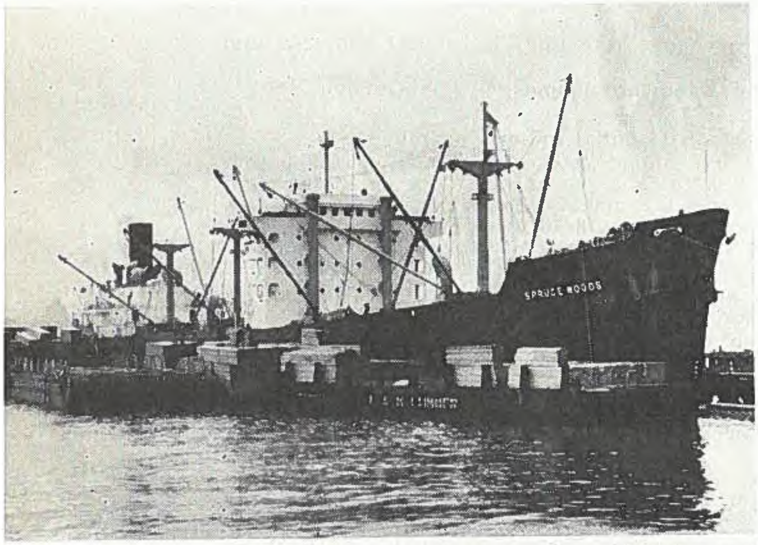
1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Tax affects selling (import) rates only; certain essential imports exempt.
5. Brazil: currency certificates auctioned for five import categories. Effective selling rate is official rate of 18.82 to U.S. dollar plus price of certificate. Tax of 10 per cent applies to official rate (tax is 1.88 cruzeiros per U.S. dollar). 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 rates apply to minor export products of small fishing boats and designated non-essential imports.
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 or 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.

Canada in the U.S. Market

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

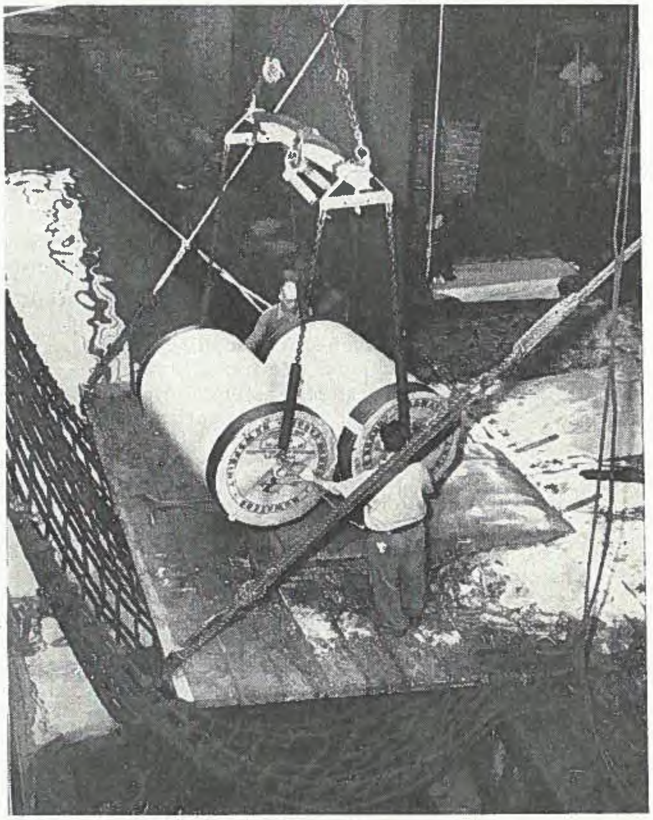


In Wisconsin—A Canadian machine moulds and wraps the butter produced by this U.S. dairy. The manufacturer has sold his moulding and wrapping machines and his continuous churns to a number of dairies in Wisconsin and Illinois.



In Massachusetts, New York and New Jersey—This shipment of Canadian lumber will be unloaded at Boston, Brooklyn and Newark. The S.S. Spruce Woods *picked up her cargo—10,700,548 f.b.m. gross—at British Columbia ports; there's enough lumber to build about 650 four-room bungalows.*

In Michigan—These bales of peat moss piled high at the side of a suburban Detroit garden-supply market were imported from Canada. Canadian peat moss is featured at many of these markets and in the large department stores in Detroit.



—Port of New York Authority

In New York—At one of the wharves in the port of New York, stevedores unload from the hold of a Canadian freighter rolls of Canadian newsprint, destined for American newspapers.