CANADA

foreign trade

Established in 1904

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

OTTAWA, JANUARY 19, 1957, Vol. 107, No. 2

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

cover Spotlight in this issue shifts to the Far East, and to a review of business conditions—and of their implications for Canadian trade—in that vast area. Our cover shows (top left) a typical oxcart travelling along Circle Road at Vientiane, capital of Laos, Indo-China; (bottom left) Japanese women feeding silkworms mulberry leaves; (centre) a temple in Bangkok, capital of Thailand; and (right) a Philippine woman fashioning a pottery cooking vessel by the hand-beating method.

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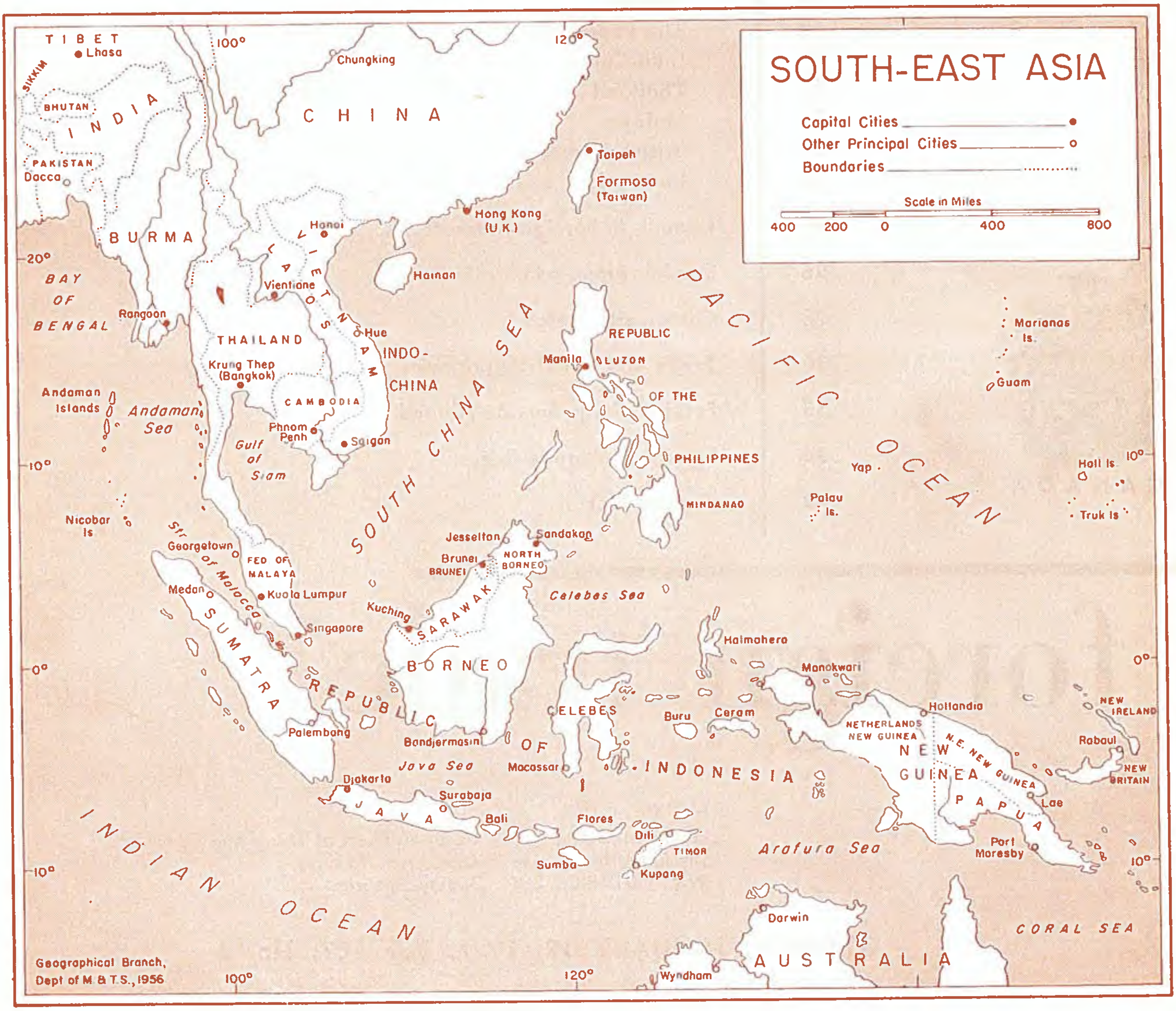
SOUTH-EAST ASIA
Capital Cities
Other Principal Cities
Boundaries
Scale in Miles
400 200 0 400 800
TIBET
Lhasa
SIKKIM
BHUTAN
INDIA
PAKISTAN
Dacca
CHINA
Chungking
BURMA
Rangoon
BAY OF BENGAL
Hanoi
LAOS
Vientiane
VIET NAM
Hue
THAILAND
Krung Thep (Bangkok)
CAMBODIA
Phnom Penh
Saigon
INDO-CHINA
Hainan
Hong Kong (U.K.)
Taipeh
Formosa (Taiwan)
Andaman Islands
Andaman Sea
Gulf of Siam
Nicobar Is.
SOUTH CHINA SEA
REPUBLIC OF THE PHILIPPINES
LUZON
Manila
MINDANAO
PACIFIC OCEAN
Marianas Is.
Guam
Yap
Palau Is.
Hall Is.
Truk Is.
Georgetown
Str. of Malacca
FED. OF MALAYA
Kuala Lumpur
Singapore
Medan
SUMATRA
Palembang
Jesselton
Sandakan
Brunei
BRUNEI
NORTH BORNEO
SARAWAK
Kuching
BORNEO
Celebes Sea
REPUBLIC OF INDONESIA
CELEBES
Bandjermasin
Macassar
Halmahera
Buru
Ceram
Manokwari
Hollandia
NETHERLANDS NEW GUINEA
N.E. NEW GUINEA
NEW GUINEA
PAPUA
Lae
Port Moresby
Rabaul
NEW IRELAND
NEW BRITAIN
Djakarta
Java Sea
Surabaja
JAVA
Bali
Flores
Dili
TIMOR
Kupang
Sumba
Arafura Sea
Darwin
Wyndham
AUSTRALIA
CORAL SEA
INDIAN OCEAN
100°
120°
20°
10°
0°
Geographical Branch, Dept of M. & T.S., 1956

Canada's Trade with the Far East

Final figures for year 1956 will probably reveal increase in sales of Canadian goods to this area. This country-by-country review discusses this trade in general terms and serves as an introduction to the more detailed reports which follow.

PAUL S. SYKES, *Area Trade Officer for Asia.*

CANADIAN TRADE with the principal countries in the Far East and South East Asia has recently shown satisfactory results. Exports have been well maintained and there are very definite signs of a sound increase in value during the year just ended. Imports have been increasing rapidly and final 1956 figures may well set a record for modern times.

Canadian trade in the Far East markets varies so greatly in extent and composition that it is inadvisable to consider the area as a whole, except for the overall values of exports and imports in any one period. The predominance of Japan, for example, tends to overshadow the importance of the Philippines as a market for staple Canadian exports and the vital importance of Malaya as a source of raw materials. The table on page four, in the same way, gives only a small indication of recent developments in our trade with Mainland China. This survey accordingly reviews our Far Eastern trade by individual countries as a prelude to the more detailed on-the-spot reports which follow.

Japan and South Korea

Japan's continued revival and the mutual benefits from the Canada-Japan trade treaty concluded three years ago have combined to improve the trading position between the two countries substantially. Exports of wheat, which make up a high proportion of the trade, are being gradually supplemented by sales of an increasing range of foodstuffs, raw materials for industry, and some manufactured goods, and the trade is acquiring a diversity which was lacking earlier. Imports of Japanese goods have been increasing rapidly to a point where the ratio between export and import values, previously about seven to one, has now altered to two to one. Notable in recent increases in imports have been canned fish, textiles in the piece and made-up clothing, toys, and a variety of iron and steel goods, including pipe for the oil industry.

The South Korean market continues to show the after-effects of the war. Demand is generally small with wide fluctuations, and the export trade has little relationship to Canadian market capacities.

Taiwan

Taiwan (the Nationalist Republic of China) is associated in its current foreign trade mainly with the United States and Japan. With the former the association is political and strategic; with the latter, it is due to the long-standing association between Taiwan's production of foodstuffs and raw materials and consistent Japanese demand for these goods.

Mainland China

The most difficult market to assess in Canadian trade with the Far East is, of course, Red China. Mainland China, now a Communist regime, used to be one of

Canadian Trade with the Far East

(thousands of Canadian dollars)

	Exports to			*Imports from*		
	1954	*1955*	*Jan.-June 1956*	*1954*	*1955*	*Jan.-June 1956*
Japan	96,474	90,893	55,487	19,197	36,718	28,987
South Korea	3,197	7,514	1,894	170	780	2
Taiwan	3,186	1,227	367	187	155	63
Mainland China	70	1,016	438	1,621	3,125	4,317
Hong Kong	8,252	7,253	3,387	4,154	5,875	3,082
Indo-China*	na	na	357	na	na	12
The Philippines	15,863	18,136	7,855	4,001	2,027	1,245
Thailand	1,767	2,341	911	786	1,142	552
Federation of Malaya and Singapore	2,983	3,421	2,261	19,586	28,810	14,573
British Borneo†	18	53	96	172	71	56
Indonesia	1,321	944	435	611	1,001	452
TOTAL	133,191	132,798	73,488	50,485	79,404	53,343
			3·24%			1·87%

* South Vietnam, Laos, Cambodia.
† North Borneo, Sarawak, Brunei.

Canada's main export markets and of particular importance to Pacific Coast exporters of lumber, flour, paper, fish in various forms, aluminum, fertilizers, and many other goods. At one time we bought large quantities of peanuts, walnuts, silk, tung oil, carpets and handicrafts from Chinese sources. The trade has fluctuated violently over recent years but now seems to be taking form. Imports from Mainland China have been increasing. The goods involved are wanted in Canada and can be obtained in better quality and at better prices than from other sources. Exports of fertilizers and other non-strategic goods are increasing at the same time and a sound development in the trade would seem to offer mutual benefits.

Hong Kong

Canadian-Hong Kong trade is becoming more and more related to the industrial development of this colony. Its demands for foodstuffs and other consumer goods are being met to an increasing degree from local sources and from Japan and other Asian countries. Long-standing relations with Hong Kong's trade interests, combined with excellent air and sea transport facilities, offer a sound assurance that the trade with this vital and growing consuming and transit area will progress.

Indo-China

Canadian trade with the former French Colonial territory of Indo-China—now the three newly constituted states of South Vietnam, Cambodia and Laos (excluding the Communist-controlled area of North Vietnam)—has never been large nor capable of clear definition. In the absence of direct shipping facilities the trade has passed through French and other European ports and through Singapore and Hong Kong. Such shipments have accordingly, in many instances, lost their destinational identity. It is probably for this reason that the foregoing figures of Canadian trade with the Indo-China States are so small. With no present indication that shipping facilities will improve quickly, the outlook for important developments is not very encouraging. However, some benefits are likely to accrue from current American rehabilitation expenditures and resulting efforts towards greater output and improved living standards.

The Philippines

Many Canadians may be surprised to know that the Republic of the Philippines is Canada's second largest export market in the Far East. Even with its traditional associations with the United States and the substantial, if declining, tariff preferences on imports of many U.S. goods, the Philippines continues to be a valuable market for Canadian flour, newsprint and other papers, fertilizers and a variety of machinery and industrial equipment. Recent sales of Canadian-made aircraft and parts suggest further developments in this trade as well. With the eventual disappearance of tariff preferences in favour of U.S. imports, the Philippine market for Canadian exports may be expected to improve progressively.

Thailand

Thailand offers a more important market than Canadian exporters generally realize. The country has large and valuable resources, is soundly governed, and its industry, agriculture and foreign trade are old-established. The tin, lumber, rice and rubber trades are examples. The production of numerous consumer goods is developing and, with expected economic progress, the country's foreign trade seems likely to improve and to feature to an increasing degree the purchase of industrial equipment and materials.

Singapore and Malaya

Singapore and the present Federation of Malaya (the latter is to acquire Dominion status in 1957) forms the southernmost and one of the wealthiest areas of the Asiatic continent. Singapore is not only a cross-roads of air and sea lanes but is a busy centre of distribution. It also controls the export from the Malayan peninsula and adjacent territories of vast quantities of tin, rubber, oils, spices, lumber and many other goods in world-wide demand. It is small wonder, then, that Singapore and the Malayan Federation make up the second most important source of Canada's imports from the Far East. Rubber, tin, palm oil, pepper and latex are outstanding in the trade. As an outlet for Canadian exports, the territory is less important but, despite current import controls, it is still a regular consumer of flour, motor vehicles and parts, paper, asbestos, engines, and a varied range of consumer goods.

British Borneo

An increasing number of reports in *Foreign Trade* of recent months have referred to economic developments in the British Borneo colonies of North Borneo, Sarawak and Brunei. Canada has to date carried on only a limited trade with these territories directly—most of it has been arranged and routed through Singapore and in recent times through Hong Kong as well. The development of latent resources in the form of oil, timber, bauxite, power and agricultural lands promises increased consumption of imported goods and despite the comparatively low figures of current trade, it is safe to predict interesting developments in the reasonably near future.

Indonesia

Canadian trade with Indonesia is in a state of suspended animation. The country has made great strides in overcoming the disasters of war years and in working out many of the problems involved in self-government. Yet its overseas trade must of necessity remain, to a large extent, under stringent controls governing the composition of import and export business and the earning and conservation of foreign exchange. The Canadian-Indonesian trade picture accordingly remains one which is coloured largely by inevitable obstacles but seems likely to improve.

Summing up the outlook for our trade in the Far East and South East Asia, there are on the one hand such deterrent factors as lack of supplies or non-competitive prices for various goods which are in keen demand in several of these markets. There are, at the same time, the insuperable obstacles of tariffs and trade controls, and competition from European countries and from within the area itself is increasing. The foregoing figures, however, indicate a satisfactory position in both our import and export relationships with the territory as a whole, and no occasion for anything but an optimistic view of the future. ●

Japan

Economic progress continued throughout 1956; export drive is succeeding and adverse trade balance smaller than in 1956. Canadian trade with Japan reaches total of $185 million, with exports to and imports from that country coming into better balance.

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

THE JAPANESE ECONOMY continued its rapid expansion throughout 1956. Spurred on by active exports and strong domestic demand, practically all Japan's industries achieved new production records. Investment in plant and equipment to supply expanding markets further accelerated the pace of business. Wholesale prices advanced, with metals in the lead; consumer prices remained fairly steady, with merchants' inventories increasing slightly over 1955.

Although Japan's increased exports have not paralleled the rise in imports, the balance-of-payments position is considered satisfactory. With continued prosperity abroad, most Japanese observers expect this economic progress to continue. The main question affecting the rate of economic growth in 1957 may well be the ability of key industries to cope with the current expansion.

Economic Progress Sustained

The Ministry of International Trade and Industry's general index of production went up by 22 per cent in the first nine months of 1956 and will be even higher when figures for the last quarter of the calendar year are compiled. The manufacturing industries—particularly iron and steel and shipbuilding—contributed most to the production increase. Pharmaceuticals, textiles, paper and pulp, and chemicals all made outstanding gains.

Japan's commodity exports are expected to average about $200 million per month throughout 1956. But although export markets continued to play a leading role in prosperity, domestic demand advanced noticeably and is expected to have a more prominent part in maintaining the pace of business in the coming months. A high proportion of domestic demand is for capital equipment which practically every industry wants for modernizing and expanding its facilities. That Japanese consumers received a higher portion of national production is evidenced by the national depart-

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Business Visitors to Japan Should . . .

1. *Bring a good supply of business cards. Japanese invariably exchange cards at first meeting.*

2. *Carry a few small, distinctively Canadian gifts. These are most useful in reciprocating Japanese generosity.*

3. *Remember that although many Japanese business-men speak English, the foreigner may have to work through an interpreter who is usually supplied by the company he is visiting.*

4. *Be careful to speak slowly and clearly when in Japan. Often the listener does not follow the conversation but gives the impression that he does.*

5. *Realize that the Japanese are hard-working and are prepared to meet visitors at any time.*

ment store sales index which, in August and September of 1956, advanced by 23 per cent over the same months of 1955.

The Government's deflationary policy formulated in 1953 formed the basis for the progress made in 1956. At that time the Government imposed monetary and fiscal measures which forced Japanese industry to swing away from the relatively easy domestic market. Although industry's re-organization for the successful export drive which followed was painful, the prescription proved effective. Throughout 1954 and 1955 Japan increased her exports to every market open to her. In 1956, these exports continued at high levels, with a healthy domestic demand fed by industries which had gained their strength largely from abroad.

Fundamental Problems Remain

In spite of the phenomenal progress over the past few years, some fundamental problems remain which tend to darken the long-term outlook for Japan. Compared with the North American continent, her standard of living is low. Measures to expand output have succeeded and have resulted in significant improvements in terms of real income. However, key industries such as iron and steel, transportation and electricity are almost fully extended. Further progress will probably depend on how rapidly the strained basic industries can adjust to new demands.

In addition to the problem of capital expansion, Japan will probably continue to be extremely sensitive to movements in her terms of trade. Her great dependence on imported raw materials places her in a vulnerable position if either import or export prices move against her.

Export and Import Picture

The trend in Japan's foreign trade has been towards a large increase in exports and a much smaller increase in imports. In the first half of 1956, for example, exports were valued at US$1,160 million compared with U.S. $892 million in the same period of 1955 and US$720 million in 1954. Import values for the same periods totalled US$1,500 million, US$1,221 million and US$1,412 million. The figures demonstrate that there has been an important reduction in the adverse trade balance and it is predicted that year-end returns will give grounds for genuine satisfaction.

The sterling area has provided Japan's most valuable export markets; imports have been drawn mainly from dollar countries. Open account countries bulk fairly large in the export scheme but are not too important as a source of imports.

Commodity exports continue to consist primarily of textiles and their manufactures, machinery (including vessels), wood products and toys, metals and metal wares, steel products, foods and beverages, chemicals and medicines. The import trade is made up largely of foodstuffs, ores, textile raw materials, and mineral fuels.

This Japanese worker is moving bagged ammonium sulphate from the plant out to the loading platform. Like this one, most Japanese industries today are working at full capacity.

Trade between Canada and Japan reached a record high in 1956, with a total commodity exchange of $185 million forecast for the year. Three years ago the trade ratio was seven to one in favour of Canada; it will probably be reduced to about two to one in 1956, with Canadian exports to Japan totalling $128 million ($90·8 million in 1955) and imports from Japan $57 million. Raw materials and bulk foodstuffs take first place among commodities going to the Japanese market; in fact, wheat again exceeded in value the combined total of all other Canadian exports to Japan. Barley sales were down compared with the previous year because of the limited supplies offered at prices acceptable to the Japanese. Competition from both the United States and Australia was keen throughout the year.

Iron ore exports from Vancouver Island totalled $1·8 million in the first ten months of 1956. As a result of contracts completed in the course of 1956, a substantial increase in these shipments is expected in 1957.

The market for Canadian metals in Japan continued firm throughout the year. Copper scrap, magnesium, brass scrap and refined lead were the leaders in this field, and there are excellent possibilities for further expansion of metal sales. However, limited supplies may preclude substantial increases.

Crude oil from Alberta carried by pipeline to Vancouver was shipped to Japan last year and because of tanker shortages resulting from the Middle East crisis, substantial quantities of Canadian crude, if available, certainly could be sold to the Japanese during 1957. The long-term prospects for crude oil sales merit careful study in view of Japanese reluctance to depend on a single source of supply.

Canadian pulp shipments to Japan, which totalled $5 million in the first six months of 1956, are satisfactory when viewed against the current licensing system for pulp imports. Bearing in mind Canada's ability to supply and Japan's limited forest resources, the long-term outlook is encouraging.

What We Buy

Canadian imports of Japanese goods again increased remarkably. In the first eight months of 1956 Canada bought $39·7 million worth from Japan and will probably take an estimated $57 million worth by the year's end. Textiles, steel pipe, iron and steel plates and sheets, plywood, canned salmon and toys comprised a large portion of Japan's exports to Canada. In contrast with the nine or ten products which account for over 90 per cent of Canada's total sales to Japan, our imports from that country included no less than 500 individual items.

Canadians trading with Japan should keep in mind one fact—that is, the vital part that export and import agencies play there. These agencies act as export departments for large numbers of manufacturers and often supply capital to these manufacturers. There are several advantages in dealing with them. For example, they bridge the language gulf, have an enviable reputation in their conduct of business, and are generally reasonable in the settling of claims. In addition, they often offer the same prices as the manufacturers do.

Future of Trade

Japan's voluntary export controls on textiles, canned fish, sewing machines, bicycles, radios and other items appear to have been relatively successful. Japanese merchants, increasingly conscious of the need to maintain export quality, in the main made good progress in gaining consumer acceptance for their merchandise. The establishment and reinforcement of Canadian offices by several of the major Japanese trading companies during the course of the year seems to indicate Japan's intention to place her Canadian sales on a firm basis.●

South Korea

Rehabilitation continues to be chief problem and goods needed for this purpose constitute main purchases abroad. Trading opportunities for Canadians limited and services of Seoul agent essential to obtain any business.

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

WAR-RAVAGED SOUTH KOREA, separated from the limited natural resources which North Korea possesses, faces a most difficult rehabilitation problem. With extensive economic aid—principally from the United States—the country is striving to increase production of primary and secondary industries. These industries, relatively few in number because of the limited market, depend almost entirely upon imported raw materials and suffer from a shortage of skilled and semi-skilled labour. As a result, they find it difficult to maintain economic production. The few steam-powered railways operate partially on domestic coal and obtain the remainder from Taiwan, Japan, and even as far afield as the United States. Large

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quantities of fertilizers are being imported, mainly from the United States and Europe, to boost agricultural output.

The need for maintaining large armed forces continues to affect the economy; defence expenditures tend to increase the inflation and labour potential in the best position to contribute to overall economic improvement is drawn off.

One further problem makes the rehabilitation task more complex—the difficult relationship with Japan. In many cases, Japan is the logical and most economical supplier of the manufactured goods and raw materials which South Korea needs, but many Koreans prefer not to buy from Japanese companies.

Canadian Opportunities

Canadian export opportunities in Korea continue to arise largely on a spot basis, subject to procurement authorizations issued by ICA, in co-operation with the Republic of Korea. The United Nations Korean Reconstruction Agency (UNKRA) and the many Korean relief organizations also from time to time present some export possibilities. Exports from Canada of current interest in Korea include newsprint, pulp and paper, lumber, metals, coal, chemicals and pharmaceuticals.

Numerous foreign and Korean trading companies which maintain offices in Seoul, the seat of government, are in perhaps the best position to make offers to the authorities on behalf of Canadian suppliers when purchase tenders are issued. Canadian exporters interested in selling to Korea would be well advised to get in touch with a reliable trading company in Seoul, providing complete details of their products. Because most trading companies handle a wide range of products, some of which move slowly or not at all, follow-up material should be forwarded frequently.

Choosing an Agent

In selecting agents, the choice must often be made between a Korean or a foreign trading company. Korean firms have the advantage in contacting government officials because there is no language barrier and they have a better understanding of what is required. Although foreign trading companies may claim to have Korean personnel who can look after liaison, these employees often do not have sufficient status to carry out their task adequately. The Korean trading company obviously stands in better with the Korean business community because of national feeling.

However, the foreign trading organization in many cases enjoys solid backing from reliable companies with offices throughout the Far East and in some cases the non-Communist world. Most foreign companies handle their trade correspondence in excellent English —which few if any Korean companies do.

At the moment, sales to Korea are limited almost entirely to goods needed in rehabilitation and, from the Canadian point of view, the most promising are forest products and various minerals.●

Hong Kong

Prospects are for continued prosperity and further expansion in industry and trade. Entrepôt trade recovering and manufacturing developing rapidly. Canadian exporters should investigate market possibilities for their products in the Colony.

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

A HIGH DEGREE OF PROSPERITY during 1956 is the best way to describe business conditions in Hong Kong; total exports during the first ten months of the year increased by 29·6 per cent over the same period of 1955 and imports rose by 25·2 per cent. There has been a significant revival of the Colony's traditional entrepôt trade—the result of buoyant conditions in adjoining areas and the easing of the embargoes on trade with Mainland China. Exports of manufactured goods produced in Hong Kong rose during the year by some HK$50 million to the record figure of HK$647·9 million; these now account for 30 per cent of Hong Kong's total export trade.

The establishment of secondary industries on a large scale and the development of primary industries to a high degree has helped to diversify the economy. However, Hong Kong's unique world position derives from its role as an entrepôt centre; without its import and export trade the Colony would have little economic importance. The reasons why Hong Kong can maintain its position as a leading trading centre are many, but the outstanding ones are its security under the protection of the United Kingdom, the availability of cheap labour, extremely low taxation, the efficiency of labour and management, the highly developed communications and handling facilities and, of course, its geographical position at the crossroads of the Far East. The Colony has built up its entrepôt trade over many years and its business community now has extensive experience in this field.

Major Industries Growing

Tiny Hong Kong, only 394 square miles in area, has few natural resources, but she has developed these intensively. Agriculture is the most important primary industry and farms occupy about 13 per cent of the total land area. Possibilities for expanding output of farm products to any great degree are limited by the topography and the lack of an adequate water supply. The principal crops are rice and vegetables; some fruits, sugar cane, peanuts and sweet potatoes are also grown.

The fishing industry is also important to Hong Kong and some 50,000 people fish for a living. The Government has encouraged modernization and motorized fishing junks enable fishermen to go out greater distances and bring in much larger catches; this means greater prosperity for the industry.

Despite greater agricultural and fisheries production, the Colony is by no means self-sufficient in food and must import more than half of her food supplies. The principal source of food products naturally is Mainland China, but Hong Kong imports some quantities from Taiwan, Thailand and other adjacent areas. Luxury foods, to a more limited extent, are imported from all parts of the world mainly for the European population; it is believed that a greater variety of luxury foods—fresh, frozen and canned—is available in Hong Kong than in any other part of the world.

Mineral resources are extremely limited, but iron ore, lead, wolfram, graphite and various clays and sands are mined in the New Territories and there is continuous prospecting for new deposits. Almost the entire output of minerals is exported, chiefly to Japan, Europe and the United States.

Hong Kong's tourist attractions are becoming well known throughout the world and tourist traffic is developing into one of the Colony's major industries, providing employment for a growing number of people. The main attractions for tourists are the breath-taking scenery, a near-perfect climate during most of the year, the Oriental atmosphere which can be enjoyed in comfort, and Hong Kong's reputation as one of the world's leading shopping centres. The Government currently is considering the establishment of an official tourist agency to encourage and expand this trade.

Shipbuilding is probably the most important of Hong Kong's industries. It dates from prewar days as an adjunct to the entrepôt activities of the Colony; generally its activities then were limited to repairing and servicing visiting vessels. Ships up to 10,000 gross

In a Hong Kong plant, Chinese girls are engaged in one step in the manufacture of batteries for flashlights. Consumer goods industries in the Colony stepped up output and exports in 1956.

tons can be built in the two larger shipyards, but most of the tonnage is considerably smaller. During 1956 no large ships were started or launched, but some of the shipyards are booked several years ahead with orders for smaller vessels. The repair sector of the industry was extremely busy last year.

The most rapid development in Hong Kong has been the expansion of the consumer goods industries; their production continued to rise during 1956. Among these industries, primary and secondary textile manufacturing is the most important and it employs 30 per cent of Hong Kong's workers. Other industries of growing importance are the manufacture of rubber footwear, plastic goods, enamelled household utensils, flashlights, and paints and chemicals. Output of and exports from all these industries rose considerably during the year. (For further details of Hong Kong's industrial boom see the October 13, 1956, issue of *Foreign Trade,* page 4. This article also contains data on Hong Kong's trade.)

Investors Show Interest

The rapid economic progress in Hong Kong has depended to a large extent on the substantial amounts of investment capital available. Much of the financing comes from the industrialists and businessmen who left Mainland China when the Communist regime came to power; they brought with them not only their knowledge and skills, but also in many cases large amounts of capital. Capital has also flowed into the Colony in considerable volume from adjacent areas. A number of foreign firms have also, over the past year or two, transferred their head offices from other parts of the

East (Japan in particular) to take advantage of Hong Kong's cheaper labour and more favourable taxation policies.

Canada's Trade Prospects

During the first nine months of 1956, Canada's sales to Hong Kong totalled $5·24 million, down only slightly from the total for the same period of 1955. Plastic raw materials again dominated our exports to the Colony, reaching a value of $1·11 million up to the end of September 1956, compared with $1·13 million to the same date in the previous year. As the reader will see in the following table, exports of polystyrene fell from $1·12 million to $285 thousand, while sales of other synthetic resins rose from $5,000 to $824 thousand. Shipments of Canadian goods to Hong Kong totalled $7·25 million in 1955.

Leading Exports to Hong Kong*

(January 1, 1956, to September 30, 1956)

	1956 ($000's)	1955 ($000's)
Synthetic resins n.o.p.	824	5
Fountain pens	471	288
Aluminum (primary forms)	301	429
Polystyrene	285	1,124
Autos (over $1,000)	264	104
Steel plates, sheets and strips	220	148
Medicinal preparations	153	210
Food starches, flour n.o.p., gluten	108	183
Medicinal roots, herbs, barks	97	134
Motion picture film	94	88
Brass bars, rods, sheets, strips	81	134
Files and rasps	67	23

* DBS figures.

Future Outlook

The long-term future is somewhat uncertain despite the present buoyant business conditions in Hong Kong and the expansion in industry, trade, and most aspects of the economy. The international political situation is naturally cause for concern and the lease on the New Territories, which comprise the major portion of the Colony, is due to expire in forty years. Increasing competition from other cheap labour areas of Asia, such as Japan, Mainland China and Taiwan, undoubtedly will affect Hong Kong's manufacturers; Singapore seeks to displace Hong Kong to some extent and to obtain a share of her entrepôt business. Mainland China, traditionally the principal market which Hong Kong services, is making efforts to deal direct when possible; China will bypass Hong Kong to an increasing extent in the future. These, however, are problems for the future—immediate prospects are for continued prosperity and expansion in industry and trade.●

Mainland China

Embargo on strategic goods, Chinese policy of selected imports and other obstacles inhibit growth of trade with Communist China but some opportunities worth attention. Potential of this market under present circumstances should not be exaggerated by the Canadian exporter.

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

SINCE THE ADVENT OF THE COMMUNIST REGIME in Mainland China, great changes have been made in the Chinese economy and particularly in the trading pattern. It is difficult to assess industrial and agricultural progress during recent years because reliable statistics are not available. It is apparent, however, that there has been considerable advance—an advance that is continuing in both these spheres. Travellers visiting China are almost unanimous in their views that the material progress made in the past six years exceeds that of the previous fifty years. There are, of course, a number of reasons for this, including the fact that for many years before 1949 China was torn by civil war, with destruction of industrial capacity and of agricultural crops. Political stability has made possible startling production gains and it has been asserted that most of the 1957 production targets under the current Five Year Plan have been achieved more than a year ahead of schedule.

The rapid industrialization and the efforts to modernize and mechanize agriculture have changed the pattern of China's imports which traditionally consisted largely of consumer goods. Instead, the country has become a large potential market for industrial machinery of various types, raw materials for industry, fertilizers and insecticides, tractors and automotive equipment, and a great variety of capital goods. So large are her requirements that the authorities have virtually banned the import of consumer goods and foodstuffs to conserve foreign exchange for essentials which will contribute to economic expansion. Such commodities as wheat flour, cotton goods and all luxuries which traditionally were exported to China are denied entry.

Government Controls Business

The most significant change in the Mainland China market since the advent of the present regime is the degree to which private ownership of business has been replaced by public ownership. It is safe to say that practically all trade is now carried out or strictly controlled by government agencies. In the majority of cases this is done by state monopolies—such as the China National Import & Export Corporation, China National Cereals, Oils and Fats Export Corporation, and the China National Native Produce Export Corporation. Some businesses are, however, being operated as state-private organizations and are run jointly by their previous owners in partnership with the Government. In some cases, private businesses have been permitted to retain their identities and to operate as private enterprises. These companies are closely supervised and sometimes have government officials permanently on the premises to ensure that business is conducted in accord with government policy.

The net result is that, as far as overseas traders are concerned, any business to be done with Mainland China must be done with the Chinese Government. Thus firms contemplating re-entering this market after an absence of a few years should realize that conditions are in no way comparable to those in their previous experience. The methods have changed, market requirements have changed, and the whole system of distribution on the Mainland has changed.

Obstacles to Trading

Trade with China in recent years as far as the West is concerned has been conditioned by the application of the embargo on shipments of strategic materials. Canada prohibits shipments of a specific list of strategic goods but allows trade in non-strategic goods. There are, however, serious obstacles to overcome in carrying on this trade and most of these arise at the Chinese end. The primary obstacle is the Chinese policy of selected imports and the fact that most of the goods permitted entry by the Chinese authorities are on the strategic list and are thus forbidden under Canadian regulations. This narrows the range considerably and excludes a large number of Canada's exports. Another serious problem is the Chinese insistence on special documentation, covering quality certificates, performance guarantees, etc., which are not required in other markets. They also normally insist on final inspection of the goods by the China Commodity Inspection and Testing Bureau and claims may be made up to 45 or 60 days after arrival of the goods at the port of destination.

These requirements tend to discourage Canadian suppliers but it should be pointed out that the Chinese authorities have, in general, been quite fair in honouring their trading obligations. Their insistence on rigid documentation and survey requirements is part of their policy of ensuring that they obtain the best possible value for their money. In other words, the Chinese market today is a buyers' market and the buyers are taking every precaution to ensure that supplies are in conformity with specifications.

A more difficult obstacle to overcome is the shortage of hard currency to pay for imports. It is reported that China has substantial sterling reserves but because of the complete cessation of trade with the United States and the virtual end of remittances from Chinese residents in the United States to their families in Mainland China, her dollar income is extremely limited. Accordingly, the bulk of the trade is financed in sterling.

Direction of Trade Shifts

The Chinese pattern of trade has undergone radical changes since the Communists came to power. Before 1949 the great bulk of China's imports came from the United States, the United Kingdom and other Western sources, and Japan. Little came from Russia and Eastern Europe. The position has now been reversed and the bulk of her imports come from the latter sources. This development is partly the result of the trade embargo and partly a deliberate policy of the Communist bloc countries. The rapid industrialization in China has been accomplished with the assistance of Russian and East European equipment, technicians and experience, and many of the imports of industrial and other equipment have come from these sources.

Trade with Canada

Canadian trade with China in recent years has been relatively insignificant, although it appears to be increasing slightly. In 1955 Canadian exports to Mainland China amounted to just over a million dollars Canadian and imports from China to approximately three million dollars—resulting in an adverse balance in the ratio of three to one. Sales to China in 1955 consisted almost entirely of fertilizers and this trade has increased moderately during the present year although there are no accurate figures. Imports into Canada (which appear to have remained at approximately the same level during 1956) consist of shelled walnuts, fur skins, cotton textiles and agricultural products.

There is no doubt that there is a promising market in China for many of the goods which Canada can supply. Its importance, however, should not be exaggerated and many of the estimates have been far too optimistic. But should the embargo be relaxed, the scope for Canadian goods will be greatly increased. At best, however, we can expect only a gradual and relatively moderate increase in our exports to this market.

Tour of Territory

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, will visit Taiwan (Formosa) from February 4-12.

Taiwan

Industrial and agricultural production expanding and demand for farm and factory machinery, raw materials is increasing. Not an easy market for Canadians to enter but opportunities warrant careful investigation by exporters.

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

THE ECONOMY OF TAIWAN in recent years has been beset with numerous difficulties arising from the rapid increase in population. Movement of the Nationalist Government and armed forces from Mainland China in 1949 and the rapid natural increase of the population since then have created this situation. Predominantly an agricultural country, Taiwan has found it difficult to feed her large population, to maintain huge armed forces and defence installations and, at the same time, to raise the living standards of her people.

The first Four Year Plan, instituted in 1952 in an effort to overcome the economic problems, is now nearing completion and the Government is arranging for a second Four Year Plan to succeed it. Results achieved under the first Four Year Plan are encouraging: it is said that agricultural production has risen by 15 per cent and industrial output has expanded by 50 per cent. Opportunities for increasing agricultural output are limited by the amount of arable land and this accounts for the slower rate of progress in this sector. It is expected, however, that agricultural production will continue to rise with improvements in farming techniques, more efficient use of the land, extension of irrigation projects, selection and use of better seeds, extermination of pests, and mechanization of the farms.

Although industrial production has increased much more rapidly than agricultural output, lack of investment capital and shortage of foreign exchange necessary to pay for imports of equipment and raw materials have slowed the pace of growth. United States aid funds—which have accounted for some 40 per cent of the total investment in Taiwan in recent years—have relieved somewhat the dire need for capital. However, the Government now is making strenuous efforts to encourage investment by private investors abroad, and particularly by the overseas Chinese in South East Asia. As a result, private capital is flowing in from South East Asia and the United States in substantial amounts.

With the problem of boosting industrial and agricultural production goes the associated one of finding export markets for the increasing output of a growing variety of goods. The task of expanding export markets for Taiwan's manufactured goods is not easy. Competition is keen from the well-established industries of Japan and Hong Kong.

Taiwan has adopted vigorous trade promotion policies which are apparently paying off, because her exports of manufactured goods are steadily increasing. The Government has enlisted the support of the overseas Chinese of South East Asia and has also sponsored the participation of manufacturers in trade fairs abroad, particularly in Hong Kong and Thailand. Trade missions also have visited potential markets. To encourage exporters, the Government rebates taxes and import duties on imported raw materials which are re-exported in the form of manufactured goods. Exporters sometimes are permitted to retain up to 80 per cent of the foreign exchange they earn from export sales to buy from abroad raw materials and machinery for their own use. Despite these measures to increase sales of industrial goods—and results have been favourable—Taiwan's exports still consist largely of agricultural products, mainly rice, sugar, citronella oil, pineapple, tea and feathers.

Sources of Imports

Taiwan's import trade is dominated by Japan, which supplies over half of the goods which she purchases abroad; the United States is the second supplier, with 20 per cent of the trade. U.S. aid funds have played an important part in keeping up the volume of imports. The only other large supplier is Saudi Arabia which ships petroleum products.

Although Canada was the seventh largest supplier in 1955, our sales to Taiwan totalled only Can.$1,227,156 in a market which took about one billion dollars worth of imports. The principal commodities supplied from Canada were wood pulp, tallow, malt, dried salt herring, asbestos, polyethylene and whisky. Despite the relatively small sales of Canadian goods, the trade balance between Canada and Taiwan is very much in our favour; Canadian imports from Taiwan include tea, which accounts for approximately two-thirds of the total, canned pineapple and fish oil.

Hard Market to Enter

Opportunities for increasing Canadian trade with Taiwan are limited but closer attention to this market on the part of suppliers of agricultural equipment, industrial machinery, and some raw materials could pay dividends. It is by no means an easy market to enter but the need to import certain goods is increasing as agricultural and industrial production steadily expands. In addition, the large amounts of money available under ICA allocations offer scope for Canadian suppliers.

Trade opportunities in some fields are promising but Canadian companies wishing to investigate the Taiwan market should be careful to select suitable agents. It is essential that these agents have a sound knowledge of market conditions, plus the necessary contacts in industry and government.●

Philippines

Rigorous cuts in non-essential imports and encouragement of exports helped reduce unfavourable trade balance for first half of 1956 compared with first half of 1955. Imposition of duties on U.S. goods has cut U.S. share of this market; Canada continues to supply about 3·1 per cent of imports.

H. L. E. PRIESTMAN,
Consul General and Trade Commissioner, Manila.

THE YEAR 1956 was one of transition for the Philippines. Economic conditions were not entirely favourable, but on the whole the Republic made progress towards objectives set a year ago. Steps to bolster the sagging international reserves, which had fallen to $209 million at the end of 1955, continued throughout the year. A measure of success was achieved, thanks more to a reduction in imports than an expansion in exports. By August the reserves had risen to $234 million compared with $251 million in August 1955.

The change was brought about by rigorous cuts in quotas for non-essential imports, reducing the average imports in 1956 by some $7 million a month compared with the previous year. On the other hand, the average monthly exports increased by $4 million.

During the first six months of 1956, the Philippines had an unfavourable balance of trade with all countries of $23 million. This was, however, an improvement over the $73 million deficit for the same period of 1955.

The United States continued to be the Philippines most important customer and supplier. But United States goods, formerly duty-free, had to pay 25 per cent of the normal Philippine duties throughout 1956. About 59 per cent of total Philippine imports during the first half of 1956 came from the United States, compared with 67 per cent in the similar period of 1955.

Philippine producers and exporters are increasingly anxious about their ability to compete in the U.S. market as the Philippine preference there declines on principal exports such as sugar ($111 million) and coconut products ($152 million). These two commodities supplied 66 per cent of the annual Philippine income from exports.

Apart from diminishing preferential duties, these commodities are protected in the United States by import quotas for a term of years. As a consequence, Philippine sugar is chiefly produced for the American market. The Philippines can produce about 1½ million tons a year, but production is restricted within the United States and International Sugar Agreement quotas to about 1¼ million tons.

The Philippines is the world's largest copra producer but is far from being a leader in quality.

Proposed New Tariff

The whole Philippine Customs Tariff of 1909 is being re-examined. A complete new tariff prepared in 1955-56 was passed with numerous amendments by the House of Representatives last session, but the Senate hearings had not been completed when Congress rose. Congress meets in January 1957, after which there will be a prospect of the revised Tariff and Customs Code of the Philippines becoming law. Forecasts are that the new bill will increase the overall import duties collected to 15 per cent of the value of all imports, compared with the present average of 8·5 per cent.

Trend of Canadian Trade

During the first half of 1956, Canada continued to supply about 3·1 per cent of all Philippine imports. Canada regularly has a favourable balance of trade with the Philippines, selling about $16 million worth of products a year and buying about $4 million. Wheat flour is the major Canadian export to the Philippines, making up about 80 per cent of the total. In the first half of 1956 our flour exports to the Philippines dropped from $7·7 million to $5·7 million, in about the same proportion as for other suppliers. Canada supplied some 55 per cent of the flour imports, the United States 43 per cent, and Australia the remainder.

Other products that Canada ships regularly to the Philippines are newsprint, pulp, asbestos, zinc, fertilizer, malt, copper wire and mining machinery.

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If You Are Selling to the Philippines, Remember . . .

- *Philippine foreign exchange controls generally require Philippine importers to establish letters of credit in advance. This practically eliminates payment and credit risks.*
- *Dollar quotas for specific commodities are granted periodically by the Central Bank to individual firms. It is the function of an agent to contact quota holders on behalf of his principals. Switching of commodities is allowed to a limited extent.*
- *New and necessary industries approved by the authorities are granted certain duty and tax-free privileges. These enable such firms to buy competitively from countries other than the United States.*
- *Philippine consular invoices are required on shipments over $100.*
- *The Philippine market is brand-conscious, and particularly receptive to established marks.*
- *Shipping services to the Philippines are frequent from Vancouver, B.C., and Pacific Coast ports. Summer service is available from Montreal.*
- *Decontrolled items—that is, not subject to quota—include flour, newsprint, canned beef, salmon, antibiotics, and several others of less interest to Canada. Importers may obtain their normal dollar needs for decontrolled items without affecting their quotas for other goods.*

Generally, it is difficult for Canadian companies to compete in machinery and other manufactured goods against the United States, which enjoys the large tariff preference mentioned previously. Many of these goods are classified by the Central Bank as non-essential, which makes dollars to import them extremely difficult to obtain.

The best opportunities for Canadian goods in the Philippines undoubtedly lie in supplying raw materials to the many small new industries that are springing up, which have exemption from all taxes, including import duties. This exemption from all duties puts Canadian suppliers on an equal footing with other countries.

Suez and Trade Pattern

Other suppliers are taking advantage of the tax exemption so that United States, German, United Kingdom and Japanese chemical and resin manufacturers are well represented in the Philippines. However, the closing of the Suez Canal and the danger of conflict in the Middle East are bound to turn Philippine importers to sources less affected by events in that area. The uncertainty of delivery dates, plus the shortage of shipping arising from the longer passage via the Cape of Good Hope, give North American suppliers an advantage over European in this market. In addition, European products must bear the added cost of the recent 20 per cent surcharge on freight rates between Europe and Asia.

New Industries Developing

About 80 new manufacturers were established in the Philippines during 1956, and about 20 of them were textile manufacturers. Cotton naturally dominates the textile mills here, with most of these mills merely finishing and dyeing greige cloth from Japan or the United States. There are several mills weaving cloth now and it is probable that some will begin spinning in 1957. Two American rubber tire factories began operations in 1956 and a third will begin in 1957. One synthetic textile plant was completed in 1956 and a corporation was formed to make ramie cloth from the locally grown fiber. Construction of the first synthetic resin plant in the Philippines was begun by the Borden Chemical Co. of the United States which is putting up a factory to produce urea formaldehyde. There was some expansion in the plywood industry, but the Philippines continued to export large quantities of mahogany logs to Japan—about 460 million board feet during the first eight months of 1956.

Reparations Agreement Concluded

One 1956 development that will tend to increase Japan's share of the Philippine market was the signing of the Philippines-Japanese Reparations Agreement. According to the agreement, Japan will pay the Philippines $500 million in capital goods, $30 million in services, and $20 million in cash. The $20 million in cash is to be paid within five years. The Japanese Government is to facilitate the extension of long-term, non-government development loans on a commercial basis from private Japanese sources to Philippine organizations in the amount of $250 million.

The Philippine Government decided to devote the entire reparation payments for the first year to government and public works projects. It is not yet known what goods Japan will supply during the first year of reparations, but judging from the list presented to Japan by the Philippines, Canadian exports should not be greatly affected.

The Future

The Philippines has shown progress under stable democratic government and continues to enjoy political peace. In November 1957, election of a president and of a proportion of Senators and Congressmen will take place, modelled on the U.S. pattern. There is every expectation that good government and administration will continue, creating conditions favourable to the increase of foreign trade. ●

Indo-China

New market opening up in this area, with lessening of French commercial influence and influx of U.S. aid. On recent visit, Canadian representative got in touch with many importing firms; here advises on trading methods and suggests promising lines.

PHILIP STUCHEN, *Economics Branch.*

OVER THE YEARS the South East Asian peninsula lying between India and China and stretching roughly from the Bay of Bengal to the Gulf of Tonkin has been designated Indo-China. But since the Geneva Agreements of 1954 the area has been designated in a different way. Indo-China now consists of the Democratic Republic of Vietnam (that portion north of the 17th parallel and under Communist control), the Republic of Vietnam (south of the 17th parallel), and the adjoining kingdoms of Laos and Cambodia.

Canada, India and Poland constitute the International Commission for Supervision and Control which has maintained the truce in these countries for the past two years. This participation has sparked a new interest in Canada and in things Canadian among the Indo-Chinese and has opened up new possibilities of trade for Canadian exporters in that part of the world.

U.S. Aid Substantial

Another significant development has been the direct United States economic aid, starting in early 1955, to South Vietnam, (11 million population), Cambodia (5 million), and Laos (a reported 1½ million). Before 1955, such aid was given through the French authorities; in the last two years, it has been given directly and stepped up until it has reached between $400 to $500 million. It will probably total over $300 million during the current U.S. fiscal year which ends on June 30, 1957; two-thirds of this will be spent in South Vietnam.

A large proportion of the American funds is expended under a commercial import program administered under ICA regulations. Approximately three-fifths of the imports are classified as consumer goods, one-fifth as raw materials, and one-fifth as equipment and capital goods. In Vietnam alone, about $275 million worth of goods were imported during 1955, of which about 85 per cent was financed by the ICA commercial import program; for 1956 it was anticipated that this percentage would be still higher. Import licences are issued by local authorities in each country. While the actual licensing restrictions vary in each State, in general U.S. authorities act only in an advisory capacity.

Trade Pattern

Since trading and banking in these three countries now use dollars on a world-wide basis rather than francs, the prospects for Canadian goods finding a market in Indo-China have improved. Moreover, Canadian exports are granted most-favoured-nation tariff treatment by South Vietnam and enjoy tariff treatment in Cambodia and Laos equal to that accorded goods from other countries. Normal sources of supply such as France are decreasing in importance, and imports from Mainland China are not possible under the dollar import program. The breakdown of imports for South Vietnam for 1955 will probably show that between 40 to 50 per cent still came from France (from a former high of over 85 per cent), 13 per cent from Japan, 12 per cent from the United States, and the remainder from Indonesia, Cambodia, Hong Kong and the French overseas territories. The principal buyers of South Vietnamese exports are France (32 per cent), the United States (23 per cent), and Cambodia (14 per cent). The remainder of the exports went to Malaya, Laos and the French overseas territories.

Canada's trade with all Indo-Chinese countries in the past has not been extensive; it exceeded half a million dollars in only one year (1947) and more recently exports have run as follows: $189,548 in 1954, $337,254 in 1955, and $356,821 for the first six months of 1956 (of which aircraft accounted for $221 thousand). Over the years the main commodities have included newsprint, semi-fabricated aluminum, aircraft and parts, gas engines and parts, evaporated milk, files and rasps, and fountain pens, with no regular pattern apparent from year to year. Crude rubber and spices

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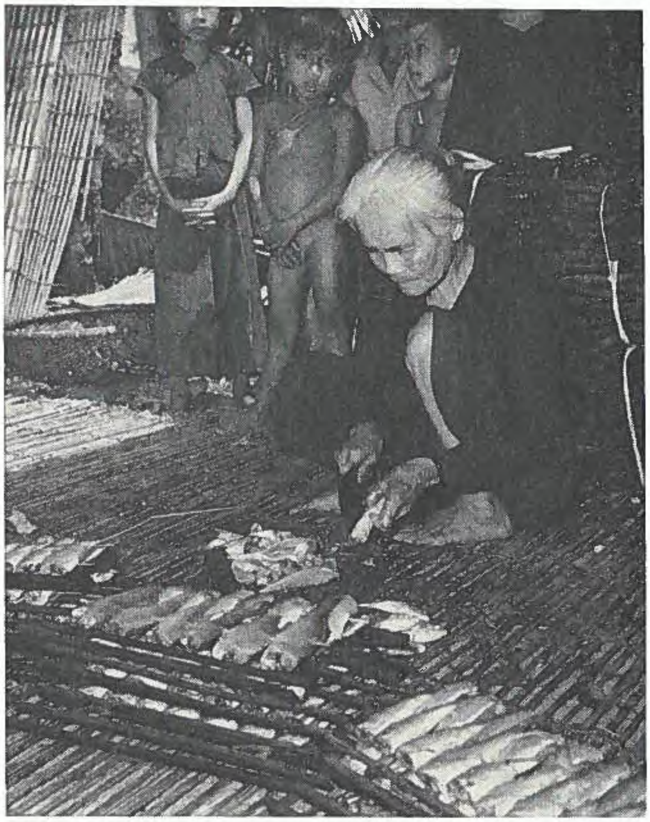
were the only products (and usually in very limited quantities) sold to Canada.

Because there are few established industries in South Vietnam (the north was always the recognized centre of industrial and mining activity), Cambodia or Laos, most of the consumer goods needed must be imported. Small local industries produce such things as cigarettes, matches, soap and beer. A recent survey of trading firms in Saigon, Phnom Penh and Vientiane, carried out on the spot, revealed that these firms were interested in the following Canadian products: pharmaceutical goods, chemical products, fertilizers and insecticides, agricultural implements, sawmill equipment, builders' hardware, iron and steel products, paper and paper products, textiles and plastic raw materials. Interest has also been shown in certain Canadian food products (such as canned goods, milk and flour) and limited amounts of foreign exchange are available for such imports. In addition, the contemplated new industrial projects for Vietnam such as papermaking, wallboard and plywood plants, and a sugar refinery—which are being seriously considered for the near future—could be of possible interest to Canadian manufacturers.



—NFB Photo.

An old Cambodian woman cleans fish and lays them on a rack for smoking, as her grandchildren look on. Last year, a Canadian expert from Laval University spent several months in Indo-China under the Colombo Plan, demonstrating quicker and more efficient methods of filleting fish.

Canadian suppliers may compete on equal terms with exporters from other countries. However, it is essential for them to have agents on the spot to act on their behalf in Saigon (South Vietnam), in Phnom Penh (Cambodia) and Vientiane (Laos). In most cases an agent with offices or agencies in the three countries can give adequate coverage. Certain French and other European firms have been operating in these areas for over fifty years and have representatives in all three centres, as well as in Hong Kong. Lately more local native firms have been established—Vietnamese in Saigon, Cambodian in Phnom Penh, and Laotian or Thai in Vientiane. Some fifty of the most prominent firms have been contacted and informed about Canadian producers of goods in which they are interested. The Trade Commissioner's office in Hong Kong (in whose territory these countries are included) is aware of these trading companies and of their special interests and has been in communication with all of them since they were visited personally by a representative of the Department of Trade and Commerce.

How Trade Is Conducted

Existing trading regulations and procedures do not make trading in Indo-China easy. In Saigon, for example, the qualifications for importers have been stiffened to bring some order into the importing business. Earlier this business was in a chaotic state as a result of the fact that over 10,000 importing firms were established overnight following the end of the war in 1954. At present an importer must be prepared to deal only in a maximum of three licence categories of goods, out of a total of 18; to pay a deposit of 350 thousand piastres (at the rate of 35 to the U.S. dollar) for each category; to have a legitimate place of business and not just an address; to have adequate warehouse facilities; and to agree not to transfer an import licence to any other person. The fulfillment of these conditions does not necessarily entitle an importer to a licence but merely assures him of a place on an agreed list of about 1,500 importers recognized by the licensing authorities of the Government of Vietnam. The list of eighteen commodity categories include the following:

Category Number	*Commodity*
1	Foodstuffs
2	Metal products
3	Pharmaceuticals
4	Chemicals
5	Petroleum products
6	Vehicles, parts and rubber auto needs
7	Machinery (industrial, agricultural and electrical)
8	Textiles and yarns
9	Tobacco and cigarettes
10	Forest products, including paper and inedible vegetable products
11	Books, newspapers and stationery
12	Leather, hides and skins, leather manufactures, and materials for tanning

13 Cement, non-metallic mineral products (bottles, glass and clay products)
14 Metal manufactures (hardware)
15 Precious metals, precious stones and products
16 Scientific and precision instruments (clocks, watches, optical goods, photographic and radio equipment)
17 Arms and ammunition
18 Miscellaneous commodities (not specified in other categories)

Nor are the procedures simple and expeditious. Prospective importers are informed on a quarterly basis about the amounts of exchange which will be available for a given commodity and against which applications for licences may be made. Application forms for an import licence supplied by accredited banks must be completed by the importer, together with two copies of the pro forma invoice (showing f.o.b. and c. and f. prices of the goods) and submitted to the Office of Foreign Commerce. The latter processes the application and determines the amount of exchange to be granted to the importer on the basis of availability of funds, competitiveness of the price and other factors. The importer receiving a licence must open a letter of credit against it within thirty days of the time the licence is transmitted to his commercial bank. The import must take place within the time specified in the licence application. This procedure is more or less the same in all three countries and U.S. authorities on the spot are working continuously towards simplifying and speeding up the granting of licences.

Despite these apparent difficulties there is an enthusiastic interest on the part of both the old-time foreign and the newly-established native trading companies in what Canadian producers have to offer. Because they were not directly approached to handle Canadian goods in the past, they were not aware of the Canadian potential, let alone particular brands or the wide variety of products. By replying to their inquiries, preferably in French, and supplying samples and catalogues (which are carefully read and examined) Canadian manufacturers could (assuming they are competitive in price) be in the running for new markets.

The services of the Department of Trade and Commerce, including those of the Canadian Trade Commissioner in Hong Kong who is in close contact with the Indo-Chinese market, are available to Canadian firms cultivating trade contacts already established and for channelling new trade inquiries to trading companies in Indo-China. Company representatives on trips to South East Asia might well visit Saigon at least, since it is on most direct air routes, has good hotel accommodation, and is also easily accessible to Phnom Penh and Vientiane. Any representative of Canadian producers is assured of a warm welcome from the commercial community and government officials in all three countries.●

Thailand

Experiment with comparatively free economy appears to be succeeding, with help of good rice crop and U.S. economic aid. Canadian sales to Thailand rising; some trading opportunities could be further exploited.

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

THAILAND ENTERED 1956 resolved to balance the budget and to prevent any further deterioration in the foreign exchange reserves. At the end of the first six months, there were indications that actual revenues had exceeded both estimated revenues and actual expenditures. And, despite a small deficit in the trade balance, the exchange reserves fell only slightly. For example, from March 1956 to the end of June the reserves decreased by only 9 per cent—to 2,023 million ticals. Gold reserves, at 2,246 million ticals, remained constant and the total was equal to $207 million, compared with approximately $225 million in February.

Trade figures for January and February 1956 showed a trading deficit of 182 million ticals (about $9 million) and this trend seems to have continued for the rest of the half-year. This compared with a trading surplus of 100 million ticals, or $5 million, in the first two months of 1955. But invisible exports and United States economic aid under ICA helped to maintain foreign exchange income at a satisfactory level and prevented the reserves from going down.

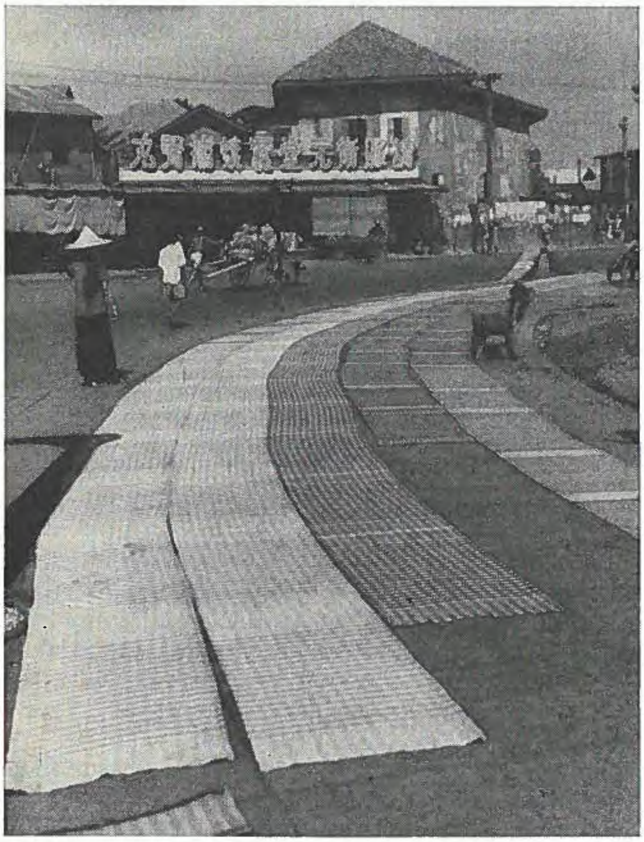
Moves towards Free Economy

To understand the current trading situation in Thailand, one must first review some of the events in 1955. During that year, the Government decided to free the rice trade from government control and restore it to private enterprise. This proved to be a sound experiment and private traders were able to dispose of the whole of the previous season's crop. As a result, the Government relaxed import controls on a wide range of products and removed certain other unnecessary restrictions on exports. Seventeen imported commodities, most of which were also made domestically, were placed on a prohibited list, and the import of 23 others was controlled by placing them under licence. All other products were allowed free entry. (See *Foreign Trade* of December 24, 1955, for information about this licensing system.) The Government did not take these steps until it felt assured that the foreign exchange reserves were large enough to withstand the drain that would follow the relaxation of controls. Fortunately the reserves had been built up because of unexpectedly large sales of rice and because prices for rubber and tin exports remained good. Exports for 1955 totalled 7,164 million ticals, (approximately $336 million) in value, 15 per cent higher than the previous year. These earnings made possible the establishment of an equalization fund of US$63 million to guard against a drastic devaluation of the tical. This policy succeeded in keeping the tical strong but at the same time kept export prices steady.

Conditions in 1956

There was some anxiety in Bangkok during the last few months of 1956 about the dormant trading situation. The root causes seemed to be heavy imports, large stocks on hand, and the reluctance of traders to make further commitments. In addition, there was some concern about the smuggling of goods into Thailand which is causing an oversupply and is affecting the sale of products on which duties have already been paid.

Most observers believe that the Government's experiment with a comparatively free economy will succeed, given a measure of economic stability. Two factors are vital in maintaining that stability—a good rice crop with substantial earnings from rice exports, and continued United States aid.



—BOAC Photo.

In a Bangkok street, yards of printed material are laid out to dry. Though domestic goods take a good share of the Thai market, demand for North American-type goods is growing.

In 1955 sales of rice abroad totalled 1·2 million metric tons, compared with just over one million tons in 1954. But in the first four months of 1956 they were running at an annual rate of approximately 1·1 million tons, although the amount available for export was estimated at about 1·4 million tons because of a good crop. The report is that higher prices for Thai rice have led buyers to look elsewhere. Major markets for Thai rice growers are the British territories in South East Asia and Japan.

Economic aid from the United States is currently being channelled largely into road-building, the improvement of communications, and other development programs. A good deal of the equipment and other material imported under the ICA program comes from the United States; in 1955, in fact, the U.S. became the leading foreign supplier, providing 20 per cent of Thailand's imports. None the less, some of the goods paid for with ICA funds are purchased on the basis of world-wide tenders. It is therefore advisable for Canadian firms interested in quoting on these tenders to have a suitable agent in Bangkok.

Thailand as a Market

When import controls were relaxed in 1955, the Government adjusted custom duties to discourage traders from buying too many luxury goods. Thus duties were raised on non-essentials such as canned foods, alcoholic beverages, etc., and goods which are also produced within the country, such as soap, leather goods, brushes, and clothing. On the other hand, duties were reduced on essentials such as pharmaceuticals, chemicals, etc.

Canadian exporters should keep this import policy in mind and should also remember that Thailand is strictly a price market. This explains in part why Canadian trade has not assumed any regular commodity pattern over the years. One exception to this generalization is wheat flour, which is in steady demand. In fact, sales of Canadian flour rose from $605,397 in 1954 to $628,193 in 1955 and in the first nine months of 1956 reached $508,516. Canadian exporters of milk powder did not fare as well. From a high of $500 thousand in 1954 exports of milk powder fell to $236,598 in 1955 and in the first nine months of 1956 no sales to Thailand took place. The Netherlands replaced Canada as a source of milk powder, apparently because it was able to offer much lower prices.

The following table shows leading exports from Canada to Thailand for 1954, 1955 and the first nine months of 1956, and illustrates how our sales to this country fluctuate.

LEADING CANADIAN EXPORTS TO THAILAND*

	1954	1955 (in dollars)	Jan.-Sept. 1956
Wheat flour	605,397	628,193	508,516
Whole milk powder	511,134	236,598	....
Tallow	13,332	294,034	207,629
Gas engines and parts	52,326	49,136	21,044
Metalworking machinery	....	48,716	....
Trucks (over one ton)	....	53,590	....
Autos (over $1,000)	93,136	6,006	72,805
Auto parts	9,201	45,808	29,039
Aluminum (primary form)	58	121,799	87,807
Radio receiving sets	5,446	430,763	4,480
Radio wireless apparatus n.o.p.	2,993	28,629	9,509
Penicillin and products	169,425	54,736	6,200
Streptomycin and products	89,274	13,000	1,650
Polystyrene	46,033	46,453	19,977

* DBS statistics.

Total Canadian sales to Thailand rose from $1·77 million in 1954 to $2·34 million in 1955, but the increase was mainly due to products which do not have a steady market there. It is interesting to compare Canadian exports with those from the United States. In 1955, for example, United States sales reached $49 million* and thus our shipments represented only 4·6 per cent of United States exports. Usually Canadian exporters can count on a larger percentage of dollar trade. Some of the disparity is no doubt because of purchases under ICA and other American assistance programs.

Market Possibilities Exist

None the less, there are some fields which Canadian exporters are neglecting. Buyers are not aware that Canada can supply the same types of goods as the United States does. In some cases, importers report that U.S. trade-marked products, which are also produced in Canada, enjoy a premium price over the Canadian product. Chemicals, pharmaceuticals, fertilizers, paint pigments, industrial and other kinds of machinery, non-metallic minerals, railway equipment, and metal products are some of the commodities which Canadian exporters might sell in greater quantities. This market is very competitive, but several reliable importers in Bangkok have stressed that if prices from Canada are favourable, business will result.

It is apparent that Thailand will grow as a market for North American type products. U.S. economic aid has had an effect on this and, consequently, Canadian exporters should take a closer look at Thailand as a place to do business. U.S. economic assistance will continue and, with a good rice crop reported, the immediate economic prospects appear good.●

* Official United States statistics.

Malaya

Good prices and good demand for rubber and tin have buoyed Malayan economy in 1956. Canadian sales have achieved encouraging increase, with motor vehicles and parts, flour and asbestos well in lead. These gains should continue in 1957.

W. G. HUXTABLE,
Assistant Trade Commissioner, Singapore.

PROSPERITY IN SINGAPORE and the Federation of Malaya depends primarily upon earnings from crude rubber and from tin. During the greater part of 1956, the price of rubber fluctuated within a fairly narrow range but output topped the figure for the same period of 1955 by a small margin. Tin prices also moved up and down; total tin exports for the first three quarters of the year were up 1 per cent. World demand for both these products continues steady and this augurs well for the Federation in the immediate future. On the other hand, entrepôt trade, so important for Singapore, seems to be facing problems.

Trends in Rubber and Tin

The early months of 1956 saw rubber prices drop from the January high of 37 cents a pound to a low of 27 cents in May. The relaxation of the embargo on rubber shipments to Mainland China gave the rubber market its first boost. Then international tension pressed the August price down nearly to 32 cents. By October, it had fallen to 30 cents but in early November rose to 33 cents when heavy buying began because of the Middle East crisis. Rubber production for the first eight months of 1956 reached 413·8 thousand tons, up 0·2 thousand tons over the same period of last year, but net exports (at 432·6 thousand tons) were 8·5 per cent below the same period of 1955. Value of these exports was down 9·5 per cent to $295·7 million, but this was still the second highest figure for the years since 1952.

Tin prices also dropped steadily from the January average of 96 cents per pound to 90 cents in June. Under the pressure of buying following settlement of the U.S. steel strike, the price climbed to about 95 cents early in October and to $1.00 in November following the Middle East crisis. Total tin exports for the first nine months of 1956 were up only 1 per cent over the same period of 1955, but the destination of these exports changed considerably. Sales to Continental Europe went up 61·5 per cent to 11,649 tons;

—UK Information Office.

An Indian, a Chinese, and a Malay girl (from left to right) are packing crepe rubber sheets on a Malayan rubber estate. Good prices for rubber in 1956, despite some fluctuations, and high output meant good times for the Federation in the past year.

exports to the United States fell by 12·9 per cent to 33,165 tons, and those to Britain by 10·6 per cent to 2,169 tons. The Malayan cash contribution to the International Tin Council to allow for purchases for its buffer stock under the International Tin Agreement totalled $15,848,850 for the first three-month period. This contribution was financed by a bank loan, which is being repaid by a levy on production of $0·0575 a pound.

Export Trade

Total exports from Malaya for the first eight months of 1956 reached a value of $869 million, a 3·5 per cent gain over the figure for the same period of 1955. Coconut oil sales abroad went up 16·5 per cent, palm oil by 12 per cent, and canned pineapple by 7·5 per cent.

Total trade with the British Borneo Territories, Burma, Indo-China, Indonesia and Thailand in the first eight months of 1956 reached $451 million, up $56 million over the similar period of 1955. But Hong Kong also serves the same group of countries and its total trade with them for the same months was valued at $205 million, a gain of $103 million. Singapore retains important advantages as an importing and distributing centre for the Malayan peninsula but customs duties in the Federation fall on a wide range of goods moving north, and shipping facilities at the Federation ports of Penang and Port Swettenham offer Singapore stiff competition.

Flour, gas engines and parts, cars and trucks, and asbestos spearheaded a 22 per cent increase in Canadian exports to Singapore and the Federation of Malaya for the first eight months of 1956. Sales of Canadian products, at $2,789,374, were $514,426 higher than for the same period of 1955. In this trade, the following were the outstanding performers:

- *Motor Vehicles*—Sales to Malaya of Canadian-made motor vehicles reached $654 thousand in value and sales of gasoline engines and spare parts reached $716 thousand, compared with $460 thousand and $714 thousand, respectively, for the first eight months of 1955. The total for 1956 is expected to exceed the 1955 figure. Canada supplies about 4 per cent of car and truck imports into the Federation; major suppliers are the United Kingdom, Italy and West Germany. There is also a substantial trade in surplus spare parts for military vehicles which were sold after the war to rubber plantations, tin mines and logging camps. Canada, with approximately 11 per cent of the market, ranks next to the United Kingdom as a supplier of spare parts.

- *Flour*—Flour exports from Canada to Malaya in the first eight months of 1956 were valued at $661 thousand, up 33 per cent over the corresponding period of 1955; quantity sold (7,925·5 tons) was 40 per cent above the same period of 1955. This large increase, accompanied by a lower average price, was apparently the result of the Australian dock strike earlier in the year which led to additional purchases from Canadian producers. An interesting development over the past 18 months has been the appearance of large quantities of French flour and of some low-protein flour from Hong Kong. The Hong Kong mill is now producing high-protein flour also, milled from Canadian hard wheat, and this may mean further competition for Canada. However, Canadian exporters who have supplied brands of consistently high quality, through agencies with salesmen able to educate the bakers in the importance of using certain flours to increase bread yields, should continue to sell their flour easily. There is some talk at the moment of the construction of a flour mill in Singapore with an initial capacity of 140 tons a day—or about one-third of market requirements. It has not yet been decided whether the demand for high-protein flour will be met by milling Canadian hard wheat here, or by importing this type of flour from Canada directly or from Hong Kong. Relative prices, transportation facilities, and storage problems are under study.

- *Asbestos*—Exports of crude Canadian asbestos to Malaya totalled $164 thousand in value in the first eight months of 1956, compared with only $20 thousand in the same period of 1955. It is mainly used in the making of strong, high-pressure cement pipe and South Africa has been the main supplier. Indications are that Canadian crude asbestos sales for the year 1956 will prove to be the highest since 1953.

Other commodities shared in the impressive gain achieved by Canadian exports. For example, the Central Electricity Board of the Federation bought its first steel-reinforced aluminum cable from Canada—a sale worth about $95 thousand. Sales of fresh apples were up $19,500, more than double exports for the first eight months of 1955. Canned salmon, medicinal roots (mainly ginseng), synthetic resin manufactures, and hand saws also made gains during this period. Orders have been placed for two diesel locomotives for the Christmas Island phosphate industry and for a sample number of power lawn-mowers.

Other Canadian exports to Malaya have not fared as well. Sales of milk products dropped to practically nothing—a loss of $70,500—because of competition from the Netherlands. Canadian newsprint shipments were down to only $45,000 for the first eight months of 1956, but with an improved supply and price position, sales to this market will no doubt increase once more.

Import Duties Changed

Several changes in import duties during 1956 are worth study by Canadian firms selling here. The initial registration fee on all passenger automobiles entering Singapore and the Federation has been increased by 10 per cent of the c.i.f. port of entry value. In addition, new and higher customs duties have been imposed on a wide range of goods coming into the Federation. Among the products affected are air conditioning and refrigerating machinery, brass, bronze and copper manufactures, chocolates, sweets and confectionery, clocks and watches, table cutlery, electrical motors and appliances, fresh and dried fruit, furniture, glass, precious metals and stones, jewellery, plastic household and kitchen utensils, leather, canned meats, metal sheets, fountain pens, office machines, gasoline, paints, ginseng, sewing machines, soaps and detergents, textiles, sheets of plastic or impregnated with plastics, clothing, thread of synthetic monofilaments, rope and twine, radios, phonographs, records and musical instruments, exposed cinéfilm, and weigh scales.

Canadian exports to Singapore and the Federation of Malaya should keep on gaining, provided prices for rubber and tin remain good. Since Singapore is a free port, Canadian exports (although they receive preferential tariff treatment in the Federation of Malaya) must compete with supplies from the rest of the world. Competitive products are sold aggressively by sources closer to the market who can produce at lower cost. However many Canadian products are being sold successfully here. Prospects appear bright for canned fruits and vegetables, newsprint, tinplate waste, steel, construction, mining and logging machinery, tractors, and selected chemicals.

Interested exporters should note that importers prefer quotations c. and f. or c.i.f. Singapore and in U.S. dollars. F.o.b. prices are of little value, because local steamship agents are not usually authorized to quote firm rates for inward shipment. Competitive quotations usually mean a good opportunity for sales. ●

British Borneo

Market in this area is small but economic development projects are going ahead. Traditional trade patterns changing but Canadian exporters should continue to sell goods in most cases through local branches of Singapore firms.

W. G. HUXTABLE,
Assistant Trade Commissioner, Singapore.

THE BRITISH BORNEO TERRITORIES—North Borneo, Sarawak, and Brunei—have a total population of only one million people, who live simply and do not form a large market. Nevertheless, because there is practically no manufacturing in this area, they must import practically all the food, clothing, machinery and building materials which they need. Many of these supplies are brought from stocks in Hong Kong or Singapore but some of the importing firms now bypass the traditional entrepôt trade centres. Dollar goods, many of which cannot be imported directly, still may be purchased through Singapore and Hong Kong.

A comparison of Hong Kong export statistics with those of Singapore shows that, although the total trade of the territories with Hong Kong is increasing, Singapore's share of the trade is still eight times as large. This pattern may change: Labuan in North Borneo has now been declared a free port and its facilities are being improved and extended. For the immediate future, however, established trading and agency arrangements with Singapore and Hong Kong will retain their traditional importance.

Chinese Handle Trade

Most consumer goods are handled by Chinese merchants who usually draw their supplies from European agency houses. Many of these merchants combine with their selling the purchase of crude rubber and other produce. In the interior they often provide lodging in their shops for tribal customers, acting not only as suppliers but also as bankers for them. This system has resulted in the building up of a large trading group, in which each member has his set of continuing customers but does not deal in specialized lines. In the more progressive areas, specialized traders are appearing and the traditional pattern is changing. Such specialization in textiles, electrical appliances, and other lines is encouraging some local firms to bypass the agency houses and seek direct connections overseas. But, since the market is so small, Canadian exporters are advised to sell their goods through the local branch of a Singapore firm.

Development Being Pushed

Several development projects in this area promise well for the future. In Sarawak, for example, where the rivers have provided the chief means of transport, a program of road building is going forward, and efforts are being made to diversify agriculture, now mainly based on rubber. Output of pepper, Sarawak's second export, is being affected by pepper disease and measures to combat it are being studied. The presence of malaria in the interior has handicapped Sarawak's progress but anti-malaria measures may soon eliminate the disease completely.

North Borneo's current development projects are directed to improving communications. Road mileage is increasing at a rate of 20 per cent a year and Labuan airfields can now handle the large aircraft which fly international routes. Telecommunications engineers have designed a very high frequency system to cover the whole country; a repeater station at the 7,000-foot level on Mount Kinabalu will make it possible to connect every important centre into the system. Replanting of rubber trees, livestock improvement and irrigation schemes are going ahead.

Brunei, the smallest of the three territories, depends on oil exports for its income. Development here also aims at improving communications and agriculture. Oil drilling from platforms 26 miles off shore, and supplied by helicopters, is a current project.●

Indonesia

Expected trade deficit in 1956 forced introduction of revised system of import surcharges in September to keep down purchases abroad; effort being made to stimulate exports. Trade with Canada down slightly and increase unlikely until the Indonesian financial position improves.

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

BUSINESS CONDITIONS IN INDONESIA showed little improvement during 1956. The tight money and credit policy was relaxed and goverment borrowing increased; an adverse trade balance developed, accompanied by a decline in the foreign exchange reserves. The year was also marked by the negotiation of credit agreements with Czechoslovakia and the Soviet Union and of several new trade agreements (in particular with Mainland China, Czechoslovakia, and the Soviet) and by the renewal of existing agreements with Sweden and India.

In the face of labour difficulties and unsettled conditions in many areas, agricultural output was maintained at about the 1955 level. Industrial production, on the other hand, rose slightly, although textile output lagged behind. A new caustic soda plant went into operation and a $16-million-dollar cement plant at Gresik will be producing early this year. Two oil companies have plans to spend about $150 million on developing oil concessions.

Five Year Plan Proposed

During the year, a Five Year Plan (1956-60) was submitted to Parliament and is awaiting approval. The Plan proposes an expenditure of 12,500 million rupiahs*, divided as follows: power and irrigation 3,125 million, industry and mining 3,125 million, communications 3,125 million, agriculture 1,625 million, and education and social projects 1,500 million. Some 11,500 million is expected to come from government revenues, bond issues and bank loans and about 1,000 million from foreign aid and loan programs.

* 11.40 rupiahs=$1.00 Canadian.

About 4,688 million rupiahs will be needed in foreign exchange.

In the hope of attracting more foreign capital, a foreign investment bill was submitted to Parliament, outlining the fields in which private capital will be permitted to participate. It makes provision for certain periods during which foreign enterprises will not be nationalized; for land rights for industry and estates, for the employment of foreign personnel, and for taxation and the transfer of capital. The Act is to be implemented by a Council of Foreign Investment which is expected to have wide powers in determining and stipulating conditions of foreign investment.

Financial Problems Continue

The easing of the tight money and credit policy meant that the Government resumed its heavy borrowing from the Bank of Indonesia. These borrowings rose from 4,075 million rupiahs at the beginning of 1955 to 6,021 million on November 14th. During the same period (and despite a decline in the first half of the year) money in circulation rose from 10,139 million rupiahs to 10,313 million. Gold and foreign exchange holdings, which stood at 2,916 million as the year began, fell to 1,471 million by July 25th and then rose to 2,384 million by November 14th. The gold coverage of the rupiah fell below the 20 per cent required by law and was reduced to 15 per cent for a three-month period by an emergency amendment to the Bank of Indonesia Act. Indonesia also bought $55 million in U.S. dollars from the International Monetary Fund and shortly after, the gold coverage rose to over 20 per cent. On November 14th it stood at 23·14 per cent.

The 1956 budget showed a deficit of 1·2 billion rupiahs; ordinary revenues are expected to cover normal expenditures but not capital spending. The Government hopes that the remainder will be forthcoming from foreign loans and from sales of U.S. surplus agricultural products, worth the rupiah equivalent of $97 million. The loan of $100 million from the Export-Import Bank, Washington, is just about exhausted and Indonesia is expected to apply for another one.

Trade Deficit Expected

The Government expects a trade deficit for 1956, in contrast to the surplus in 1955. This deficit results from a large increase in imports—particularly of rice, flour, textiles and salt—and a decrease in the volume of exports of tea, rubber and other agricultural products. (Shipments of petroleum and tin have held up well.) For the first nine months of 1956, exports reached a value of 7,208 million rupiahs and imports totalled 7,336 million rupiahs, resulting in a deficit on the balance of trade of 128 million rupiahs. In the same period of 1955, the trade surplus stood at 2,470 million rupiahs.

The weaving of hats from pandan fibre is one of the handicrafts practised by Indonesian women. Here a group from Singaparna are pictured, busy at this traditional task.

In an effort to improve the trade balance by stimulating exports and restricting imports, the Government reinstated the export inducement system and introduced a revised system of import surcharges. The export inducement system provides bonuses in the form of negotiable foreign exchange certificates saleable in the open market; these bonuses range from 3 to 20 per cent of the f.o.b. value of many commodities. The certificates may be used to import certain specified goods, some of which were previously prohibited entry. They may also be used for foreign travel.

The revised import surcharge system came into force on September 3rd. Imports, formerly divided into four categories, were reclassified into nine categories, with surcharges ranging from none for certain essentials to 400 per cent for specified luxuries. In addition, products which can only be imported through the use of inducement certificates are subject to a lower import surcharge than similar goods imported with regular foreign exchange.

It will be several months before the effect of the new regulations can be assessed. Early indications are that the export inducement system may not be proving a success. The policy of import restriction is expected to be reflected in a decline in imports during the last half of 1956, even though many import licences issued before September have not yet been used.

Points on Trading with Indonesia . . .

1. *All imports into Indonesia are subject to control. The granting of an import licence automatically carries with it approval of the necessary foreign exchange. The Indonesian authorities consider prices and delivery times in approving import licence applications.*

2. *Quotations should be f.o.b. vessel, plus a separate item for ocean freight from the seaport to Indonesia. This is essential because the importer must show these items separately in his application for an import licence. Quotations should be firm for four to six weeks, the usual length of time to process an import licence application. Unless specifically requested it is not necessary to quote marine insurance rates.*

3. *It is prefereable to quote in United States dollars because the banks in Indonesia do not have current rates of exchange for Canadian dollars.*

4. *Goods must be carefully packed because they may be subject to careless handling on the docks or to pilferage. Import licence numbers should be marked on the outside of the shipping containers.*

5. *Indonesia is a price rather than a quality market and it is advisable to make the lowest possible quotations. Because of the extremely high import surcharges for luxury goods, Indonesia is a very small market for such products.*

6. *Indonesia uses the metric system of weights and measures. Offers should be based on this system.*

7. *All correspondence should be sent airmail. This also applies to catalogues. Seamail from Canada takes up to two months to arrive in Indonesia.*

The pattern of Indonesia's foreign trade has changed little during the year; Singapore, the Netherlands, the United States, the United Kingdom, Japan and West Germany continued to be its chief markets. Principal sources of supply were Japan, which has moved up into first place, the United States, the Netherlands, West Germany, and the United Kingdom.

Canada's trade with Indonesia since the war has not been large; exports and imports combined average about $2 million a year, and this level bids fair to be maintained during 1956. (A large proportion of the trade continues to be handled through export-import houses in New York.) It is too early to decide what effect the new import regulations will have on trade between Indonesia and Canada. From January-September 30, 1956, Indonesia imported $560,569 worth of goods from Canada, compared with $712,142 worth in the same period of 1955. Canadian products exported to Indonesia included motor vehicles and parts ($142,219); gas engines and parts ($124,549); sparkplugs ($61,794); sulphite pulp ($46,455); steel plates, sheets and strips ($42,008); tractors ($30,506); shoe machinery ($28,476); newsprint paper ($25,-112); polystyrene and other synthetic resins ($16,264), radio-receiving equipment ($14,188), and asbestos brake lining ($10,530).

Indonesia's exports to Canada for the first eight months of 1956 totalled $667,260 compared with $859,589 in the corresponding period of 1955. The chief commodities shipped included crude rubber ($353,000), palm oil ($135,725), tea ($66,098), kapok ($54,481), cigar leaf ($16,399), pepper ($14,587), sago and tapioca ($11,920), and hard fibres ($5,645).

There is little likelihood that total trade between the two countries will increase much next year, but Canada's sales to Indonesia may rise slightly.●

Help for the Business Traveller

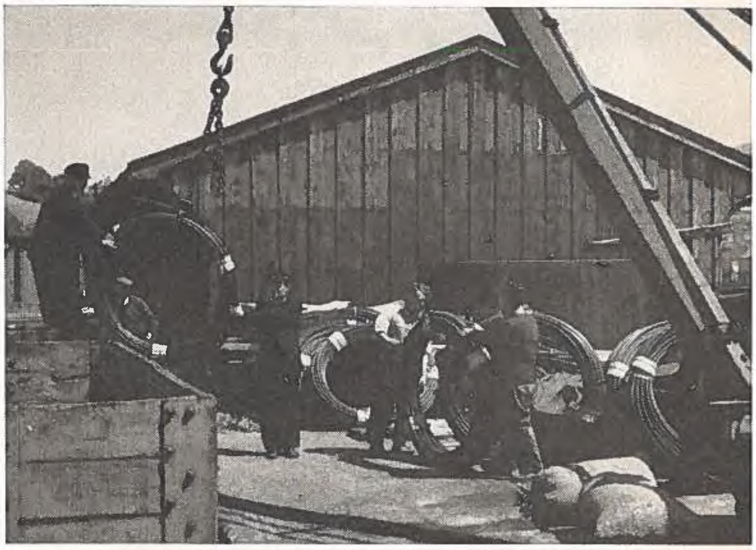
The businessman travelling abroad will find that the Canadian Trade Commissioners can do much to make his trip more pleasant and profitable —provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often, Canadian businessmen fail to take full advantage of the Trade Commissioners' help by dropping in on them without warning.

If you think the Trade Commissioners can help you, write at an early stage in your planning to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and tell it whether you would like the Trade Commissioners in the countries you will visit to collect information in advance, to reserve accommodation, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation.

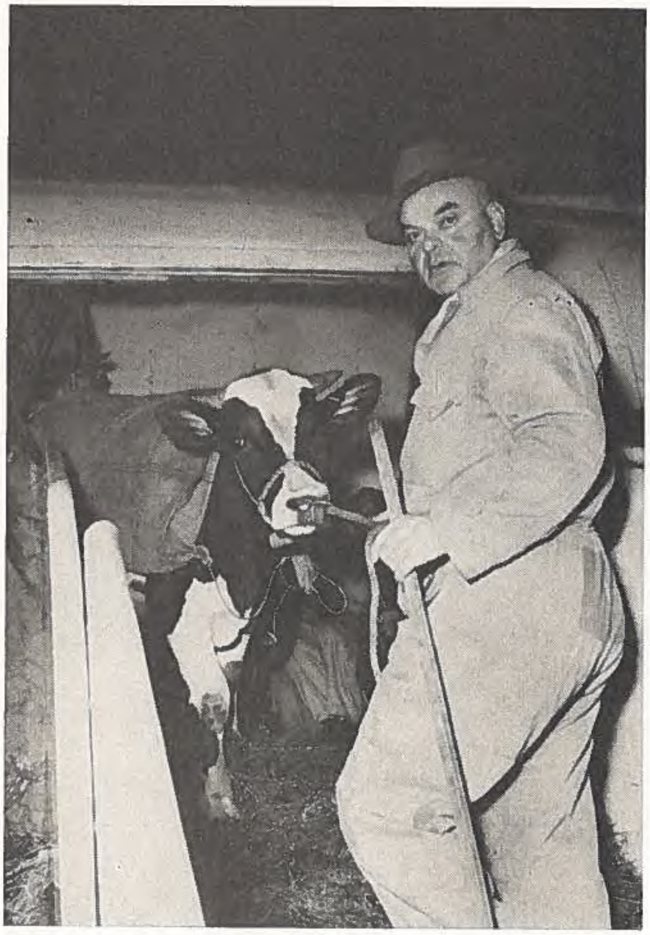
Canada in Foreign Markets

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

In Japan—The first shipment of Canadian crude oil to Japan is unloaded at Yokkaichi Pier from the "Battle Rock". This spot sale may lead to more frequent shipments in the future.



In Ireland—The photograph shows workers at Bantry Railway Station, Co. Cork, unloading part of 21 tons of Canadian machinery and drilling equipment for an Irish copper mine.



In Italy—Rosafe Shamrock Bruce, pedigreed Canadian Holstein-Friesian bull, steps down the ramp at Malpensa Airport, Milan. He is one of three Holstein-Friesian bulls bought from Canadian breeders by the Istituto Sperimentale Italiano, (total price, $43,000) for artificial insemination projects.

In Singapore—Waiting for a bus, these villagers welcome the protection from the hot eastern sun which this shelter provides. Its roof is reinforced with Canadian asbestos fibres.

Sweden Plans Atomic Future

Dependence on imported fuel for heat and power is sparking Swedish interest in atomic power plants; plans for reactors are moving forward. Canadians will watch Swedish developments with interest; may mean trade opportunities for our nuclear products industry.

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

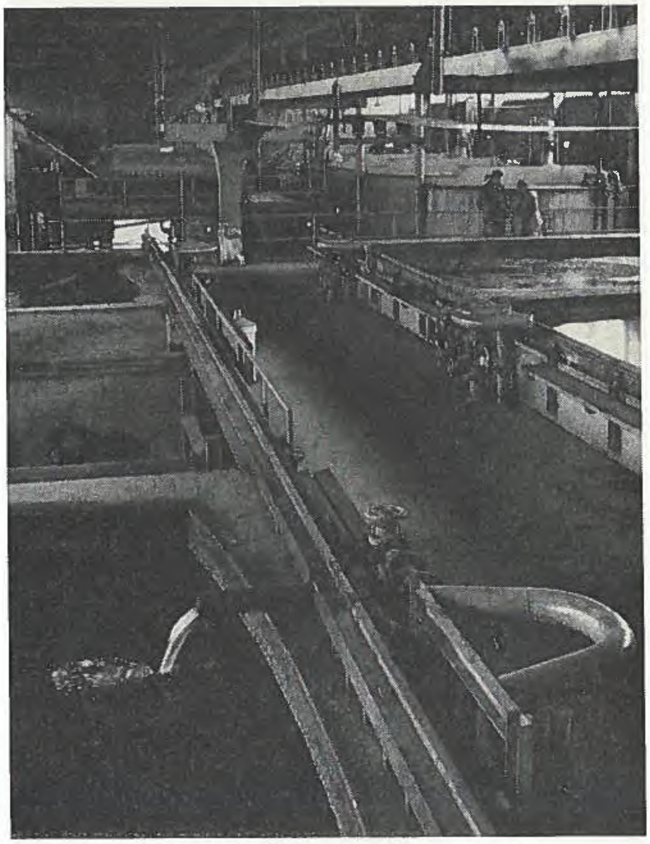
CANADA'S EXPORT TRADE WITH SWEDEN may one day benefit from the growing interest in atomic energy here. Already the Swedes are inquiring not only about supplies of fissionable materials from Canada, but also about the application of atomic products to industry. And they are anxious to import exploration equipment to assist in developing radioactive mineral resources.

Power Problem Acute

The vital role proposed for atomic energy in Sweden stems from the steady increase in power consumption and the approaching limit on domestic sources of energy. Today Sweden must import about 70 per cent of fuel needed for heat and power, which means a heavy drain on foreign exchange earnings. If the present rate of expansion is maintained, it is estimated that Sweden will consume in 1965 the equivalent of 32 million tons of coal. This estimate is based on a probable increase in iron and steel production from 1·4 million tons in 1955 to 2·1 million 1965, a rise in wood pulp production from 2·8 million to 3·8 million tons per year, and of paper from 1·4 million to 2·3 million tons. Overall industrial production is expected to rise by about 30 per cent. In 1955, oil imports reached 7·5 million tons, followed by coal (3·1 million tons), and coke (2·4 million tons). Power production from domestic sources is provided by hydro power and firewood. Although domestic power resources could be developed somewhat further, Sweden would still become more and more dependent on imported fuel.

Atomic Power the Solution?

One proposed solution to this power problem is the construction of atomic energy reactors. Already one



—Svenska Dagbladet.

The extraction of uranium from low-grade shale is carried on in a plant at Kvarntorp, Sweden. The pulverized shale is leeched and diluted with sulphuric acid in huge vats, to obtain uranium oxide to be converted into uranium metal.

small experimental reactor has been built near Stockholm and a second material-testing reactor is planned for the near future. Within the next ten years, five or six atomic energy stations for central district heating are scheduled for construction. An atomic power plant for electricity production is to be completed in seven years, followed by two larger installations before 1970.

It seems probable that the next reactor to go into operation in Sweden will be the material-testing reactor at Studsvik; it will be of the enriched uranium, ordinary water type and will be purchased abroad. If so, atomic scientists in Sweden (some of whom have been recruited in Canada) will be able to concentrate on the industrial projects now under consideration. These include a station of 90 megawatts at Forsta, outside Stockholm (to be completed in 1960), which will provide domestic heating for 50,000 residents in the Stockholm suburbs. Eventually it will be transformed into a station of 77 MW thermal energy and 13 MV electricity. It will also serve as an experimental plant and instruction centre.

Plans submitted by the State Water Power Board cover construction of a heating station of 75 MW in Västerås, also to be completed by 1960, and an atomic power plant of 100 MV capacity. Even the larger atomic power stations are envisaged for construction from 1961-1966.

The organization responsible for the direction of atomic development in Sweden is AB Atomenergi (Swedish Atomic Energy Company), jointly owned by the Government and private industry. This company has asked for Swedish Kr.68·4 million in the budget for the fiscal year 1957-58. The 1956-57 allotment was Swedish Kr.37 million and a supplementary grant of Swedish Kr.15 million was requested. Research and construction are carried out in co-operation with public and private producers and industry—for example, the firm known as ASEA, a large manufacturer of electrical equipment.

Private power and mining companies are also interested in atomic energy and have formed a joint research company, Atomkraftkonsortiet Krangede & Co., to study the application of atomic energy to power production. Private organizations are also interested in the use of atomic power for ship propulsion.

Uranium Extraction

Spurred by the drive for self-sufficiency which is encouraged by the Minister of Trade, Sweden has embarked on a program to extract uranium from the low-grade shale deposits which constitute her only substantial known source of uranium. Although the cost of extraction is high, the deposits are fairly large and it is estimated that at least 150 thousand tons of uranium could be extracted, assuming an average of 100 grams of uranium per ton of ore. Present production is only five tons of uranium per year. The extraction plant at the shale deposits at Kvarntorp produces a concentrate containing about 30 per cent uranium. This concentrate is refined into uranium oxide at plants in Stockholm, and this is then converted into uranium metal of nuclear purity. The material for the first experimental reactor was imported from France in exchange for the equivalent in uranium oxide. Because of the high cost of extraction, it is unlikely that Sweden will ever become a competitive exporter of nuclear pure uranium metal. Exploration for new and richer deposits of uranium ore continues, offering a present and potential market to Canadian manufacturers of detection and development equipment and instruments. United Kingdom and West German firms are already active in this market.

Despite the progress already made in Sweden, the fundamental decision between self-sufficiency and dependence on imports of enriched uranium has yet to be taken. Nuclear weapons are also under study by the Swedish armed forces, but no arrangements have yet been made to procure these abroad. A recent press report states that atomic weapons could be manufactured in Sweden within five years if they were not available from the West.

Co-operation with Other Countries

On August 3rd a supplementary agreement to the treaty signed earlier between Sweden and the United States on the use of atomic energy for peaceful purposes was concluded. This new agreement increases to 12 kilograms the quantity of enriched uranium (U 235) which can be exported to Sweden as reactor fuel, and provides also for the possibility of Sweden obtaining small quantities of U 233, U 235 and plutonium for research purposes. But Swedish co-operation with the United States does not preclude interest in atomic research undertaken by the Communist bloc. In April seven Swedish scientists visited Moscow at the invitation of the Russian Academy of Science and received technical information of a type which was not revealed at the Geneva Conference. Commenting on Russian nuclear research capacity, one of the Swedish scientists stated: "They have jumped over a number of stages of development which in other countries would have been studied first . . . We ought to think about that ourselves."

The manner in which Sweden chooses to meet her need for atomic energy will have significance for the Canadian nuclear products industry and for the country as a whole, because the Swedish course of development could well set a useful example for future applications of atomic power in Canada.●

Commodity Notes

Australia

MEDICAL EQUIPMENT—Several Australian manufacturers of medical equipment, such as X-ray machines, sterilizers, surgical instruments, and hospital equipment, have formed the Australian Medical Export Company to develop their export trade, mainly to South East Asia. The company was formed following a successful business visit to that area by a Melbourne manufacturer of medical equipment.

The new company also plans to buy medical equipment made by firms outside the group, and will be able to offer overseas buyers a complete range of medical and surgical supplies through one export house. It will also provide advanced technical training for students from Asian countries in the operation and use of Australian equipment—Melbourne, Dec. 17.

COPPER ORE—A trial shipment of about 100 tons of copper ore has gone from Geraldton, Western Australia, to Japan through British Metals Corporation (Aust.) Pty Ltd. Mined at Wiluna, the ore was rich, with a metal content of 20 per cent. It is hoped to export another 500 tons late in December—Melbourne, Dec. 17.

Austria

COPPER—Austria's copper ore output declined to 159 thousand metric tons in 1955 from 175 thousand tons in the preceding year, and to 73,700 metric tons in the first half of 1956, compared with 82,600 tons in the corresponding period of last year. Imports of raw copper increased from 5,775 metric tons in the first half of 1955 to over 6,000 tons during the first six months of 1956. During the same period, exports increased to 929 tons from 511 tons. Imports of electrolytic copper are also reported to be rising, while exports declined slightly—Berne, Dec. 12.

Chile

COPPER—An official statement made by the Copper Department of the Chilean Government indicates that during the first ten months of 1956 production by the large copper mining companies totalled 360,827 metric tons compared with 337,167 metric tons for the same period in 1955, an increase of 7 per cent. Total production for the whole of 1956 is expected to reach 440-450 thousand tons. The greater production is attributed to large investments in new machinery and equipment—Santiago, Dec. 13.

Denmark

BEER, FRUIT WINE—Total alcohol consumption in Denmark decreased by 3 per cent in 1955. The decline was greater for imported and Danish spirits; imported wine fared better. Beer consumption was almost unchanged. Exports of beer and Danish fruit wine rose sharply.

According to the Statistical Department, the production of spirits totalled 12,589,000 litres, 100 per cent alcohol, in 1955, compared with 12,755,000 litres in 1954, and almost all of it was sold. Sales of schnappes fell from 1,441,000 litres to 1,270,000 litres; distilled spirits rose from 7,825,000 litres to 8,395,000 litres.

Beer output increased by 5 per cent; the largest increase was in luxury beer and weak beer. Beer exports totalled 440 thousand hectolitres in 1955 compared with about 325 thousand hectolitres in 1954.

The decline in consumption of fruit wine during the last few years was almost checked in 1955. Exports of the wine totalled 644 thousand litres in 1955, compared with 466 thousand litres in 1954—Copenhagen, Dec. 28.

Finland

VANADIUM—Production has begun at the Otanmäki mine's vanadium factory. Capacity will be doubled by the end of this year. The Otanmäki mine relies on comparatively rich magnetite-ilmenite ore deposits found in the centre of Finland. The vanadium is contained in the magnetite concentrate, assaying 0·5 per cent vanadium. Laboratory experiments carried out in 1954 suggested a new production process, the results of which were later confirmed by a pilot plant constructed the same year. Finland is now the first large-scale producer of vanadium in Europe to deliver this product from its own ore deposits—Stockholm, Dec. 17.

France

AUTOMOBILES—Although France suffered an adverse balance of trade in 1956, automobile exports did increase; passenger car exports by the end of June were 33 per cent above those of 1955.

Exports in the first five months of 1956 (to countries other than the French Union) totalled 57,300 units, compared with 44,700 units during the same period of 1955. Altogether, France is exporting 22·5 per cent of its total automobile production. Major markets are: Belgium-Luxembourg, Spain, Switzerland, Sweden, Australia, Austria, the United Kingdom, West Germany, the United States and the Netherlands.

Exports of French automobiles to the United States have increased from only 885 in 1953 to 3,803 in 1955—Paris, Dec. 20.

India

SOAP—In an effort to conserve edible oils, the Indian Government has drawn up a program for the manufacture of soap from non-edible oils on a cottage industry basis. Some 165 compact oil-crushing and soap-making units of three different sizes are to be set up, in addition to 67 units previously approved. Oil from the leaves and bark of the "Neem" tree (melia azaderach) will be the main raw material although experiments will be made on the suitability of other oils. This undertaking will employ 100 thousand workers in the setting-up stage and provide permanent full-time employment for 4,000—New Delhi, Dec. 10.

Italy

HELICOPTERS—An Italian firm is building a new type of helicopter which will carry 14 to 16 persons or the equivalent weight in freight. The company recently signed a contract with the French Government to build 52 "Bell 47" helicopters, in addition to the 125 helicopters France ordered in 1955. Today, Italy is the second largest exporter of helicopters in continental Europe—Rome, Dec. 18.

Netherlands

NEWSPRINT—The Minister of Economic Affairs has consented to an increase of 3½ per cent in the ceiling price of Netherlands newsprint; the ceiling price has been in effect since December 1, 1955. The Minister has also announced that agreement has been reached between the paper industry and the press on the price of newsprint and the quantities to be supplied. The slight increase will not affect the newspaper subscription rates—The Hague, Dec. 21.

Norway

FISH—Total value of exports of fish and fish products in 1956 is expected to reach 700 million kroner, higher than that of any previous year. This figure does not include exports of herring meal and other refined products. The value of fish and fish products exported during the first three quarters of the year totalled kroner 553 million, compared with 530 million during the same period of 1955—Oslo, Dec. 28.

Sweden

IRON ORE—Iron ore production set a record in 1956, and prices also rose sharply. Production of export grades was expected to reach 17 million metric tons, (15·3 million in 1955) and production for domestic consumption approximately 2·4 million (2·1 million in 1955). However, output was not sufficient to meet demand and it was necessary to reduce stocks, which on October 31 were at a bottom level of 1·01 million tons of export qualities, compared with 1·55 million on the same day in '55. Domestic stocks were also reduced from 0·54 to 0·49 million tons—Stockholm, Dec. 17.

DECORATIVE HARDBOARD—A Swedish company has introduced a new type of decorative hardboard in ⅛" thickness made from specially manufactured pulp and pressed by the dry method. The board is made in six different patterns and is finding a good market in most countries. This type of board is principally used for lining halls, kitchens, offices and restaurants—Stockholm, Dec. 13.

United Kingdom

CHEMICALS—Imperial Chemical Industries Limited is raising £40 million (about $108 million) by a stock issue to expand its capacity. The new issue is part of expansion plans that will cost £160 million (about $430 million). The organization's activities in the United Kingdom depend on coal and rail rather than on oil and road. It uses upwards of 300 thousand tons of petroleum a year as raw materials for chemicals and about 100 thousand tons for transport and fuel, plus some five million tons of coal—London, Dec. 19.

Trade and Tariff Regulations

Bolivia

FREE ECONOMY DECREED—On December 16, 1956, by a series of sweeping decrees, the Bolivian Government abolished all price controls, import permits and foreign exchange regulations. A new import tariff was established which applies to all imports except those under government contracts and the Petroleum Code.

Except for wage increases, which have been granted to compensate for the abolition of subsidized commissaries, workers' salaries and wages are frozen for one year.

The Central Bank has established a new single fluctuating exchange rate at which all public transactions will be carried out. It will be possible to purchase dollars freely at this rate from the Bank.

Specific details of these decrees may be obtained from the International Trade Relations Branch—Lima, Dec. 20.

Finland

IMPORT LICENSING TIGHTENED—We reported in the February 4, 1956, issue of *Foreign Trade* that certain dollar imports were being admitted more freely into Finland. Under this measure, import licences were generally granted for various listed products imported against payment in all currencies, including dollars, provided their prices, quantities and qualities were reasonable. Readers may recall that the relevant list included certain goods of interest to Canadian exporters, such as primary aluminum, nickel and zinc, various chemicals, fire bricks, sparkplugs and some other products.

However, new restrictions have now been applied to these listed products from December 14, 1956, until April 1, 1957. During this period, the Finnish authorities will grant import licences for them only to a maximum of 20 per cent of the amount of licences granted in the 12 months from December 1, 1955, to November 30, 1956. The new restrictions apply to imports of these goods against all western currencies—Stockholm, Dec. 21.

Indonesia

SOME IMPORTS PROHIBITED—The Ministry of Economic Affairs announced on December 12, 1956, that import of the following 35 commodities has been suspended because local production of them is sufficient for domestic needs.

Rulers, including double decimeter rulers, with the exception of scale-rulers and drawing-wings
Exercise books
Frame covers and saddle bags
Blackboards
Parangs (knives)
Beer
Manufactured paint for buildings and machinery, with the exception of marine paint for ships' exteriors and spraying paints
Chamois leather
Various kinds of textiles in accordance with a decree of the Minister of Economic Affairs, No. 9751/M dated July 1, 1954, as follows:

(a) coloured woven sarongs, finished as well as unfinished
(b) piece goods, printed "slendangs" and long "kains", (kain pandjang), finished as well as unfinished
(c) closely woven piece goods of knitted weave of which 90 per cent or more of the yarn is coloured and woven in a regular pattern, or piece goods similarly printed
(d) closely woven piece goods, checkered and of one colour, woven or printed, whether or not the checks partly or wholly are of equal size or of equal shape (ginghams, etc.)
(e) Piece goods which have the appearance, wholly or mainly of "kains" produced in Indonesia, with designs of local traditional nature, whether these designs are original or new designs based thereon

Mantles for pressure lamps
Washing blue
Maizena flour
Bicycle chain covers (oil baths) of all kinds
Manila and sisal rope
Canvas goods, such as tents, sunshades, etc.
Sandals
Trunks made of wood, iron or leather
Dry batteries for flashlights
Matches
Hoes (patjols), forks, and picks
Bandaging gauze and medicated cottonwool
Cardboard holders (protectors) for toothpaste tubes
Sealing wax and wax for bottles
White ceramic wall tiles
Bicycles over 17 inches high (frame)
Saucepans

Casseroles
Non-electric irons
Cigarette paper in book form
Radio receivers built in consoles, cabinets, or cases, or for which the f.o.b. value exceeds Rp. 550
Turpentine
Strawboard under No. 100
Complete (fully assembled) trucks
Complete (fully assembled) motorcycles
Corned beef, ham sausage and liverpaste

—Djakarta, Dec. 26.

Iran

CANADA ACCORDED MOST-FAVOURED-NATION TREATMENT—The Chief of the Economic Division, Ministry of Foreign Affairs, announced on December 11th that the Government of Iran has agreed to accord most-favoured-nation treatment to Canada, effective from September 5, 1956. The notification states that, since the Canadian Government has been granting low tariffs on Iranian goods entering Canada, the Council of Ministers has decided to accord to Canadian goods the same treatment given those from the United States. The General Department of Customs, the notice continues, was advised to give effect to the above decree as from September 5, 1956, and to continue to do so as long as the Canadian Government accords favourable treatment to Iranian goods entering Canada.

Canada has accorded most-favoured-nation treatment to Iranian goods since February 1, 1951.

Ireland

IMPORT QUOTAS—The Republic of Ireland has now announced the quotas which will be issued during 1957 for imports from all sources of the following articles (the quantities to be permitted import are shown; for these articles, the quotas remain unchanged from the previous period):

Rubberproofed clothing: 1,000 articles.

Any completely or substantially assembled motor vehicle chassis without a body or body shell attached: 50 articles.

Certain completely or substantially assembled road vehicle bodies or road vehicle body shells, imported otherwise than attached to chassis: 50 articles.

Certain motor car body parts: 10 articles.

Certain hats, caps, hoods and shapes (costing less than 21/- each): 30,000 articles.

Certain completely or substantially assembled mechanically propelled vehicles: 26 articles.

The 1957 quotas for the following articles have been changed from those applicable in the previous period (the new and previous quotas are shown):

Certain boots and shoes (other than rubber): 80,000 pairs as against 60,000 pairs for previous twelve months' period.

Certain completely or substantially assembled motor car chassis with bodies or body shells attached: 54 articles as against 64 articles for previous twelve months' period.

The period fixed in all of the above cases extends from January 1, 1957, to December 31, 1957.

A licence issued in connection with any of the foregoing quotas does not obviate the necessity for a Payments Abroad (Import) Permit which the importer must obtain to secure release of exchange for payment for imports from dollar sources. The above goods may be purchased by individual importers to a value of £250 in each quarter, but the quotas set forth above may not be exceeded.

Malaya

IMPORT DUTIES INCREASED—The Budget presented in the Legislative Council of the Federation of Malaya on November 7, 1956, provided for substantial increases in the rate of duty on a considerable number of commodities. Under the Budget, some 50 tariff items are affected, increasing some 74 rates of duty. Items of interest to Canada are given below. (Where two charges are noted after a commodity, the first is the preferential rate to which Canada is entitled, and the second the general rate applicable to all other countries. Otherwise, the one rate applies to imports from all countries.) The Malayan dollar equals 31·25 cents Canadian at the current rate of exchange.

Commodities on which the rate of duty is increased include:

Air-conditioning and refrigerating machinery and parts, from 10 per cent to 20 per cent; brass manufactures, bronze and copperware, from 5 per cent to 10 per cent preferential, and from 15 per cent to 20 per cent general; canned fish, free to 10 per cent preferential and 7½ per cent to 15 per cent general; smoked salmon, 15 per cent to 20 per cent; canned fruit and vegetables, free to 10 per cent preferential and 10 per cent to 15 per cent general; cement, $4.00 to $6.00 per ton and $10.00 to $12.00; electrical goods, cooking and heating appliances, 10 per cent to 15 per cent; apples, pears, grapes and other citrus fruits, 6¢ per pound to 8¢ per pound; dressed leather, free to 5 per cent preferential and 5 per cent to 10 per cent general; tanned hides, 10 per cent to 15 per cent and 20 per cent to 25 per cent; canned meats, 15 per cent to 20 per cent; fountain pens and parts, 5 per cent to 10 per cent; pigments, paints and varnishes, 15 per cent to 20 per cent; textile piece goods and wearing apparel, from 10 per cent to 15 per cent and 20 per cent to 25 per cent; wireless sets, musical instruments, 15 per cent to 20 per cent and 20 per cent to 25 per cent; worked wood and synthetic substitutes, 15 per cent to 20 per cent.

Several commodities previously free of duty are included in the schedule of dutiable goods:

Cinematograph films, 5¢ per linear foot; other films, 10 per cent per linear foot; timber, planed, grooved or worked, 15 per cent; timber, sawn, 10 per cent; weighing machines, 15 per cent; plastic sheets and sheeting, 25 per cent.

Items which remain unchanged, include:

Dry cell batteries, 15 per cent and 25 per cent; other batteries, 15 per cent and 30 per cent; essential oils and flavouring materials, 25 per cent; household and kitchen utensils, 10 per cent; intoxicating liquors, various; linoleum and oil cloth, 15 per cent; medicinal preparations, 25 per cent; milk, condensed, desiccated or preserved, free and $4.00 per 100 lb.; milk compounds and mixtures, 15 per cent; sauces, 15 per cent; paper, various; tires and tubes, 10 per cent and 30 per cent.

The new budget provides also for an increase in the registration fee on motor vehicles of other than Empire origin, from 15 per cent to 25 per cent.

Pakistan

IMPORT POLICY FOR JANUARY-JUNE 1957—In a Public Notice dated December 12, 1956, the Chief Controller of Imports and Exports announced the list of goods for which it is proposed to issue import licences for the shipping period January-June 1957. Licences will be valid for shipments from all countries in the world, including Canada.

Commodities licensed for July-December 1956 and not to be licensed for the current shipping period include:

Arms; all sorts of cement, other than portland; unani and ayurvedic drugs; hair clippers; pressure lamps and parts; enamelled ironware, other than domestic; musical instruments, parts and accessories; old newspapers; living plants; vegetable and flower seeds; onion seeds, including onion; potato seed; artsilk yarn and thread; woollen yarn; woollen fabrics; razor blades; washing soap, flakes only; medicated soap; buttons, special types; all sorts of smokers' requisites; mechanical and educational toys.

Items not previously licensable but subject to licence for the January-June 1957 shipping period are:

Mustard oil seed; cotton yarn, fine counts only; tallow.

The complete schedule of licensable goods for the shipping period January-June 1957 is available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, Ontario.

Coming to Canada on Business

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

▶from Japan

KANJI NUNOME, President of Nagoya Boeki Shokai, which deals in chinaware and miscellaneous goods, will visit Toronto and Montreal from January 15 to 25. His forwarding address is c/o Enterprise Sales and Distributors Ltd., 30 Front Street W., Toronto, Ontario.

TOYOKICHI SHIMOTSUMA, President of Yamanaka Shoji Co. Ltd., interested in the distribution of metal utensils and industrial art works, will visit Toronto, Montreal and Vancouver from January 15 to 31. Canadian contacts are Myer Bald Ltd., 22 Front St. W., Toronto, and Canadian Premium Distributors Ltd., 366 Adelaide St. W., Toronto.

TOSHIO HATTORI, director and business manager of Fukaki Woollen Textile Co. Ltd., will visit Montreal, Ottawa and Toronto from January 24 to 26. Purpose of his visit is to make a survey of the market for woollen goods. His Canadian contact is Mr. T. Takenaka (Nichimen and Co.) c/o Brown & Co., 192 Bay Street, Toronto, Ontario.

▶from the Netherlands

J. JACOBSON, managing director of G. Litsche N.V. Handelmaatschappij, 21 Lange Voorhout, The Hague, wishes to contact buyers of European costume jewellery, men's jewellery such as cuff-links and tie pins, and men's and women's watchbands. Mr. Jacobson will be in Canada in February and March. Anyone wishing to contact him should get in touch with The Netherlands-Canada Chamber of Commerce, 708 Castle Building, 1410 Stanley Street, Montreal, Que.

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 Commercial Secretary	7th Floor, Berger House, 82 Elizabeth Street, SYDNEY	*Mail:* *P.O.* Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
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 K. G. Ramsay, Assistant Commercial Secretary J. R. Roy, Assistant Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 11-33-88
Brazil	V. L. Chapin, Commercial Secretary H. M. Maddick, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel:* 42-4140
Brazil	C. E. Butterworth, Consul and Trade Commissioner G. F. Osbaldeston, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
***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 A. P. Savard, Commercial Secretary	Canadian Embassy, Avenida Jimenez No. 7-25 Office 613, BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 30-065
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

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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 West Africa, Tunisia	R. Campbell Smith, Commercial Secretary for Canada 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
Germany	E. H. Maguire, Consul	Canadian Consulate, 69 Ferdinandstrasse, HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
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	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *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 Formosa, Cambodia Laos, Viet Nam, Macao	C. M. Forsyth-Smith, Canadian Government Trade Commissioner W. M. Miner, 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 J. H. Nelson, Assistant Commercial Secretary	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 40191
India	T. F. Harris, Canadian Government Trade Commissioner G. F. Mintenko, Assistant Trade Commissioner	Gresham Assurance House, Mint Road, BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 32968
Indonesia	W. D. Wallace, Commercial Secretary	Canadian Embassy, Djl. Budi Kemuliaan 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	Canadian Embassy, Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 846-824

Territory	Officer	City Address	Mail and Cables, Office Telephone
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Jamaica Bahamas, British Honduras	H. E. Campbell, Canadian Government Trade Commissioner	Barclays Bank Building, King Street, 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	C. J. Van Tighem Commercial Counsellor C. O. R. Rousseau, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	*Mail:* Apartado 126-Bis *Cable:* CANADIAN *Tel.:* 36-27-90
Netherlands	B. C. Butler, Commercial Counsellor W. R. Hickman, Assistant Commercial Secretary	Canadian Embassy, Sophialaan 5-7, 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 J. D. Blackwood, Assistant 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 *Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
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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

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South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	K. F. Noble, Canadian Government Trade Commissioner I. V. Macdonald, Assistant Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628
South Africa (Cape Province) Southwest Africa	A. W. Evans, Canadian Government Trade Commissioner	602 Norwich House, The Foreshore, CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Tangier	M. T. Stewart, Commercial Counsellor	Canadian Embassy, Edifico España, Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet, Commercial Secretary	Canadian Embassy, Strandvagen, 7-C, STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
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Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	D. B. Laughton, Canadian Government Trade Commissioner P. T. Eastham, Assistant 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)	H. L. Brown, Commercial Counsellor G. H. Rochester, Commercial Counsellor (Timber) D. A. B. Marshall, Commercial Counsellor (Agricultural) T. M. Burns, Commercial Secretary	Office of the High Commissioner for Canada, 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, Minister (Commercial) 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
Washington	H. A. Gilbert, Commercial Secretary D. H. Burns, Assistant Agricultural Secretary		

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen, Deputy Consul General (Commercial) C. R. Gallow, Consul and Trade Commissioner H. E. Lemieux, Consul and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY 20	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	F. B. Clark, 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 Avenue, 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, 1139 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 Genera 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	R. E. Gravel, Commercial Secretary A. G. Kniewasser, 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 $1·0465.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 4	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05339	18·73	(1)
		Free	·02597	38·50	
Austria	Schilling		·03696	27·05	
Australia	Pound		2·1455	·4661	
Belgium, Belgian Empire and Luxembourg	Franc		·01915	52·22	
Bolivia	Boliviano	Free	·01256	79·62	(17)
British West Indies	Dollar		·5587	1·79	(2)
	Pound		2·681875	·3729	(3)
	Dollar	British Honduras	·670218	1·49	
Brazil	Cruzeiro	Effective selling*			
		*Category I	·0213	46·99	*Dec. 14
		Category II	·0104	73·67	(4)
		Category III	·0010	107·22	
		Official buying	·01469	68·07	(5)
Burma	Kyat		·2018	4·96	
Ceylon	Rupee		·2011	4·97	
Chile	Peso	Free	·001803	554·63	(15)
Colombia	Peso	Basic	·3844	2·60	(7)
		Free*	·1439	6·95	*Dec. 24
Costa Rica	Colon	Official	·1711	5·84	
		Controlled free	·1447	6·91	
Cuba	Peso		·9609	1·04	tax 2% (4)
Czechoslovakia	Koruna		·1335	7·49	
Denmark	Krone		·1391	7·19	
Dominican Republic	Peso		·9609	1·04	
Ecuador	Sucre	Official	·06407	15·61	
		Free	·04167	24·00	
Egypt	Pound	Official	2·7594	·3624	(6)
El Salvador	Colon		·3844	2·60	
Fiji	Pound		2·4161	·4139	
Finland	Markka		·004178	239·35	
France, Monaco and North Africa	Franc		·002746	364·16	(8)
French Colonies in Africa	Franc		·005492	182·08	(9)
French Pacific	Franc		·01510	66·23	(10)
Germany	D Mark		·2289	4·37	
Greece	Drachma		·03203	31·22	
Guatemala	Quetzal		·9609	1·04	
Haiti	Gourde		·1922	5·20	
Honduras	Lempira		·4805	2·08	
Hong Kong	Dollar	Free*	·1547	6·464	*Dec. 21
		Official	·1676	5·97	
Iceland	Krona	Official	·05901	16·95	(6)
		Special selling	·0345	29·01	(11)
India	Rupee		·2011	4·97	
Indonesia	Rupiah	Basic	·08462	11·82	(12)
Iran	Rial	Certificate	·0127	78·83	
Iraq	Dinar		2·6906	·3717	
Ireland	Pound		2·6819	·3729	
Israel	Pound		·5339	1·87	
Italy	Lira		·001543	648·08	
Japan	Yen		·002669	374·67	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 4	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	·2998	3·34	
Mexico	Peso		·07688	13·00	
Netherlands	Florin		·2511	3·98	
Netherlands Antilles	Florin		·5060	1·98	
New Zealand	Pound		2·6819	·3729	
Nicaragua	Cordoba	Effective buying	·1456	6·87	
		Official selling	·1362	7·34	
Norway	Krone		·1345	7·43	
Pakistan	Rupee		·2011	4·97	
Panama	Balboa		·9609	1·04	
Paraguay	Guarani	Official	·01601	62·46	(6) (13)
Peru	Sol	Certificate	·05058	19·77	
Philippines	Peso		·4805	2·08	
Portugal & Colonies	Escudo		·03354	29·82	(14)
Singapore & Malaya	Straits dollar		·3129	3·20	
Spain & Dependencies	Peseta	Basic buying	·04388	22·79	(6)
		Basic commercial selling	·0585	17·09	
		Free	·02467	40·54	
Sweden	Krona		·1858	5·38	
Switzerland	Franc		·2242	4·46	
Syria	Pound	Free*	·2717	3·68	*Nov. 15
Thailand	Baht	Free	·04685	21·34	(6)
Turkey	Lira		·3432	2·91	
Union of South Africa	Pound		2·6819	·3729	
United Kingdom	Pound		2·681875	·3729	
United States	Dollar		·9609375	1·0465	
Uruguay	Peso	Free*	·2551	3·92	
		Basic buying	·6329	1·580	(6)
		Principal selling	·4386	2·28	(16)
Venezuela	Bolivar		·2868	3·49	
Yugoslavia	Dinar		·003203	312·21	(6)

* Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Tax of 10 per cent affects selling (import) rates only. Tax is based on official rate, and is therefore 1.88 cruzeiros per U.S. dollar.
5. Brazil: currency certificates auctioned for five import categories. Effective selling rate is official rate of 18.82 to U.S. dollar plus price of certificate. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product. Three rates shown cover bulk of transactions for auction.
6. Additional rates are in effect.
7. Colombia: stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: special selling rate applies to certain designated commodities.
12. Indonesia: basic rate applies to most exports and a few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 and 400 per cent depending on products.
13. Official rate applies to exports and essential imports. For non-essential imports there is a surcharge of 25 Guaranis per U.S. dollar.
14. Portugal: approximately same rate for Portuguese Territories in Africa.
15. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
16. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports will be divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which will apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.
17. Effective December 15th, the Central Bank has established a new single fluctuating exchange rate at which all public transactions will be carried out. It will be possible to purchase dollars freely at this rate from the Bank.

General Notes

Argentina

LIMITED RELEASE OF BLOCKED ACCOUNTS—The Argentine Central Bank has authorized banking institutions to transfer cash funds up to 50,000 Argentine pesos held in the name of individuals domiciled abroad to a "free account". In 1947 all savings, current and securities accounts deposited in local banks in the name of individuals with a foreign address were blocked by the Central Bank. The new measure permits such individuals to dispose freely of their cash balances up to the amount mentioned —Buenos Aires, Dec. 10.

British Guiana

SEARCH FOR SHRIMP—A prominent United States firm is searching the coastal waters of British Guiana for commercial beds of shrimp. Operating out of Georgetown, they are using three large fishing boats and a processing and storage vessel. It is understood that shrimp are being taken in many areas, but the concentration so far has been insufficient for a profitable large-scale operation—Port-of-Spain, Dec. 18.

Italy

STEEL ROLLING MILL—The widest (3,750 millimetres) steel rolling mill in Italy has just been completed and is beginning operations. This new mill, part of Italy's largest complete cycle steel works situated near Genoa, is especially suited to making heavy steel plates for shipbuilding. Thickness of plate produced ranges from 6 to 120 millimetres. The plant covers an area of 33,000 square metres, and its production capacity at present totals 10,000 tons a month—Rome, Dec. 21.

Japan

SILK INDUSTRY SCRAPS MACHINES—Under its rationalization program, Japan's Raw Silk Association will scrap about one-half of the 4,583 reeling machines not licensed by the Government. Scrapping of a further 20 to 30 per cent of the 61,703 licensed reeling machines, plus the remaining half of the unlicensed machines, is also being considered. The proposed reduction is due to take effect with the delivery season of the 1957 spring cocoons—Tokyo, Dec. 12.

South Africa

FISH FLOUR BROWN BREAD—Bakers in Cape Town are co-operating with the Department of Nutrition to make a brown bread enriched by the addition of a neutral fish flour. If the experiment proves successful, it is planned to make this type of bread throughout the Union. This would involve the production of an estimated 5,000 tons of flour a year from some 25,000 tons of fish. Each loaf of bread contains about 2 per cent of the fish flour—Cape Town, Dec. 14.

United States

OHIO COAL PIPELINE—A pipeline carrying coal by water pressure over a distance of 110 miles from Cadiz to Cleveland has been completed. It will carry about 1·3 million tons of coal a year for the Cleveland Electric Illuminating Company. The coal is crushed and mixed with water and then pumped through the underground line at a speed of three to four miles an hour.

Some coal industry leaders, concerned over rising rail freight rates, are dreaming of shipping millions of tons of coal every year through a network of pipelines. It was stated at a meeting of the American Coke and Coal Chemicals Institute that, "It is obvious that if you can pump coal 110 miles, you can pump it 1,000 miles if the economics justify such an installation. This Ohio line will be a 10¾-inch line; an 18-inch line, which is perfectly practical, could handle four to five million tons a year." A pipeline cannot compete, of course, with barge transportation which costs less, but if the Ohio pipeline proves economical, and if freight rates continue to rise, there may come a time when coal will be sent through a pipeline between inland points shorter distances apart—Detroit, Jan. 3.