CANADA

foreign trade

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cover (Top) Steam escapes through small-diameter bores at New Zealand's famous geothermal springs at Wairakei; (below, left) the crew of a tugboat on the Thames, historic commercial waterway, watch a coastal vessel pass below Tower Bridge; (below, centre) a Jamaican girl sorts out grapefruit fresh from the trees; (below, right) an African harvests tobacco, Southern Rhodesia's chief agricultural export. These pictures introduce our annual review of business conditions in the United Kingdom and in nineteen other members of the Commonwealth or the colonial empire. (See pages 2 to 40.)

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Canada's Trade with the Commonwealth

Last year Commonwealth countries bought about one-fifth of total Canadian exports—or more than a billion dollars worth of Canadian goods. Several features of this trade, in addition to its size, make it vitally important to Canada. These are discussed in this article, which also analyzes our imports from the Commonwealth in 1956.

R. R. PARLOUR,
Area Trade Officer for the Commonwealth.

BRITISH COMMONWEALTH COUNTRIES provided a billion-dollar market for Canadian goods in 1956. Canada's exports to the Commonwealth last year gained about 5 per cent over the 1955 figure and reached a value of $1,056 million—more than one-fifth of total Canadian exports and over half our exports outside North America. The accompanying table shows the greatest relative increases occurred in exports to Pakistan, the Union of South Africa, and the British West Indies, although the gain of $44 million in shipments to the United Kingdom was the largest in absolute terms. Almost the only declines came in exports to Australia and New Zealand.

On the import side, 1956 brought a 16 per cent increase in Canada's purchases from the Commonwealth, largely because of larger shipments of manufactured metal and textile products from the United Kingdom and a growing movement of bauxite and alumina from Jamaica and British Guiana to smelters in Canada. As in previous years, most of Canada's sugar imports came from the British West Indies, Mauritius, and other Commonwealth countries.

Main Markets for Canadian Goods

Nearly every category of Canada's exports to the United Kingdom in 1956 showed increases; the chief gains were in wheat, iron ore, aluminum and other metals, newsprint, drugs and chemicals, and canned salmon. However, there was a substantial drop in lumber sales as United Kingdom imports of softwood lumber from all sources declined, and stocks were consumed. Exports to South Africa were helped by the prosperity in that country, as well as by the absence of discriminatory controls against dollar imports. However, much of the gain resulted from a large sale of jet aircraft, an item which was not exported to South Africa in 1955. At the same time, there was a rise in sales of newsprint but some falling-off in lumber shipments.

Among the British West Indies markets for Canadian goods, British Guiana and Jamaica made the greatest gains during 1956. British Guiana's imports of Canadian flour increased sharply and purchases of Canadian potatoes, animal feeds, tobacco, fish, machinery and paint also went up. Jamaica increased her purchases of flour, fish, tobacco, automobiles, and machinery for the bauxite mining industry. The sharp gain in exports to Pakistan was occasioned principally by the provision of aid under the Colombo Plan and the main increases were in exports of contractors' equipment, locomotives, radio apparatus and wheat.

Sales "Down Under"

Exports to Australia and New Zealand were smaller than in the previous year but there are indications that the setback is temporary, and that the trend is still upward. Severe import restrictions maintained by Australia in 1956, plus uncertain business conditions, were largely responsible for the drop in Canadian sales to this market. However, Australia's balance of trade has shown marked improvement and prospects for the current year appear favourable. Principal Canadian exports to Australia in 1956 were motor cars and parts, lumber, newsprint, aluminum, asbestos, drugs and chemicals. The drop in Canadian sales to New Zealand was moderate, as locally produced newsprint and paper products began to displace imports from Canada and credit restrictions put a damper on imports of capital goods and lumber. But New Zealand's domestic economy and foreign trade appear to be healthy and prospects are for a gradual removal of import restrictions against dollar goods.

Characteristics of Commonwealth Trade

There is one aspect of Canada's trade with the Commonwealth which makes it even more important to us than the billion-dollar export total suggests. That is the relatively high proportion of manufactured goods among Canada's exports to the Commonwealth, particularly to those members other than the United Kingdom. The accompanying table shows the principal commodities which comprised more than 80 per cent of Canada's exports to the Commonwealth in 1956. It reveals that the United Kingdom purchased a wide range of goods from Canada, but with the emphasis on raw materials such as wheat, metals, iron ore and wood pulp. In contrast, other Commonwealth markets took a greater proportion of manufactured goods, including such major items as automobiles and trucks, aircraft and locomotives.

Commonwealth markets absorb a wide variety of manufactured goods from Canada in addition to those shown in the table and, although purchases of each may be relatively small, the aggregate represents important export business for many Canadian manufacturers. This trade includes such varied exports as the sale of machinery to the United Kingdom, farm implements to British East Africa, gas engines to Mauritius, watches to the Federation of Rhodesia and Nyasaland, synthetic resins to the Union of South Africa, chemicals to Ghana, pneumatic tires to Ceylon, fountain pens to Malaya and Singapore, whisky to Bermuda, textiles to British Guiana, canned and pickled meat to Barbados, paint to Jamaica, files and rasps to Trinidad, and iron pipes and tubes to Australia. Import restrictions imposed by Commonwealth countries in the post-war years have weighed particularly heavily on manufactured goods from dollar countries, but in spite of this obstacle, Canadian manufacturers have maintained a sizable interest in these markets. If the current trend towards trade liberalization in the sterling area con-

Commonwealth Trade in 1956

TRADE AND BUSINESS DEVELOPMENTS in Commonwealth countries are often forerunners of changes in the demand for Canadian goods or alterations in their restrictions against dollar imports. The broad picture in the Commonwealth during 1956 was one of gradual improvement in economic conditions, and with this, a slow but continuing progress towards removal of import restrictions.

In 1956 the trade of the United Kingdom displayed fundamental economic strength. While imports remained unchanged, exports showed a substantial increase, sparked by a 23 per cent gain in shipments to dollar countries. Sales to the United States achieved a record, with metal products, motor cars, aircraft, whisky and clothing contributing to the gain. By the latter part of the year, the United States had supplanted Australia as the United Kingdom's largest single market. Exports to Canada also turned sharply upward and gains were made in sales to Latin America, the British West Indies, India, Western Europe, the Soviet Union and Japan. The rise in exports was led by engineering products, including aircraft, ships and boats, railway equipment, and machinery. The Suez crisis in the latter part of 1956 had some unsettling effects but there are indications that the favourable trend is continuing.

The rest of the sterling area did not quite match Britain's substantial trade gains in 1956 but it did exhibit some improvement. Exports from other sterling countries during the first nine months increased in volume, although lower export prices offset most of this gain. Wool, rubber and cocoa earnings were lower; those for copper, lead, dairy products and wheat were higher. Exports from India, Pakistan and Ceylon fell during the first nine months, but South Africa, the Federation of Rhodesia and Nyasaland, Australia and New Zealand boosted their sales abroad. The two latter countries were helped by good shipments of wool and wheat.

Imports into sterling area countries tended to level off during the first three quarters of 1956 but they still remained above the 1955 figure. During this period, India, Hong Kong and the Federation of Rhodesia and Nyasaland reported larger purchases abroad and imports into West Africa, the West Indies, Malaya and Ceylon continued at a high level. Both Australia and New Zealand imported less than they did in the similar period of 1955.

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Canadian Trade with the Commonwealth

Exports

($000,000)

	1954	1955	1956
United Kingdom	653	769	813
Union of South Africa	40	56	65
British West Indies (including Bermuda)	41	42	49
Australia	46	58	48
India	18	25	26
New Zealand	15	22	18
Pakistan	9	6	11
Hong Kong	8	7	7
Rhodesia and Nyasaland	4	4	5
Malta	3	4	4
Malaya and Singapore	3	3	4
Ceylon	3	3	3
British West Africa	4	3	3
Other Commonwealth Countries	1	4	2
Total Canadian exports to the Commonwealth	848	1,006	1,056
Total Canadian exports to all countries	3,881	4,282	4,790

Imports

($000,000)

	1954	1955	1956
United Kingdom	392	401	485
British West Indies (including Bermuda)	53	55	64
India	28	35	31
Malaya and Singapore	20	29	29
Australia	25	26	26
Ceylon	13	16	17
British East Africa	16	13	15
New Zealand	7	12	12
Union of South Africa	6	6	8
Hong Kong	4	6	6
Fiji	6	5	6
Other Commonwealth Countries	4	6	7
Total Canadian imports from the Commonwealth	574	610	706
Total Canadian imports from all countries	4,093	4,712	5,710

Principal Canadian Exports to the Commonwealth

1955

Products	*United Kingdom*	*Other Common-wealth*	*Total Common-wealth*
		$000,000	
Wheat and grains	200	15	215
Aluminum and products	99	9	108
Planks and boards	70	31	101
Copper and products	52	7	59
Newsprint paper	33	20	53
Nickel and products	40	......	40
Flour and milled products	21	15	36
Automobiles, trucks and parts	......	35	35
Wood pulp	35	2	37
Seeds	7	......	7
Drugs and chemicals n.o.p.	12	3	15
Precious metals n.o.p.	15	......	15
Oil cake and meal	15	......	15
Iron ore	9	......	9
Fish—preserved or canned	4	9	13
Tobacco and products	22	4	26
Zinc and products	36	1	37
Aircraft and parts	......	1	1
Lead and products	13	......	13
Asbestos and products	9	4	13
Locomotives and parts	......	13	13
Iron and steel, primary forms and scrap	15	2	17
Building board and paperboard	3	......	3
Ferro-alloys	3	......	3
Cheese and milk products	4	2	6

1956

Products	*United Kingdom*	*Other Common-wealth*	*Total Common-wealth*
		$000,000	
Wheat and grains	221	16	237
Aluminum and products	108	8	116
Planks and boards	40	24	64
Copper and products	57	5	62
Newsprint paper	42	18	60
Nickel and products	42	......	42
Flour and milled products	24	16	40
Automobiles, trucks and parts	......	34	34
Wood pulp	30	2	32
Seeds	21	......	21
Drugs and chemicals n.o.p.	16	5	21
Precious metals n.o.p.	21	......	21
Oil cake and meal	20	......	20
Iron ore	19	......	19
Fish—preserved or canned	7	11	18
Tobacco and products	13	3	16
Zinc and products	16	......	16
Aircraft and parts	......	15	15
Lead and products	13	......	13
Asbestos and products	10	3	13
Locomotives and parts	......	13	13
Iron and steel, primary forms and scrap	9	2	11
Building board and paperboard	7	......	7
Ferro-alloys	6	1	7
Cheese and milk products	4	3	7

tinues, manufactured goods should be the category of Canada's exports to reap the greatest benefit.

One other important feature of Canada's trade with the Commonwealth is that it makes for diversification and balance in her world trading patterns. The Commonwealth link and the existence of preferences in several Commonwealth countries give Canada an opportunity to build up her trade not only with the United Kingdom and other senior members of the Commonwealth but with a number of new and fast-growing countries—such as the Federation of Rhodesia and Nyasaland, Ghana, Nigeria, the British West Indies and British East Africa. Commonwealth countries carry on about 30 per cent of the world's trade and Canada should look forward to continued participation in this far-flung commerce. ●

United Kingdom

Exports rose 9 per cent last year, sales to dollar countries went up 23 per cent, and visible trade deficit was reduced. Dollar reserves now strengthening after losses following the Suez crisis. Prospects are for a small surplus on balance of payments for twelve months ending June 30th.

H. LESLIE BROWN, *Commercial Counsellor, London.*

BUSINESS CONDITIONS IN THE UNITED KINGDOM in 1956 were significantly affected by government policies. Regulations restricting consumer credit, directives to the commercial banks to cut back lending, the establishment of high interest rates—all these were put into operation in 1955 to hold down the investment boom, which had upset the United Kingdom balance of payments by inflating domestic demand, reducing exports and increasing imports. These policies began to take effect early in 1956 and by the middle of the year had brought about an improvement. Domestic demand was restricted so that exports were able to increase while imports remained about the same as a year earlier. At the same time, the credit squeeze succeeded in reducing the degree of pressure on the labour force in the United Kingdom. Industrial production averaged out at about the same level as in 1955.

Overseas Trade Strengthens

There is reason for satisfaction that exports from the United Kingdom in 1956 totalled £3,172 million, an increase of more than 9 per cent over the record year 1955. When allowance is made for the return of more than £20 million of lend-lease silver bullion to the United States during 1956, the basic increase was nearly 10 per cent in value and 6 per cent in volume; export prices rose by about 4 per cent. Re-exports passed £146 million, an increase of 23 per cent over 1955.

Because merchandise imports are normally greater than exports and re-exports combined, the public customarily accepts the amount or degree of adverse balance of trade as a ready though rough measure of success or lack of success in world business. The important news, therefore, is contained in the figure showing the difference between the value of imports and the value of exports.

The position of the United Kingdom as a trader has strengthened from year to year; the visible trade deficit in 1956, at £571 million, was £288 million lower than in 1955. Though this improvement gives cause for much satisfaction, the immediate future is not unclouded because of difficulties arising from the closing of the Suez Canal. The consequent delay in arrival of imports had a marked effect on the January 1957 trade returns which showed a trade deficit of £104 million. It is hoped and expected that this undesired record will not be repeated and that exports and imports will return to their normal rhythm.

Dollar Sales Increased

One of the happy features of the improved export position during 1956 was the marked increase in sales to North America—sales for dollars. Excluding the returned silver bullion, exports to North America amounted to £398 million, 23 per cent more than in 1955.

Trade with Canada continued to grow rapidly. Exports to Canada totalled £131.9 million in 1954, £140.8 million in 1955 and £177.7 million in 1956. This was 26 per cent higher than in 1955 and £21 million more than the previous record of 1953. Imports from Canada have also risen from £272.8 million in 1954 and £343 million in 1955 to £347.5 million in 1956.

Balance of Payments

In addition to being a trader on its own account, the United Kingdom acts as banker for the sterling area. The gold and dollar reserves of the sterling area have suffered rather violent fluctuations over the years. Losses in 1951 and 1952 left the reserves at the low aggregate of $1,846 million; $2,000 million is generally accepted as the safe minimum. The recoveries of the two succeeding years were just as marked, with a gain of $916 million. Though 1955 saw a loss of $642 million and the total dropped to $2,120 million, the year 1956 started well with gains in the first seven months, bringing the aggregate up to $2,405 million by the end of July.

Then came the expropriation of the Suez Canal and the political and military events which followed. The "flight from sterling" took various forms and in fact was mainly on capital account. The result was losses of dollar reserves which reached a climax in November when the reserves went down to $1,965 million. The Government acted vigorously early in December and, by drawing on the International Monetary Fund and announcing its intention to set up a credit in the United States, created a financial climate favourable to sterling.

The establishment of these massive credits took effect slowly but surely. December saw a check to the drain of gold and dollars. The sum of $561 million was received on loan from the International Monetary Fund and, on the other hand, $189 million was paid against the United States and Canadian debts. With lesser amounts on both sides of the ledger, the reserves rose by $168 million and the net loss for December was about $158 million. In January it was only $49 million, leaving the reserves at $2,084 million. So it was that, late that month, United Kingdom papers carried headlines that the pound was again at "par", back where it had been in July 1956. Confidence in the United Kingdom as a banker was returning to normal. The United Kingdom has obtained a $500 million credit from the Export-Import Bank, although up to the end of February this had not been drawn upon. This credit has strengthened the sterling area's external financial position.

Industrial Production Unchanged

In the first half of 1956, industrial production in the United Kingdom was at a level some 2 per cent higher than in the corresponding period in 1955. This situation was reversed in the second half of the year, so that for 1956 as a whole there was no change in industrial output compared with 1955. The provisional index of industrial production stood at 137 (1948=100).

Underlying the unchanged figures for total production was a significant change in the pattern of output. Non-manufacturing industry in general did better than factory production. Building rose 6½ per cent and output in the gas, water and electricity utilities increased 4½ per cent. These increases balanced a drop of 1½ per cent in manufacturing output.

In manufacturing industry, production of chemicals increased by 5½ per cent, while the textile, food, drink and tobacco industries increased output by smaller amounts. Higher production of a wide variety of capital goods in the engineering industries was not enough to balance falls in output of automobiles (down 22 per cent), and a range of durable consumer goods. These decreases were brought about in part by deliberate government action to decrease home consumption and free more goods for export.

The increase in industrial investment which was the main cause of the 1955 boom began to slow down towards the end of 1956 and investment intentions in industry for 1957, recently published, show an even smaller rate of increase.

Wages and Employment

The number of working days lost through industrial disputes in 1956 was the lowest since 1952 and just below the twenty-year average. Weekly wages rose by 7½ per cent during 1956 compared with an increase of 3 per cent in the retail price index. (The relative percentages in 1955 were 7 and 6.) Since 1951 wage rates have increased by 31½ per cent and retail prices by 22½. In all, about 12½ million workers gained wage increases costing £343 million during 1956. These are record figures. At the beginning of 1957 about 7½ million workers were claiming increases which, if conceded, would total £290 million.

In December, the number of unemployed rose slightly to 297 thousand although this still represented only 1.4 per cent of the labour force. The number of unfilled vacancies in industry, which had been consistently higher for many months than the number unemployed, finally dipped in December to 279 thousand, slightly lower than the unemployment figure.

Improvement Expected

The closing of the Suez Canal has placed a heavy strain on the economy of the United Kingdom: trade has been delayed, increased ocean freight costs have led to general cost increases, dollars have gone to buy Western Hemisphere oil. The re-opening of the canal and a return to normal rhythms and routes will afford a welcome relief from these burdens.

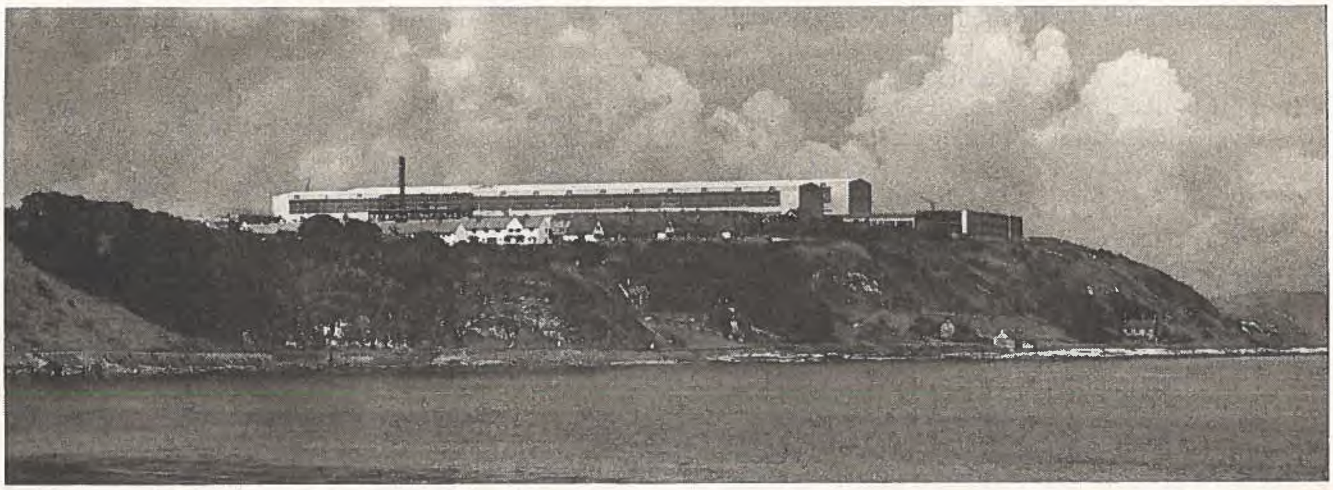
The Government has made clear its confidence that, in the twelve months ending June 30, the United Kingdom will not only hold its own but may well earn a small but by no means insubstantial surplus on its balance of payments. Despite the extraordinarily bad trade balance in January, the adverse balance during November to January was no worse than the average for the previous ten months.

The Immediate Future

The Government has also made clear its determination to continue the credit squeeze. When the bank rate was reduced by ½ per cent, the authorities stated specifically that the adjustment was merely to meet the market and was not a sign of any plan to allow domestic consumption to cut into exports. This determination to place overseas trade on a sound basis is further shown by plans to join the Free Trade Area. The underlying strength and balance of the economy are regarded as a great deal more satisfactory than a year ago.

This issue of "Foreign Trade" does not cover the entire Commonwealth. For recent reports on business conditions in Hong Kong, Malaya, and British Borneo, the reader should turn to our January 19, 1957, issue, and for reports on India, Pakistan and Ceylon to our March 2, 1957, number. The leading article, however, covers Canadian trade with the entire Commonwealth and includes trade figures for all Commonwealth countries.

Northern Ireland



—J. & S. M. Browne

This new factory at Larne, Co. Antrim, turns out steam turbo-generators ranging from 30,000 kw. up. It is one of several industries built in Northern Ireland as a result of the industrial development program which the Government is pushing vigorously.

Large orders for the shipbuilding and aircraft industries, some industrial expansion, and better sales for the linen trade marked 1956. Agriculture also expanded. Purchases from Canada confined largely to essential raw materials and foodstuffs.

E. ROY, *Office of the Trade Commissioner, Belfast.*

THE YEAR 1956 was, on the whole, one of progress for Northern Ireland and the outlook for 1957 is good, particularly in industrial expansion. The main factors which influenced the economy were the British Government's anti-inflationary measures (although they affected this territory less than other parts of the United Kingdom) and the Middle East crisis, resulting in further increases in freight rates between here and Great Britain.

Capital investment in public works was estimated at £32 million for 1956-57, and the Government's direct investment in factory building totalled £3,145,000, compared with £2,600,000 in 1955.

The average number of registered unemployed over the whole year was 2,000 lower than in 1955 and in October dropped to 5.4 per cent of the total of insured employees—a percentage which is still appreciably higher than in Great Britain.

Employment prospects in the shipbuilding industry are better than for many years. Royal Mail Lines placed an order for three 20,000-ton passenger liners worth approximately £15 million, and more recently a further contract was awarded for a 45,000-ton liner of radically new design for the P. & O. Steam Navigation Company. This will cost £12.5 million and will be the largest British passenger liner since the *Queen Elizabeth*. Tonnage launched from the Belfast yard during the year totalled 103,533 (compared with 122 thousand in 1955) and included two passenger and cargo vessels for the Belfast-Heysham route and the completion of the Canadian aircraft carrier *Bonaventure*. The latter contract was particularly welcome as a dollar-earner.

The Belfast aircraft industry also received orders to a value of over £12 million, bringing the total of Bristol-Britannia aircraft scheduled for local production to 28, including five for Canadian Pacific Air Lines Ltd. and five for a United States commercial aviation company. This too will increase the supply of dollars. During the year the Belfast factory also completed the first "S.C.1", a vertical take-off, jet-powered plane of revolutionary design.

Linen Industry Modernized

A rise of 47 per cent in the quantity of handkerchiefs exported, a substantial increase in trade with Hong Kong, and an improvement in shipments of piecegoods to the United States featured the linen industry during the first nine months of the year. A number of spinners and manufacturers took advantage of government

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grants to re-equip and modernize their works. The design of preparing and spinning machinery has been further improved; automatic looms, installed in greater numbers, have been speeded up; some yarn bleachers have put in the latest type of package and cone bleaching and dyeing equipment. Improved cloth-bleaching techniques are reducing labour costs; advanced methods of chlorite bleaching are now under test in two bleach-works in Co. Antrim. The new fast-to-light direct dyestuffs are in great demand.

New U.S. Plants Established

Highlight of the year in the industrial development program was the decision of two more American companies (making a total of six since 1945) to establish branch plants here. One £3½ million plant at Coleraine, Co. Londonderry, will make Acrilan, a new synthetic fibre, and is expected to start production in 1959. The second, a neoprene rubber plant, will be established on a 380-acre site near Londonderry, with a labour force of 400 and a total capital investment of about £15 million. Both these industries, producing basic manufacturing materials, are of particular importance in a region poorly provided with natural resources. They should also do much to relieve the unemployment problem in Londonderry, which has long been regarded as a "black spot" for the absorption of male labour.

Good progress was made during the year on schemes for port and harbour improvement, notably with the construction of the new deep-water wharf at Belfast. Two new quays designed to cope with expanding road vehicle and container traffic were opened at Larne Harbour in May.

Agriculture Has Good Year

Long-term assurances from the United Kingdom Government on prices gave local farmers greater confidence about future planning. The tillage area, which in 1955 was the lowest recorded, rose by 18,000 acres to 434,910 acres, largely because of increased sowings of potatoes and oats. The numbers of cattle, sheep and poultry also rose and although the number of pigs fell by 24,550 to 661,010, exports of bacon and ham totalled approximately £14 million. Northern Ireland has become the third largest exporter of eggs in the world, surpassed only by Denmark and Holland; in 1956 shipments rose to over 81 million dozen valued at more than £16 million. Production of liquid milk totalled 107 million gallons and the value of manufactured milk exported was almost double, at £6.5 million. Although bad weather spoiled many acres of hay and interfered with harvesting, fodder crop yields were better than expected and the increasing use of silage, the making of which is now subsidized, helped with winter feeding.

The Government's forestry program, the objective of which is the establishment by the end of the century of 150 thousand acres of productive forest, continued in 1956. Although practically all the government forests are under thirty years old, about 30,000 tons of small and medium-sized timber from thinnings were produced in 1955-56, of which 20,000 tons were sent as mining timber to Wales and Scotland.

Trade with Canada Unchanged

Northern Ireland's imports from Canada showed little change during 1956 and consisted mainly of essential raw materials and foodstuffs. The 1955 trade figures showed a further increase in value and this trend seems likely to continue. The value of total external trade also increased in 1955—to £562.8 million compared with £553 million in 1954. (The figures for 1956 are not yet available.) With the state of industry and employment generally more favourable than in some recent years and the prospect of continued industrial expansion, the outlook for 1957 is reasonably good. ●

British East Africa

Strict control on dollar imports keeps trade with Canada ten to one in favour of East Africa. Three territories are developing fast, with emphasis on mining and agriculture. When controls are relaxed, Canadian exporters should find this an excellent market for a wide range of goods.

WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

BRITISH EAST AFRICA still remains the "blank spot" of Canada's export pattern so far as the British colonial empire is concerned. Even though Canadian purchases of such agricultural products as coffee, sisal and tea have averaged over $5 million in the last three years, Canadian exports to the area have not passed the $450 thousand mark. The flow of trade has thus been more than ten to one in favour of East Africa.

The reason is not that Canadian products do not have a good reputation or are not competitive, but simply that the import regulations are designed to discourage dollar purchases. For instance, an importer in East

Africa, to obtain a permit to import Canadian goods, must first satisfy the authorities that these are essential and that a reasonably close facsimile is unobtainable from a non-dollar source. As these criteria are usually interpreted strictly, the volume of Canadian merchandise which can qualify is very limited—as the trade statistics bear out. All Canadian efforts in recent years to persuade the appropriate authorities in London and East Africa that there should be a greater degree of reciprocity have so far been of no avail.

Overbuying Brings Slump

Even if a more liberal import policy towards dollar goods had prevailed in 1956, it is difficult to estimate what the effects on Canadian trade would have been, because since the first quarter of 1956 many businesses have been having a difficult time. This situation arose through the custom which many East African importers have followed in recent years of placing orders in the United Kingdom for up to three times the normal requirements, because of slow deliveries and lack of shipping space. When, quite unexpectedly, in the last quarter of 1955 and the first quarter of 1956 both the supply and shipping position eased materially, many importers found all their forward orders pouring in on them before they had a chance to make cancellations. Faced with unusually high demands for financing, the banks adopted a tight credit policy. The result is that a number of businesses have gone into liquidation and those that have weathered the storm have been buying lightly from overseas until their heavy inventories are reduced to normal. Imports are not expected to regain their full momentum until the middle of this year.

Internal Development Continues

This temporary condition should not be allowed to obscure the fact that the economy of all three territories of British East Africa—Kenya, Uganda and Tanganyika—is developing in a healthy fashion and, given a more liberal import policy, these areas offer an excellent market for a wide range of Canadian goods. In all three territories agricultural production is making forward strides, and in Tanganyika and Uganda promising mining developments are in progress. Secondary industry too is making headway, especially in Kenya. The production of tea and coffee in all three territories has increased steadily and the figures for tea are particularly heartening. Twenty years ago tea production in East Africa was less than 4,000 tons; it is now three times that amount and if the present rate of expansion continues, tea exports will rise to 28,000 tons by 1974, thus putting the area in the forefront of the world's tea producers.

In 1955 foreign trade in the three territories reached an all-time high of £256 million, with imports at £149 million and exports at £107 million. The deficit was financed by sterling reserves in London. Great Britain continues to dominate the scene as the principal supplier and buyer, but a notable feature of the 1955 pattern was the phenomenal rise in imports from West Germany and Japan—£8.2 million and £6.6 million respectively, compared with £5.8 million and £979 thousand in 1954. The bulk of the merchandise from Japan consisted of cheap textiles for the African population; imports from Germany consisted largely of tools, machinery and hardware.

Mombasa's Strategic Position

Both Uganda and Kenya do the bulk of their importing and exporting through the port of Mombasa, situated in a narrow coastal strip on the Indian Ocean known as Kenya Protectorate and leased from the Sultan of Zanzibar for an annual rental. The port is linked with the capitals of both territories by a single-track, narrow-gauge railway, which has provided the main transport link for over fifty years. In the postwar period the flow of traffic through Mombasa was so heavy that it was overburdened and a system of freight-moving priorities known as "phasing" had to be developed.

Three years ago a $12 million harbour enlargement scheme was begun and is now nearing completion. Phasing was abandoned some months ago and both incoming and outgoing cargoes are now being handled with despatch. By the end of this year up to 12 ships may be berthed at one time, and the well-protected harbour can give anchorage to countless more.

Large oil storage tanks are being installed and even though the pressure on the port has been heavy as a result of the re-routing after the Suez blockage, it has handled the additional traffic expeditiously. During the war Mombasa was a key naval base and it could be re-activated if need be on short notice. In any case, it is one of the best ports in the Eastern Hemisphere and its importance is likely to increase.

KENYA

IN KENYA, perhaps the most significant event of 1956 was the official termination of the state of emergency in existence since 1952. The Mau Mau terror has been virtually stamped out, its ringleaders captured, and thousands of its less ardent adherents successfully rehabilitated.

This long and nerve-racking campaign has had social and economic consequences. The colony, unable to raise the necessary forces or funds to put down the Mau Mau, had to call upon Great Britain for both and the mother country spent approximately £22 million on the cause, which does not have to be repaid by the residents of Kenya.

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One lesson of the Mau Mau emergency which is not being ignored is the need of giving the Africans a greater representation in government and a more active role in agriculture, hitherto largely the prerogative of white farmers. The first of these has now been provided for and an African voters' roll for the election of African members of the Legislative Council has been set up.

Expansion for African Agriculture

In agriculture, a tremendous revolution is already under way which will so accelerate agricultural development in the colony that the annual output of African farmers alone will be raised from £7 million to an estimated £70 million in the next fifteen to twenty years, according to the Minister of Agriculture. At present net income from agriculture, including both European (white) and African areas, is about £30 million. Already grants for experimental work in the African areas have been stepped up and choice farm lands are being made available to African farmers.

Kenya is famous for its high-grade Arabica coffee and it remains the colony's number one export. The figures for the year ended September 30, 1956, were most encouraging. Consignments totalling 25,000 tons earned nearly £13 million, whereas in 1955 exports of 13,000 tons were worth just over £6 million. Nevertheless, it is doubtful whether the increased coffee shipments will reverse Kenya's chronic trading deficit which in 1955 amounted to £41 million. This made up the bulk of the net deficit of £42 million for all East Africa.

Heavy Building Program

The chief reason for the large flow of imports in 1955 was the heavy industrial and building expansion taking place, particularly in Nairobi, the capital, where the skyline changes by the month. Unlike Uganda and Tanganyika, Kenya has not proved to be rich in minerals and must therefore depend on agricultural exports to finance its imports. These have not been able to keep up with demands and it is doubtful whether they will be able to for some time to come. Nairobi, with a population of 210 thousand, has just announced an African housing and public works program of over £10 million in the next six years, quite independent of private industrial, commercial and domestic building. Although there appears little likelihood of any federation among the three territories, Nairobi is assuming more and more the mantle of commercial leadership in the East African territories.

TANGANYIKA

TANGANYIKA, the largest and least developed of the three East African territories and a United Nations Trust Territory under British administration, is one of the major producers of sisal and this fibre is the major export—6,700 tons in 1955 valued at £9.2 million. Even though the price is somewhat lower than several years ago, it seems to have settled at about 6d. per pound East African port, which still enables growers to operate at a profit. Furthermore, sisal enjoys the unique advantage that no competitive fibre or synthetic of similar quality can be successfully produced at this price, so that Tanganyika can hold its own with any country, barring artificial factors such as exchange manipulation. Canada's direct purchases of Tanganyika sisal amounted to £144,642 in 1955 and further lots came in indirectly via the United States.

Shortage of Development Funds

Cotton and coffee are the other two stalwarts of Tanganyika's export trade and in 1955 shipments amounted to £6.9 million and £5.5 million respectively. These, together with diamonds (£3.1 million) and sisal, made up £25.4 million out of total exports of £36.1 million. However, imports amounted to £43.5 million, thereby producing a deficit of £7.4 million.

Even though Tanganyika is rich in agriculture and minerals, the potential has only been scratched, and it is sadly lacking in good roads and communications. What is chiefly required are overseas investments to develop its resources, but the United Kingdom does not have the requisite funds at the moment. In September 1956 the Territory launched its own note issue supported only by its own government and it is reported to have sold well. Nevertheless, there is still a crying need for development money and the £7.4 million trading deficit in 1955 arose partially as a result of purchases of machinery and equipment for mineral and agricultural exploitation.

UGANDA

UGANDA, rich in both agricultural and mineral resources, is moving along at a good clip both economically and politically. Its native population has been given a large measure of authority in government and demands for complete independence are now being heard. The incomes of African farmers, based on cotton and coffee, are by far the largest in East Africa.

Canadian Mining Investment

Uganda's vast mineral resources are now being opened up and late in 1956 the railway from Kampala to the Ruwenzori Mountains (better known as the Mountains of the Moon) was inaugurated. This allows a large Canadian-financed mine to ship out its ores, mainly copper, to its new refinery at Jinja, beside the Owen

Falls hydro-electric dam on the River Nile. The effects of this development will not begin to show in the export statistics until later this year, but a new string has been added to Uganda's bow and in addition to coffee, cotton and tea, base metals will play an increasingly large role in its foreign trade. Already it is the only one of the three territories to operate with a favourable balance in 1955—£8 million. With by far the largest hydro-electric resources in East Africa, Uganda's future looks promising. ●

British West Africa

Fall in world prices for cocoa and other leading exports pushed export values down in 1956; imports, particularly of equipment for development projects, rose. Canada continues to sell mainly flour to this area; market remains small because of restrictions on dollar goods.

H. G. GARLAND,
Office of the Commercial Counsellor, London.

●

OF OUTSTANDING INTEREST in British West Africa at this time is the constitutional progress achieved by the two large territories, in particular the Gold Coast, which became self-governing as Ghana on March 6, 1957. The peoples of Ghana naturally have a great feeling of confidence in the future even though there have been differences of opinion about the new constitution between the inland territory of Ashanti, the main cocoa-producing region, and the Colony, the coastal region in which Accra, the capital, is situated.

Constitutional progress in Nigeria, although it is far advanced, has not yet reached the stage where complete self-government is imminent. The country is organized on the federal system, with the Northern, Western and Eastern Regions, the Southern Cameroons and the Federal Territory of Lagos as autonomous regions within the Federation. As in the Gold Coast, the main differences of opinion about the eventual constitution are internal, and a conference is to be held in London this year to try to find a solution.

Trade Continues Good

Business conditions in the four territories of British West Africa—Ghana, Nigeria, Gambia and Sierra Leone—have remained generally good, despite significant declines in world prices for some of the principal exports from this region. Imports in 1956 increased over the previous year, largely because of purchases abroad of capital equipment for development projects. However, the drop in export earnings adversely affected the balance of trade.

Conditions in the two chief countries—Ghana and Nigeria—are discussed below.

Ghana's Cocoa Revenue Smaller

Cocoa is the life-blood of Ghana. It is the principal agricultural crop, the chief export, the largest revenue producer, and the main source of money for the various development plans which are designed to raise the standard of living there.

Consequently the fall in the world price of cocoa in 1956 particularly affected Ghana and emphasized the vulnerability of an economy closely tied to one product, the value of which is governed by outside factors. Nevertheless, conditions are so favourable to cocoa-growing and world demand has up to now remained so consistently high that cocoa has inevitably continued to be the economic mainstay. Production is almost entirely in the hands of individual African farmers, whose plantations average about two acres. All the cocoa is sold at fixed prices to the Cocoa Marketing Board and, by setting the price to the farmers below the high world levels in postwar years, the Board has acquired large reserves to offset any serious decline.

Exports of hardwoods, manganese and diamonds increased in 1956. Shipments of bauxite have never been large in relation to the known deposits and the development of this industry depends on the decision about the future of the Volta River project. In May 1956 the Preparatory Commission set up to examine the proposals published its report. The scheme, which provides for hydro-electric development and the production of aluminum, would require a very large outlay for the initial stage to produce 80,000 long tons of aluminum a year, and a good deal more to complete the final stage, which is designed to increase production to 210 thousand tons a year.

The Preparatory Commission regards the project as technically sound but further progress must await the outcome of discussions about the financial arrangements which are being carried on by the United Kingdom and Ghana Governments and the two aluminum companies, one Canadian and the other British. Because of the magnitude of the project, the major portion of the finance will have to come from outside Ghana. The International Bank for Reconstruction and Development has accepted an invitation to assess the position to determine whether it can make any funds available.

This policeman keeps a watchful eye on traffic at a crossroad at Kano, in Northern Nigeria, halfway on the air route between Europe and South Africa. With the help of grants from Britain, Nigeria is extending and improving its system of trunk roads.

Nigeria's Overseas Earnings Down

Nigeria is essentially a primary producer but the economy is on a broad base: prosperity does not depend on one crop. The production of foodstuffs for local consumption is still the chief role of Nigerian agriculture and guinea corn, millet, yams, maize and rice make the country self-supporting in food. Valuable surpluses of agricultural products are available for export, mainly palm kernels and palm oil, cocoa, peanuts, cotton, rubber and bananas. The overseas income earned by these products, as well as that from hides and skins, timber and minerals, finances a growing import trade and has also enabled Nigeria to build up substantial sterling balances.

Although the fall in the price of cocoa did not affect Nigeria as much as Ghana, the United States Government's decision to cease premium-price buying of columbite caused a sizable drop in Nigeria's overseas earnings. In the first six months of 1956 the value of exports of columbite fell to less than £1 million, compared with £3.8 million in the corresponding period of 1955. Nigeria is the world's leading producer of this mineral, which is used in the production of heat-resisting steels for gas turbines and jet engines. Although the price may not reach the level it did early in 1955, the prospects for an increase in demand appear to be encouraging.

Nigeria has not planned any developments comparable to the Volta River project but in recent years there has been some expansion of secondary industry. The most important of the new enterprises are a plywood factory at Sapele, a cigarette factory at Ibadan, and a brewery at Lagos. These companies are financed by overseas capital but Nigerian companies have established two textile mills—one at Lagos and the other at Kano—and a large cotton-weaving mill is being built in northern Nigeria by a regional board in conjunction with a Lancashire firm. In addition, margarine, soap, aerated drinks, furniture, bricks and tiles are being produced, and a cement factory is under construction in the Eastern Region.

Trade with Canada

Canadian trade with this area is curtailed because of the restrictions on imports from dollar countries which have not yet been eased. Flour made up 86 per cent by value of all Canadian exports to British West Africa in 1956, as the table below shows.

CANADIAN TRADE WITH BRITISH WEST AFRICA

	1955	*1956*
Leading Exports to:		
Gold Coast (Ghana)		
Flour	$1,169,796	$1,356,238
Soda and sodium compounds	123,139	73,554
Passenger automobiles	4,886	31,308
Drugs and chemicals, n.o.p.	48,582	nil
Salmon, chum, canned	41,435	187
Autos, freight, new	3,396	9,500
Newsprint	12,935	nil
Total (including all exports)	1,461,311	1,480,592
Nigeria		
Flour	$ 570,572	$ 521,756
Newsprint paper	40,760	46,517
Automobiles, passenger	12,330	42,784
Automobiles, freight	61,521	29,216
Mining machinery and parts	85,729	7,601
Automobile parts	31,137	18,638
Total (including all exports)	890,027	750,004
Gambia		
Flour	71,482	52,527
Reapers, threshers, combines	5,246	6,774
Total (including all exports)	77,142	60,217
Sierra Leone		
Flour	563,454	539,950
Planks and boards, cedar	21,612	11,377
Aircraft	nil	38,571
Total (including all exports)	597,603	613,682

The reader will notice that although total Canadian exports to these territories decreased in 1956, shipments of flour increased. In Gambia and the Gold Coast the proportion of flour to all Canadian sales was 98 per cent and 93 per cent respectively; in Nigeria and Sierra Leone the pattern was more varied.

Canada's purchases from these four countries in the first nine months of 1956 totalled as follows: Gold Coast $4,040,632 (1955, same period, $2,952,396); Nigeria $927,784 ($839,809); Sierra Leone $18,275 ($7,517). Main imports from the Gold Coast were cocoa ($2,484,382), manganese ($1,384,569), and mahogany ($153,190). From Nigeria Canada bought largely cocoa beans ($620,657), palm and palm kernel oil ($113,561), mahogany ($99,909), and crude rubber ($57,818). Imports from Sierra Leone totalled $18,275, with ground ginger leading at $12,106.●

South Africa

With gold production at an all-time peak, uranium recoveries rising, and agricultural crops excellent, picture in Union is bright, despite some darker spots. Relaxation of import controls is continuing, and purchases from abroad are rising.

KENNETH F. NOBLE,
Trade Commissioner, Johannesburg.

"AFTER YEARS OF EXCEPTIONALLY RAPID DEVELOPMENT for which the country had to pay a price in inflation with all its concomitant difficulties, the Union's economy seems to be returning to more normal conditions and with better prospects for more stable and balanced future growth."

Thus the Deputy Governor of the Reserve Bank summarized the economic trend during 1956.

The overall returns continued favourable during the period but at the year's end there were soft spots. The South African Railways, though traditionally a major revenue-earner for the Government, operated at a loss despite movement of increased tonnage at higher rates. Capital investment from overseas has practically disappeared. Although gold production was at an all-time high and uranium recoveries soared, the stock exchange index declined to a low of 35 (1948=100) and, despite a minor recovery, remains in the doldrums.

Approved building permits in the seven principal urban centres declined by 13.8 per cent to £50.3 million, while nominal capital of new and commercial companies incorporated during the first half of the year declined by 48.6 per cent to £8.5 million. The textile industry is in difficulties and pressing for further tariff protection, the clothing industry is depressed, and conditions in the boot and shoe industry are less than satisfactory. Increasingly slow payments and lengthening credits characterized retail sales at the year's end.

The overall picture, however, is remarkably bright. Gross national income has increased and national productivity is higher, with mining, agriculture, industry and commerce all reporting larger gross returns. Rationalization in the private enterprise field and curtailment in capital expenditure has been more than offset by increased government expenditures. The Union Government outlay from loan account has been upped by £10 million, provincial expenditures on capital improvement are £3 million higher, and similar outlays by municipal authorities are an estimated £8 million higher.

The visible deficit in the balance of payments fell from £39 million at September 30, 1955, to £13 million at the same date in 1956. Forecast for the full year suggests that the unfavourable trade balance—which reached £102 million in 1951, £59 million in 1953 and £28 million in 1955—has almost disappeared. Foreign exchange reserves at December 31 amounted to £131 million, a rise of £2 million—and this despite a probable net capital outflow on private account.

Railways Face Problems

Government spending on transport during the fiscal year 1956-1957 totalled £228.5 million. The forecast appropriation for 1957-1958 is higher by at least £10 million. Results of operations for the year to March 31, 1956, were disappointing with only a small surplus of £2.9 million. Returns since then have been increasingly unsatisfactory, with revenues consistently below estimates and costs of operation continuing to mount. Despite a rise in rates to become effective almost immediately, a deficit of about £1 million is forecast for the year 1957-1958. During the year the railway committed itself to future emphasis on diesel electrification to supplement thermal electrification and steam power.

Mining Returns High

● GOLD—The Union's gold output reached an all-time peak with the production of 15.9 million ounces worth £198.5 million, or an increase of approximately 7½ per cent over the previous year—also a record one.

● URANIUM—Returns totalled £38.6 million compared with £3.9 million in 1953, £14.8 million in 1954, and £30 million in 1955.

● DIAMONDS—The demand for gem stones and commercial stones remained strong during the year, with ten-month exports declared at £27.2 million, as against £26.8 million in the previous year. Of particular significance is the reported development of newly discovered diamond fields in South West Africa.

● OTHER MINES—Other mining industries in the Union have been active. In the first nine months of the year, the £33.2 million return from such miscellaneous minerals was up 16.9 per cent over the similar period of 1955. In the same period, coal production was up 6 per cent at 27.7 million tons, with sales almost 10 per cent higher at £15.4 million.

Agriculture Promises Well

The agricultural picture at the year's end is sound, with every prospect of record crops for maize, citrus and deciduous fruits, sugar, wool, wheat, peanuts, kaffir corn, and sunflower seed during the year 1956-1957. Gross revenue from agricultural operations will be higher but rising costs of production are restricting net returns.

- MAIZE—The crop will reach 40 million bags (of 200 lb.) worth about £65 million and, with the carryover, will present the country with the problem of an export surplus of some 20 million bags.

- CITRUS FRUIT—Exports, at 6.6 million cases, were larger, with an estimated gross return of £14.6 million. The industry is in a sound position and, with cumulative plantings of the last ten years, there is every reason to expect increasingly larger orange and grapefruit shipments.

- DECIDUOUS FRUITS—The Deciduous Fruit Board made substantially larger shipments of non-citrus fruit totalling 76,786 tons, compared with 69,436 tons in the previous year and 35,530 tons in 1951-1952.

- SUGAR—By the end of November 756 thousand tons of sugar had been produced compared with 750 thousand tons in the same period of 1955 and with the full year forecast at 849,315 tons. Commonwealth sugar talks in London during December raised the negotiated price for the 1956 crop by £1.8.4d. to £42.3.4d., and extended the agreement to December 31, 1964.

- WOOL—An outstanding wool clip, probably the largest since 1932-1933, is expected, with the estimated clip in excess of 150 thousand tons. The average price during the first seven months of the clip year has been higher by 14d. per pound (32.5 per cent) and the return higher by £13 million than during the similar period in 1955-1956.

- WHEAT—In the 1955-56 crop year, domestic production reached 8.8 million bags (of 200 lb. each), enough to meet the country's needs. The harvest for 1956-1957 is forecast at 9.1 million bags, a small increase. Production is being stepped up under the encouragement of the Department of Agriculture and success is being achieved in summer rainfall areas not previously regarded as wheat land, where the product is replacing maize.

The increase in imports of £15 million in the eleven months to November indicates the continuing trend towards relaxation.

In general, restrictions at the year's end applied only to automotive transport and consumer goods. The 3,000 increase in registration of new vehicles during the year shows that relaxation is operating in this field, while a year-end announcement of control for 1957 provides for an increased quota of about 50 per cent for small cars, whether assembled in the country or imported directly from abroad.

The transfer of "restricted" consumer goods progressively to the admissible consumer goods list has continued but as the quota for consumer goods has remained for three years at 53⅓ per cent of the base year (1948), the result has been to spread the quota thinner. An ever-increasing range of products is available from domestic sources. The quota position, therefore, is probably easier than it appears because not all consumer goods quotas were used in 1956.

Further relaxations in consumer goods for 1957—reported in some detail in *Foreign Trade* of December 22, 1956—provides a lengthy list of additions which fall into the following general categories:

Rolled oats; concentrated soup; jams, jellies and honey; pudding, cake and jelly powders; alimentary paste; pickles; maple syrup; fruit juices and cordials; cigars, cigarettes and smoking tobacco; rubber floor mats; women's outerwear; furs and fur skins; silk stockings; ties; wood and coal stoves; metal, leather, furniture and floor polishers; rubber air and water hose, including garden hose; bags of paper and transparent cellophane, whether printed or otherwise; paintings, etchings and calendar mounts; ladies' leather handbags and sundries.

Trade with Canada Increases

South Africa's imports for the eleven months to November 1956, for which preliminary figures are available, rose by about £15 million to £495.5 million, an increase of 3.4 per cent compared with the same period last year. The gain in exports was much larger—about £45 million—to bring the total to £341.1 million.

Canadian statistics for shipments to the Union in 1956 show that exports amounted to $64.6 million, an increase of 15 per cent over the figure for 1955. The leading commodity was aircraft and parts, which is a non-recurring item. On the other hand, this was offset by the discontinuance of South Africa's imports of wheat in the crop year beginning August 1, 1956, so that Canada's sales of wheat to South Africa for the full year 1956 were down from the 1955 level. The principal components in Canada's shipments to the Union in 1956 were:

	1955 '000 $	1956 '000 $
Aircraft and parts	61	14,237
Motor vehicles and parts	11,726	11,770
Wheat	9,101	8,786
Planks and boards	12,147	8,439
Newsprint and other paper	5,725	6,654
Chemicals and allied products	2,860	2,676
Aluminum and its products	673	1,216
Farm implements and machinery	1,350	1,158
Tallow	1,278	1,031
Leather, unmanufactured	738	814
Gas engines and parts	227	651
Fishery products	826	568
Sparkplugs	622	470
Iron and steel—bars, rods, plates, tubes and screen	289	333
Washing machines	261	322
Brass and copper products	616	279
Watches and parts	323	239
Total, including all exports	56,025	64,616

Canadian exports to the Union fall into four categories: one, essential products not available from domestic sources (viz. lumber and paper); two, components to be used in South African-made products (motor vehicle parts); three, consumable stores for domestic industry (chemicals), and four, a large number of miscellaneous products in the consumer goods field (silk stockings, etc.).

Canadian purchases from the Union during the first nine months of 1956 totalled $6.4 million, a rise of 35 per cent and the highest on record. Except for the appearance of a new item—copper in blocks, at $2 million—the pattern was as in previous years. Principal purchases included foodstuffs, including canned fish and lobster tails and fruit; wines and spirits; karakul and sheep skins; wool, manganese and chrome ores and chromates, including vermiculite; industrial diamonds and gem stones, and wattle extract.

Prospects for 1957

During the coming year, there is certain to be a further expansion in gold returns and uranium oxide recoveries, diamond sales should continue brisk, and there will be a larger wool clip sold at stable and satisfactory prices. With these four items alone contributing nearly 70 per cent of the Union's overseas spending, and with increasing productivity within the country, the economic barometer reads "fair" for the rest of this year.●

Rhodesia and Nyasaland

Greater output of minerals and good tobacco crop boosted exports, but rising imports reduced favourable trade balance for 1956. Widespread relaxations in import restrictions last year should help Canadian sales in the next few months. Competitive prices and personal study of market important factors in increasing business.

WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

MINERAL EXTRACTION is the number one industry of the Federation and 1956 was a record-breaking year. Copper output was valued at £121 million compared with £110 million in the previous year and since it is the backbone of the country's economy, this was an encouraging development. New production records were also made in other base metals such as lithium, zinc, chrome, tin and asbestos. Nevertheless, even though the year ended on a note of optimism with record retail sales, there were danger signals ahead. The price of copper has been falling steadily since reaching the dizzy heights of £400 per ton in 1955 and only increased production, despite sporadic African labour strikes, was responsible for the gain in value.

National Revenues Endangered

By the middle of February 1957 the copper price had dipped to £250 a ton with indications that it might drop to £240. This latter figure is important to the Federation because the national budget is built around it. Taxes from the copper mines provide approximately 60 per cent of the revenues of the country. Taxes accruing from copper above the price of £240 a ton are used for general development but those accruing up to £240 are for revenue account only. Should the price settle around £240 it is estimated that, on the basis of present production, the national income would drop by about £28 million and Treasury revenue by about £10.5 million. This would be a serious blow to a country with many important capital development projects at a time when loan money is tight around the world. A more optimistic point of view is that with copper prices at such a reasonable level the metal will meet less competition in the future, because there will be less incentive to search for sub-

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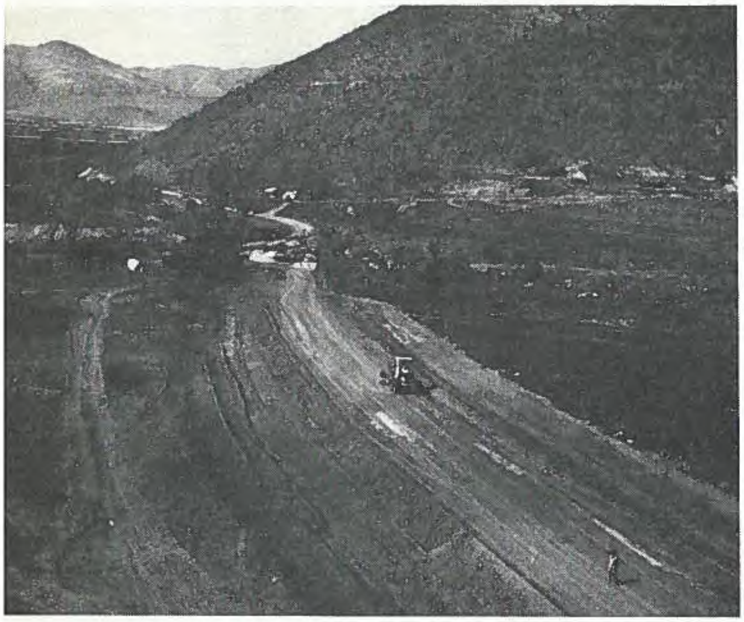


—Southern Rhodesia Government

Transport problems in the Federation have focused attention on improving trucking services there. That means time and money spent on building good all-weather highways. Here work goes forward on a £1 million road from Umtali to Inyanga for transporting timber out to shipping points.

stitutes. And as practically all the mines have sizable expansion programs in hand, there is reason to hope that increased production will effectively counterbalance lower prices. Greater world production and the disruption of European industry following the closing of the Suez Canal are among the reasons given for the decline in the price of copper.

Opportunities for Canadian Capital

There is some Canadian money invested in chrome, asbestos and gold mines in the Federation but only indirectly in copper. Nevertheless, the interest of Canadian mining men in this area has quickened in the last two years and the number coming for a firsthand inspection is increasing. The consensus is that both Northern and Southern Rhodesia have a volume and variety of mineral wealth that has scarcely been tapped and that there is a great future for this young and flourishing country. Investment, however, is not confined to mining. Secondary industries of many kinds are developing and the Government is encouraging overseas investment in a wide range of "approved enterprises" which are considered likely to strengthen or broaden the economy of the Federation. These include mining, farming, secondary industries in general, hotels, motels and retail establishments. Dollar investments in such undertakings, both capital and profits, may be repatriated in dollars at any time.

American financial interest in the Federation is growing and investment, both direct and indirect, was recently stated by a U.S. government official to be more than the sterling equivalent of $240 million. Of this amount about $50 million represents U.S. government loans since 1949 for railway building and equipment, electrification and mining. The remainder has found its way not only into mining but into many other segments of the economy as well.

Building Trades Busy

In the first eleven months of the year, 1,067 new companies were registered—75 more than in the corresponding period of 1955. Gross national income is estimated at £343 million, or about 15 per cent higher than in 1955. With 26,000 immigrants arriving in the Federation in 1956 (in relation to base white population this would mean 1½ million immigrants per year in Canada) and commerce and industry expanding at such a rapid pace, it is not hard to visualize the demands on the building trades for accommodation of all kinds. Within the municipal area of the capital city of Salisbury alone, in the first six months of 1956 the building plans exceeded £10 million. This was £2¼ million more than for the whole of Johannesburg, which has a population of 804,700 (more than five times that of Salisbury). A substantial portion of the money currently being invested in land and building in Salisbury and the other cities of the Federation is private capital from the United Kingdom, attracted by low taxes and thriving business.

Cheap Power from Kariba

The greatest stimulus to both the mining and manufacturing industries may well come from the cheap hydro-electric power which is expected to start flowing from the giant Kariba Dam project in 1960. There are now 1,500 Europeans and 8,000 Africans at work on the dam site and construction is up to schedule. This enormous undertaking, larger than the Boulder Dam, puts a heavy strain on the resources of a young country. But at the present rate of the Federation's growth, the 1,200 mw. which the $320 million project will eventually generate are considered essential to future development. Power requirements of the Federation are expected to rise from 1,800 million kwh. in 1954 to an estimated 7,200 million kwh. in 1970. A loan of $80 million from the World Bank plus substantial sums from Great Britain have made the undertaking possible, but a considerable portion of the money needed is being raised in the Federation itself. Unfortunately, Canadian participation in Kariba may be limited to the aluminum for sheathing the transmission cables. The main civil engineering contracts went to an Italian group and British companies secured the bulk of the orders for the heavy electrical installations, all under open tender, in which Canadian quotations were reported to be too high.

The speed of the economic development of the Federation since its inception in 1953 has put a heavy strain on internal communications. The railways have been hard pressed to keep up with demands but with skilful reorganization of schedules and handling processes, plus the acquisition of more locomotives and freight cars, they are providing more efficient service than they were two years ago. But outward shipments of chrome ore in particular are still handicapped by insufficient rolling stock.

Transport Being Studied

There is a limit, though, to what the railways can handle even under the best of conditions, and increasing attention is being given to road transport. Compared with Canada or the United States, most of Africa is sadly lacking in good roads and there is no easy or quick solution. Good all-weather roads cost so much that their construction places a heavy financial burden on the relatively small number of taxpayers in these territories. In the Federation the highways connecting most of the leading towns now have a tarred surface but the roads leading to East Africa, the Belgian Congo and the Portuguese territories are all of dirt and in the rainy season are often impassable. A trucking service from Northern Rhodesia to Kenya was begun in 1956 but it still takes several days to cover the 1,200 miles. However, in April 1957 highway experts from all over Africa are convening in Salisbury. They will discuss, among other things, the building of an all-weather Great North Road from the Federation to Kenya—highly desirable not only for commerce but for defence and security as well.

Air communications throughout the country are excellent and the nationally owned airlines acquired in 1956 five new Viscounts. A new $10 million airport, undoubtedly among the best in Africa, was opened in July and seven international carriers now make regular stops there.

To Diversify Tobacco Farming

After a slow start, flue-cured tobacco (which next to mining is the mainstay of the economy) finished 1956 with a crop valued at £25 million, £2 million more than in 1955. Even though quality was down and prices proportionately lower, increased production was more than able to offset these unfavourable factors. However, the wisdom of greater diversification has become apparent and in 1957 production of flue-cured tobacco will be cut and greater emphasis placed on Turkish tobacco. Present plans are to raise three million pounds of the latter which it is believed can be sold in the United States. This will relieve the heavy dependence of flue-cured growers on the United Kingdom, by long odds the principal buyer.

With income from both minerals and tobacco reaching a peak it is not surprising that this should be reflected in foreign trading statistics. These showed an overall increase of £30 million to the end of October, compared with the same ten-month period of a year earlier, although the favourable trade balance fell from £32 million to £22 million during this period. The following simple tables clearly reveal the trend and pattern of trade:

EXPORTS

	January to October *1955*	*1956*
Tobacco	23,900,739	24,708,260
Copper	89,788,911	96,580,271
	£113,689,650	121,288,531
Out of a total of	£144,480,964	154,331,516

IMPORTS

	January to October *1955*	*1956*
Foodstuffs	9,846,604	9,730,671
Fibres, yarns, textiles, apparel, etc.	18,239,370	19,730,671
Metals and manufactures of	51,005,757	66,010,233
Oils, waxes, resins, paints, etc.	6,790,580	8,074,977
Drugs, chemicals	5,070,469	4,967,472
	£ 90,952,780	108,088,785
Out of a total of	£112,394,843	132,720,168
Favourable balance of trade	£ 32,086,121	21,611,408

PRINCIPAL SUPPLIERS

	January to October *1955*	*1956*
United Kingdom	47,816,829	55,257,900
Union of South Africa	37,109,836	43,861,146
United States	5,299,543	7,695,894
West Germany	1,698,817	2,835,232
Canada	1,793,922	2,035,704
	£ 93,718,947	111,685,876
Out of a total of	£112,394,843	132,720,168

As the table shows, the United Kingdom and the Union of South Africa continue to supply the lion's share of the Federation's imports. This is not surprising because they enjoy lower tariffs than any other supplier on many items and also benefit from a long trading tradition and close association.

Import Restrictions Relaxed

The Federation's stated policy is to make trade freer and easier with all countries, and in the past 18 months it has given a fine example of concrete action. In general, imports from sterling countries are free from restrictions and imports from European countries are

81593—4½

restricted to only a limited extent. On imports from dollar countries, only about 100 tariff items and sub-items remain prohibited out of a total of 725. This situation to a considerable extent accounts for the more than 50 per cent jump in the volume of goods imported from West Germany and the United States in 1956, and for the smaller increase in Canadian merchandise. The Federation also was able in the latter part of 1956 to get the countries represented at the GATT Conference in Geneva to agree to the abrogation of the 19th century Congo Basin Treaty as far as affected parts of the Federation (Nyasaland and a small part of Northern Rhodesia) were concerned. From March 1957 these areas will come under the Federation customs regulations with its system of imperial preferences, and this may assist certain sections of Canadian trade.

It is the custom of the Federal Government to review the country's trading position every six months and to reduce the remaining prohibitions as the situation permits. Even though the Federation is an integral part of the sterling bloc, it does have a fair measure of control over its own fiscal and exchange regulations because of its sound financial condition and economic prospects, its favourable balance of trade, and substantial sales of copper and chrome to the hard currency countries. These sales have in recent years heavily outweighed the purchases of dollar goods and have made possible the continued relaxation of restrictions on dollar imports. It is to be hoped that the lower prices for copper now prevailing will not disturb this pattern.

Good Canadian Potential

The extent of Canadian participation in this expanding market is still disappointingly small, despite the relaxation of import restrictions. One reason may be that it is still too early for the relaxations to have had their full effect. Moreover, among the items still restricted (mostly consumer goods, including clothing of all kinds) are many which Canada exports. However, in the past year two facts have stood out: one, that in the wide variety of commodities now freely admitted many Canadian firms are either non-competitive or too busy with domestic business to quote, and two, an increasingly large portion of this market lies with the African population (seven million compared with 250 thousand whites) and they buy principally simple staples made entirely abroad or from imported raw materials—in both cases of a class in which Canada does little export trade. However, the standard of living of the African population is rising, with more than one million now in employment. As their incomes increase they start purchasing a wider range of goods and this process is bound to gather momentum.

The number one item from Canada is West Coast timber and with the present building boom in the Federation, the figures are going up every year. There is also an established market for Canadian wheat, newsprint, fine paper, laminated board, automobile parts, canned salmon and semi-fabricated aluminum. Some mining machinery comes from Canada, but there is a tremendous scope for expansion in this field. Likewise, in industrial equipment and machinery, tools, builders' hardware of certain types, agricultural equipment and commercial refrigeration equipment there is a large and growing market—but prices must be competitive. It is also a market well worth a visit from Canadian exporters and almost all those who have made the trip in the past two years have gone home with business in their order books. It is to be hoped that an increasing number will follow in their footsteps. ●

Australia

First six months of current fiscal year brought small surplus in trade balance; foreign exchange reserves have shown heartening increase; import restrictions have been eased a little. Trade with Canada in '56 went down slightly, with little change apparent in the commodity pattern.

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

THE MARKED IMPROVEMENT in the balance-of-payments position highlighted developments in Australia towards the end of 1956. The visible trade surplus for the first eight months of the current fiscal year reached £166.5 million, compared with a deficit of £74.3 million for the same period in 1955-56. This surplus developed from the combination of higher wool prices (which equalled 1953 levels) and reduced imports. The boom conditions levelled off about the middle of the year and made the imposition of further import restrictions necessary to follow up the credit restrictions instituted last March. The transformation in trading perspective took place at a time when tight monetary controls and credit restrictions began to affect sales of durable consumer goods and motor vehicles, and also building operations; the dampening of demand in these sectors had widespread repercussions on general trading.

Rising export trade from September on brought general trading and business to satisfactory levels at the year's end and the remarkable improvement in

Australian sheep being herded on a sheep station "down under". Wool prices that equalled the highs of 1953 helped to achieve a trade surplus in the first half of the fiscal year.

Australia's overseas currency reserves permitted a relaxation in import controls. The twin problems of inflation and high costs persist, but the Government's tight monetary policy has checked demand fairly effectively. As a consequence, raw materials and labour for key industries may be in easier supply during 1957. The outlook for business in 1957 is good. Wool prices, based on world supply-demand factors, are expected to continue at the current highs. This, coupled with encouraging expansion in key secondary industries and mining, suggests that Australia should surmount successfully the period of economic re-adjustment which took place in 1956.

Cost of Imports Rising

Australia's overseas currency reserves increased by £A70 million in the six months ended December 31st and reached the highly satisfactory figure of £A425 million. The immediate outlook is distinctly favourable, because recent World Bank and other loans will increase currency reserves in the present year. Imports are expected to continue at the current rate until the end of June, and exports for the second half of the fiscal year (which ends June 30, 1957) may be higher. Imports will undoubtedly cost more—the result of higher ocean freight rates and other invisibles. Despite a decline of £A54 million (or 13 per cent) in imports over the first six months of the fiscal year, ocean freights were £A3 million above the comparative figure in the previous year. The rate of private capital inflow for the six months ended December totalled £A45 million, slightly above the average rate for fiscal 1955-56.

Australia's severe import restrictions were relaxed fairly substantially, effective January 1, 1957. The relaxation will permit the import of an additional £A30 million of commodities over a full year. The items affected include tractors, machine tools, printing machinery, refined copper, and textile goods—all designed to increase industrial output and productivity and boost export trade. Import restrictions had been intensified at the beginning of July 1956 and the cuts were designed to effect a saving of £A40 million a year. The latest relaxations therefore do not restore imports to the level of the first half of 1956, and there is no indication of any further substantial easing of the controls.

Development Projects Pushed

The problems which beset Australian industry in the period of consolidation and re-adjustment in the year just concluded did not materially affect important national development projects. The major long-range undertakings proceeded steadily and important new ones were foreshadowed. The Snowy Mountains hydro-electric scheme, the Sydney Water Board's Warragamba dam, the State Electricity Commission of Victoria's Latrobe Valley, and the Victorian Gas and Fuel Corporation's plant for the gasification of brown coal are in this category. Certain large-scale mining expansion programs are also bound to influence long-range economic developments in Australia. It has been announced that extensive testing and sampling by Consolidated Zinc of the large bauxite deposits on the west coast of Cape York have proved that the grade is high enough to be of commercial value. Many millions of tons of bauxite, in grade suitable for the manufacture of aluminum, have been proved. Other large mining companies in Australia have announced big-scale expansion programs.

The International Bank for Reconstruction and Development granted a $50 million loan to Australia in December; this brings total borrowings from the bank to date to $485 million. The latest loan was made after Bank experts studied the Australian economy and proves that the Bank recognizes Australia's need to proceed with essential development work.

Canadian Sales to Australia

The list of Canadian products imported into Australia in 1956 remained practically the same as in previous years. Although no additional import restrictions were placed on Canadian products, there were no significant increases in the import quotas for them and very few additional quotas were established. The intensified import restrictions introduced in July 1956 applied to Category "B"—or less essential—commodities from soft-currency sources of supply and did not affect Canadian or other dollar commodities. In fact, the net result of the import cuts of July 1956 was to increase Canada's share of Australia's import trade.

Additions to the global quota which may be made this year would also benefit Canadian exporters of essential raw materials. The severe restrictions currently in force definitely limit sales of Canadian manufactured goods and in particular consumer goods which previously represented an important percentage of Canadian exports to Australia. The more important commodities exported from Canada to Australia in 1956 included lumber, motor vehicles and parts, newsprint, asbestos, special steels, manufactured tobacco, synthetic rubber, salmon and chemicals. Based on preliminary figures, Canadian exports to Australia in 1956 totalled approximately £A20.1 million, compared with £A22.7 million for the calendar year 1955. This drop was apparently the result of overall reduction in Australia's import trade and also the uncertain conditions in the first nine months of 1956.

Australia's Exports to Canada

Australia's exports to Canada in 1956 should total £A10 million, down slightly from the preceding year. Again wool, sugar, dried fruits, wines, brandy and canned meats were the important commodities. The number of Australian businessmen visiting Canada is increasing steadily and exporters of manufactured products are studying the potential of the Canadian market. The Government's active trade promotion program continued throughout 1956. The results have not been sensational but they have been encouraging, and many firms not previously interested in export trade are becoming conscious of the importance of exports to the Australian economy. No concerted effort was made in 1956 to increase trade with Canada and export trade promotion efforts were directed to markets in South East Asia, Africa and Europe.

Australia concluded a new trade agreement with the United Kingdom towards the end of the year. By its terms Australia was granted the right to reduce the margin of preference on many United Kingdom commodities entering Australia and also obtained tariff and other concessions on Australian goods entering Britain. The Agreement, which involves an undertaking on the part of the United Kingdom to guarantee purchases of not less than 750 thousand tons of wheat and flour a year over the next five years, represents a radical departure in Australian trade policy. Detailed tariff negotiations will take place in the near future.

Signs of Progress

The favourable developments of the last quarter of 1956 emphasized the recuperative powers of Australian industry. Industrial production trends for the basic industries—steel, mining, motor cars and power—have been strong throughout the year and more than compensated for reduced output of household equipment and other consumer goods. Resource development has continued steadily and the country's ability to compete for the available business in primary agricultural products was again demonstrated.

The flow of capital from the U.S. and the U.K. to Australia for old and new industrial undertakings continued in 1956 and immigration also rose steadily. As a consequence, Australia's productive capacity is increasing and the domestic market is expanding. Australia is particularly vulnerable to fluctuations in world demand for her basic exports and to increases in costs of imported raw materials. The indication of a substantial visible trade surplus for the year, in contrast to a deficit last year, has given a much-needed stimulus to the Australian economy. In brief, the outlook for trading in 1957 is good and the long-range prospect encouraging.

Important Notice to Exporters

The Department of Trade and Commerce is circulating a notice to exporters on "The Definition of Origin in the European Free Trade Area" about which it would like comments, especially from Canadian exporters of raw materials and semi-fabricated products. If you are interested and have not yet received a copy of the circular, you can obtain one from the International Trade Relations Branch of the Department.

The circular deals with the problem currently being considered by European countries of defining what is a Free Trade Area product for the purposes of tariff treatment. This is of direct concern to Canadian exporters of raw materials and semi-manufactured products whose exports may be processed in one European country and re-exported to another European country within the Free Trade Area.

New Zealand

Government measures to curb inflation and cut overseas spending slowed down business but brought balance-of-payments surplus for 1956. Canadian sales to New Zealand fell off slightly, for several reasons, but dollar buying is unlikely to be curbed further.

LESTER GLASS, *Commercial Counsellor, Wellington.*

ONE OF THE IMPORTANT INFLUENCES in the New Zealand economy during 1956 has been the credit squeeze, in effect for more than a year. It was instituted for two reasons: to curb inflationary pressures and to put a brake on overseas spending. Canadian exports, however, probably suffered much less from this squeeze than did those from the sterling area, because practically no consumer goods are imported from Canada. There have been widespread complaints that this credit squeeze has been too severe and that both industry and commerce have suffered unduly. It is true that the published balance sheets of business firms show more instances of decreased than increased net profits, and any increases have usually been proportionately less than in previous years. However, to say that this is solely the result of tight credit would hardly be true. Without doubt, keener competition and a greater volume of goods available have also been factors and a comparison of retail trading statistics seems to bear this out. During the quarter ended September 30, 1956, retail sales totalled £91.6* million as against £91.3 million in the previous year. Inventories at September 30 were valued at £72.7 million as against £71.2 million in 1955. In commodity groups, one-half showed minor decreases and the remainder chalked up increases.

Overdrafts Reduced

The number of commercial failures has also gone up sharply. This may be partly due to the credit squeeze and partly to increased competition which forced out marginal businesses. However, the Government's policy has been to reduce the overdraft which fell from a high of £189 million in March 1955 to £157.7 million at the end of November 1956. This figure seems to approximate what the authorities consider a reasonable level for overdrafts and there are indications of some relaxation in the near future. It will probably take the form of a reduction in the statutory deposits of the trading banks with the Reserve Bank. It does not seem likely that terms for instalment purchases or interest on bank loans will be eased as this would probably reintroduce inflationary pressures. Any easing of credit will probably not affect New Zealand's foreign trade appreciably.

After two years of an adverse balance in New Zealand's international payments, 1956 reversed the trend and showed a credit balance of £8.9 million, compared with deficits of £16.6 million in 1954 and £26.5 million in 1955. Increased export values and decreased imports made this change possible. A continued firm to strengthening market for wool coupled with an increased volume, and bigger meat exports, accounted for the greater part of this improvement. At the same time "other exports"—which include the newer ones such as paper, pulp and timber—increased by 24.7 per cent to £44 million. This figure also embraces loans from abroad which in 1955 totalled £16.7 million and in 1956, £17.1 million. Receipts from exports rose from £253 million in 1955 to £282 million in 1956.

Imports to the account of private traders in 1956 stood at £229.7 million, a decrease of £16.7 million (or 6.8 per cent) from 1955. This decrease without doubt is the result largely of the credit squeeze; most importers make use of bank overdrafts to finance their transactions and this year the banks have been very short of lending funds because of the credit restrictions. In fact, the trading banks are in the invidious position of being in debt to the Reserve Bank to the extent of £56 million. On this they are obliged to pay penalty interest of 7 per cent while receiving a maximum of 5 per cent on overdrafts.

Trade with Canada Decreases

It was expected that Canadian exports to New Zealand would show some decline in 1956 compared with 1955 and statistics bear this out. During this period, Canada exported to New Zealand goods to the value of $17,994,700 compared with $22,344,190 in 1955—a drop of nearly $4.3 million.

Several factors led to this decrease, in addition to the credit squeeze which affected all trade. In the first place, during 1955 New Zealand made heavy extraordinary imports of capital goods which had no counterpart in 1956, nor are similar outlays probable in the near future. For example, in 1955 locomotives to the value of $1.385 million ($1.092 million during first nine months) went to New Zealand from Canada but

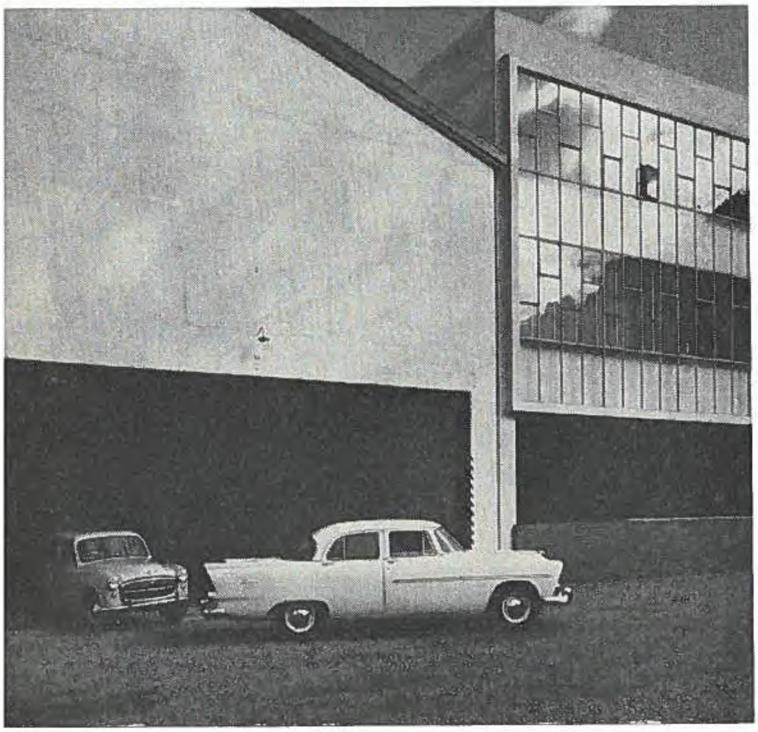
(continued on page 24)

* New Zealand £ sterling.

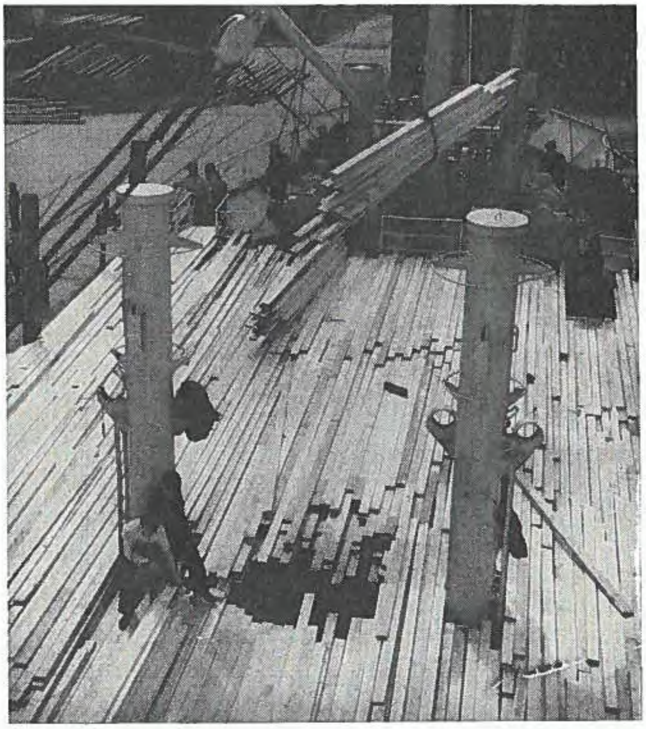
Canada in Commonwealth Markets

In the United Kingdom—This counter in London's well-known Army and Navy Stores features a display of a famous brand of Canadian cheddar cheese, specially packaged in Britain.

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 New Zealand—The big car seen leaving the factory in Wellington is one of the first units of this make assembled in New Zealand in 1956 from parts supplied from Canada.



In Northern Ireland—Standing on the bridge of this freighter in Pollock dock, Belfast, you can look down on Irish stevedores unloading a cargo of spruce timber just in from Canada.

In British Honduras—The charming young girl is admiring a display of Canadian shoes in a Belize store. The Canadian manufacturer exports many types of shoes to many countries.

In New Zealand—Canadian equipment seems quite at home in this setting. These logs cut from the Kaingaroa forest are being stacked on a trailer by a loading machine from Canada.

In Australia—This photograph was taken in the printing plant of the Melbourne "Herald". The men are stripping the outer wrapping from rolls of Canadian newsprint to feed the press.

In South Africa—These African workers are taking part in a first in Canadian export business—they are unloading a Canadian company's first shipment of enamel paper to South Africa.

no locomotives were shipped in 1956. Similarly, machinery and equipment for the new logging and pulp and paper developments were imported on a large scale.

Another important element in the decrease in Canadian exports is the development of New Zealand's pulp and paper industry. Two new mills came into operation—the Tasman Pulp and Paper Company, producing sulphate, sulphite and mechanical pulp and newsprint, and Caxton Paper Mills Limited producing tissues. As a result of this increased production, Canada's sales of newsprint to New Zealand during the first nine months fell from $2.853 million to $1.270 million, and toilet paper from $207 thousand to $74 thousand. Bond and writing paper sales also declined. This was not because of local production: New Zealand mills are not yet making these grades although Tasman Pulp and Paper expects to do so in the not too distant future. New Zealand is already developing markets in Australia and South East Asia and in the first nine months of 1956 exported over £1 million worth of newsprint and £112 thousand worth of other paper products, plus chemical pulp to the value of over £1.4 million.

An examination of Canadian export figures shows that although exports of a number of items have dropped, others have increased. Although the figures available cover only nine months, there is no reason to think the pattern will change. Exports of canned fish fell off, for example, largely because of a poor catch, but textiles of synthetic fibres increased from $27 thousand to $235 thousand. There was a drop in exports of copper mill-goods, but an increase in gas engines (notably engines for lawn mowers and outboards) from $300 thousand to $842 thousand.

The decrease in exports of various forms of lumber from $1.570 million to $1.221 million no doubt reflects the greater difficulty in obtaining loans in New Zealand for building. Locally produced lumber from *pinus radiata* has probably been used slightly more for certain structural purposes.

Customs Tariff Being Revised

The revision of the customs tariff which the Board of Trade undertook early last year should be completed by the end of March. In addition to modernizing the tariff and bringing it into line with the concepts of GATT, the Board has been studying the industries whose products make up the "hard core" list of import control. These industries have developed since the present tariff was brought into force and have since their beginnings operated under the complete protection of import restrictions which in some cases have amounted to prohibition of any imports. Now the Board is deciding what degree of tariff protection must be provided if these industries are to survive—if it is in the interests of the country that they should survive.

It is unlikely that any action on the Board's recommendations will be taken before the new tariff is publicly announced. After the Cabinet has accepted it, it will without doubt entail much negotiation under the Ottawa Agreements and with GATT members before the proposed new rates can come into force. It is not expected that it will be ready to present to Parliament before the session of 1958.

Prospects Reasonably Good

New Zealand's economy is closely bound to the export of agricultural products—particularly wool, dairy products and meat. On the whole the prospects for 1957 are good although at the moment butter and to a lesser extent cheese prices on the United Kingdom market are causing some worry. As this report is being prepared, the Government is discussing with export industries the question of sending a delegation to the United Kingdom and its terms of reference. This delegation would study and discuss the future of New Zealand's market there not only for dairy products but for all traditional exports to Britain.

Canada's sales to New Zealand will probably follow a pattern similar to that of 1956. The continuing policy of the Government is the progressive decontrol of imports, although dollar expenditures must still be watched closely in the interests of the overall sterling-area balances. At the same time there is no indication that dollar buying will be further curbed. Canadian exporters may expect that import licences will be available, particularly for non-consumer goods, where it is more advantageous to import from Canada than from the soft currency area. Imports of motor vehicles will fall by one-third. Rather heavy imports have been permitted to fill a legitimate demand for cars of North American types, but the gap is now closing and imports are being cut to conserve dollars.

Federation of Rhodesia and Nyasaland

SKIMMED MILK POWDER—The first roller-drying plant to make skimmed milk powder has just been installed in Gwelo, Southern Rhodesia, by the Dairy Marketing Board. It has a capacity of about 1,500 gallons in an eight-hour day and will work double shifts if necessary. In 1955, Southern Rhodesia imported 220 tons of skimmed milk powder, the equivalent of about 400 thousand gallons of milk. It was used mainly in livestock feeds and by manufacturers of sweets and ice-cream—Salisbury, March 5.

Federation Comes to the West Indies

When ten BWI colonies join together in a federation next fall, a new Caribbean state will emerge. Here is a review of the steps leading to federation and a discussion of its resources, its prospects, and the problems which it faces.

IONA F. BUDGE,
International Trade Relations Branch.

EARLY NEXT FALL, a new Caribbean nation will be born. Legislation passed by the United Kingdom on August 2, 1956, made provision for the creation of the West Indies Federation, joining together ten BWI colonies, stretching from Jamaica in the northwest to Trinidad and Tobago in the southeast. Independently the various territories might have found the achievement of full sovereign status difficult; as a federation, the prospect for ultimate political and economic independence is much brighter.

Steps in Federation

The passage of the United Kingdom legislation marked an important milestone in the history of the British West Indies and brought to fruition a concept which was formed as far back as 1682. However, it was not until eleven years ago that several West Indian legislatures officially declared themselves in favour of considering the formulation of a political plan for closer association.

Since 1947, the issues of federation have been studied by four different commissions and three separate conferences between the various territories and the British Government have been held. The last of these, meeting in London in February 1956, culminated in the passage of the Caribbean Federation Bill. This Bill takes the form of a draft Order in Council which will be brought into effect later. It embodies the constitutional instruments of Federation and provides for the holding of federal elections.

The constituent territories are to retain complete control over all matters except those specifically assigned to the federal government. The federal government will have power to legislate exclusively in matters such as defence, exchange control, external affairs, foreign trade and the federal public service. The unit governments will control agriculture, education, advisory services and communications, and so on. The residue of power lies with the unit governments.

The head of state in the new Federation will be the Queen, represented by a regional Governor General who will be advised by a Council of State. This Council will consist of a Prime Minister, seven Ministers and three Senators. There will be an Upper House of 19 appointed Senators and a Lower House of 45 elected Members; the functions of the two Houses will be similar to those of their counterparts in Canada.

Last January Jamaica was the scene of a further meeting on the constitution. The draft Order in Council was exhaustively reviewed and amendments made; an economic planning group was set up to work out a detailed economic survey of the area, and a flag was chosen. The previous recommendation of Barbados as the capital, put forward by a specially constituted commission, was reversed and Trinidad was selected instead. A further meeting to consider the initial establishment of the federal government and the first financial estimates will be held in Trinidad at the end of April. This coming September, the West Indies Federation will become a "lawful structure" when the first Governor General is appointed and the revised Order in Council is promulgated. Federal elections will be held in the first quarter of 1958.

Population Problem

The ten island colonies which are federating have a total area of approximately 7,800 square miles and contain about 2.8 million people; the rate of population increase is very high. In fact, population pressure is one of the principal problems confronting the new federation. One solution might be the relocating of

Facts on the Federation

DATE: *Expected to become effective in September 1957.*

INCLUDES: *Jamaica, Barbados, the Windward Islands (Grenada, St. Vincent, St. Lucia, Dominica), the Leeward Islands, (Antigua, St. Kitts-Nevis, Montserrat), Trinidad, and Tobago.*

REMAINING OUTSIDE: *British Virgin Islands, Bermuda, Bahamas, British Honduras, British Guiana.*

CAPITAL CHOSEN: *Trinidad.*

FORM OF GOVERNMENT: *Governor General representing the Queen, advised by a Council of State. One Upper House, with Senators appointed; one Lower House, with Members elected.*

FIRST FEDERAL ELECTIONS: *To be held in first quarter of 1958.*

TOTAL AREA: *Approximately 7,800 square miles.*

POPULATION: *About 2.8 million; population density, 370 per square mile.*

MAIN EXPORTS: *Sugar, molasses, rum, bananas, coffee, cocoa, spices, citrus, oil, lumber, bauxite.*

MAIN IMPORTS: *Foodstuffs, timber, paper, building materials, manufactured goods.*

TRADE WITH CANADA: *1956 exports from Canada, $38.7 million; 1956 imports into Canada, $42.5 million. (Trade figures are for the federating area only, not the whole of the British West Indies.)*

EFFECT ON TARIFFS: *No change likely for some years. Commission on Trade and Tariffs has been set up and must report not later than two years after establishment of federal government.*

persons from the overcrowded areas in British Guiana and British Honduras should these territories join the federation later. This, however, would involve extensive development programs and because the need for investment in the densely populated parts of the federation is more urgent, this scheme may not be practicable at the moment. British Guiana and British Honduras are understood to be apprehensive over the possibility of a high rate of immigration from the over-populated islands and this may be one reason for their remaining outside the federation at this time.

Principal Resources

The traditional mainstay of the British West Indian economy is the sugar industry. The production of sugar has increased in recent years with additional acreage under cultivation and improved techniques; last year it reached over one million tons. Canada is a large and growing market for West Indies sugar which enters this country under a substantial tariff preference. Canadian purchases are of considerable importance to the economies of the producing areas. The United Kingdom is the other principal market and under the Commonwealth Sugar Agreement signed in 1951, the British West Indies is assured of a guaranteed market for 670 thousand long tons of raw sugar annually in the United Kingdom at a price fixed each year.

The agricultural output of the area has been diversified to some degree. Jamaica is now the largest Commonwealth producer of bananas and also grows citrus fruit. Trinidad too grows citrus and limes are an important export of Dominica. Jamaica and Trinidad are the main coffee producers in the group. Cocoa is an added source of income in Trinidad; ginger and pimento are exported from Jamaica and nutmeg from Grenada. The cultivation of copra and coconut is being encouraged on all the islands.

Bauxite and petroleum are the principal mineral resources in the area. Jamaican bauxite exploration has developed in the past five years and output had increased to 2.5 million tons by 1955. Kitimat's growing needs for Jamaican alumina have encouraged production of this metal and output should reach an annual rate of 800 thousand tons by mid-1958. About one-third of the free world's supply of bauxite comes from Jamaica and British Guiana. Trinidad is the only oil producer in the federation, with an output of 3.5 million tons of crude petroleum in 1955, less than one per cent of total world production. However, the oil industry is of major importance to Trinidad and the source of nearly half its government revenue.

A certain amount of industrial development has taken place in the federated colonies. Jamaica and Trinidad have established factories which process local agricultural products and industrial raw materials. For

A scene in the busy harbour of Port-of-Spain, Trinidad, with scows landing imported products. Trinidad was recently chosen for the capital of the West Indies Federation, reversing the decision of a specially appointed commission which had earlier selected Barbados as the site.

example, both have paint, cement, soap, cigarette, rum, textile and knitwear industries, and Jamaica has garment, shoe, storage battery, furniture and wallboard plants. In addition, Trinidad produces things like essential oils, chemicals, rubber goods and angostura bitters. An important source of income in all the colonies is the tourist trade.

Economic Benefits of Federation

The federation has adopted as a major policy the fostering of economic development and the hope is that progress will be more rapid. For example, the freer movement of persons should mean a more effective use of labour. If a common market is established in the area, it will encourage production and lead to an improved standard of living and to greater inter-island trade.

It is doubtful whether the colonies in the federation could themselves generate sufficient capital to finance all their needs for industrial and social development in the next few years. They have a high rate of consumption in relation to income and this means that there is very little domestic capital formation. Hence outside capital is necessary for economic development.

Trade and Tariffs Being Studied

Included in the preamble to the draft constitution is a clause to the effect that an integrated trade policy is essential to the economic strength of the area, and that a customs union should be established as soon as possible to facilitate the flow of trade. Consequently, a Commission on Trade and Tariffs has been formed to study the fiscal, economic and technical problems involved. There are now ten separate customs units within the federation. The Commission on Trade and Tariffs must report its findings not later than two years after the establishment of the federal government. This means that tariff changes are unlikely for some years.

Canada and the Federation

Canada's trade relations with the area are governed by the terms of the Canada-British West Indies Trade Agreement of 1926. This provides for the exchange of preferential tariff treatment and under it both sides enjoy important commercial advantages. Canadian exports to the whole British West Indies area in 1955 totalled $42 million and imports $54 million. Exports increased to $49 million in 1956 and imports also went up. The British West Indies is an important traditional buyer of our manufactured goods and is a vital market for some areas of Canada, particularly the Atlantic provinces.

The greatest proportion of our exports to the federating area goes to Trinidad and Jamaica. The federating group purchases a great variety of Canadian products, ranging from flour, fish and tobacco to electrical apparatus, medicines, textiles, and many other kinds of manufactured goods. Canada's major import from the area is sugar but bauxite and alumina from Jamaica and crude petroleum from Trinidad are also important. Rum and a considerable variety of tropical foodstuffs find a market here and there are possibilities for the expansion of this latter trade.

Until a Customs Union is established in the area, the effect of federation upon trade may not be very great. However the emergence of the federation as an economic unit could mean increased trade both internally and with the outside world. Because of the close and traditional economic relations with the British West Indies, Canada is following these new developments with keen interest. ●

Jamaica

New opportunities to do business are arising, with dollar restrictions on consumer goods relaxed and industrial development proceeding rapidly. Last year proved most prosperous in the Island's history; sales of Canadian goods rose by one-third.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

A GOOD HARVEST and expansion of bauxite mining in Jamaica helped to relieve unemployment and stimulate trade during 1956. Higher returns from sugar, banana, citrus and coffee exports raised incomes of farmers, and the erection of a second alumina plant provided work for many islanders.

The Island's major crop, sugar cane, yielded 356,309 tons of sugar last year and a total carryover of 100 thousand tons from the 1955 and 1956 crops was expected. However, production in other Commonwealth countries fell off, and Jamaica was allowed to export 52,000 tons of her 1955 carryover as well as the 270 thousand tons she normally ships abroad under the Commonwealth Sugar Agreement.

Fruit Crops Rising

Exports of bananas, Jamaica's second ranking crop, rose to 11.2 million stems last year from 10.9 million in 1955. The United Kingdom takes the entire crop at the moment, but the Banana Board, which controls all exports, is thinking of selling in the Canadian market.

Latest estimate for the 1956-57 citrus fruit crop now being harvested places the exportable surplus at 1,124,000 boxes, an increase of 4 per cent over last season. Sixty per cent of the crop will be processed into orange and grapefruit juice and grapefruit sections. Most of the fresh fruit (109 thousand boxes last year) is shipped to New Zealand, but the United Kingdom also took 45,000 boxes of fresh grapefruit. In December, the Citrus Growers Association, which controls export marketing, sent an experimental shipment to Canada of 30 boxes of oranges and 30 of grapefruit.

Coffee and Cocoa Production

Jamaican coffee continues to command premium prices in world markets and the government planners decided to expand coffee production; during the year the Department of Agriculture nurseries substantially boosted their output of seedlings. Coffee exports for the year totalled 5.2 million pounds of which 350 thousand went to Canada. Eventually Jamaica hopes to raise its exports of coffee to about 15 million pounds a year.

Cocoa is another crop which the Government is promoting despite recent declines in the price of this commodity; long-term prospects appear good, provided that higher yielding plants are used. Nurseries are set to produce the improved cocoa varieties, and present plans call for output of 20,000 long tons of cocoa a year compared with some 2,880 long tons harvested last year.

Bauxite Output Increases

Spurred by increasing demand for aluminum, Jamaica's three bauxite companies (two American and one Canadian) continued to expand production. The Island's bauxite deposits have little or no over-burden and the ore is dug with mechanical equipment without blasting. Rather than ship raw bauxite ore to its British Columbia smelters, the Canadian company had its Jamaican subsidiary erect an alumina plant near the Mandeville mine. Three tons of bauxite reduce to one ton of alumina, thus cutting transportation costs to Canada by two-thirds.

In 1956 output of the alumina plant doubled, reaching 1,350 tons a day. The demand for alumina for the smelters in Canada is growing: a second plant at Ewarton is under way with an initial capacity of 220 thousand tons a year. The Canadian company's investment will total close to $100 million by the time it spends £12 million on the new facilities.

Other Canadian mining interests are prospecting for copper and by year's end reported that they had discovered fairly large deposits of low-grade ore. They are continuing their explorations and hope to locate commercial quantities of higher-grade ore.

Along the south coast a large United States oil company is drilling for oil. If it is successful, Jamaica's economy will become one of the strongest in the Caribbean. As yet the firm has issued no reports on its findings.

Tourists Supply Dollars

The tourist industry has become a major dollar-earner for Jamaica; during 1956 a record number of visitors (160,886) spent an estimated $20 million during visits to the Island. The Government reduced taxes on hotel operators in 1956 to encourage expansion of tourist facilities and provided the Tourist Board with additional funds for promotion. Already there are plans to

A street scene in Kingston, capital of Jamaica. Founded in 1692, it lies at the foot of the Blue Mountains (where the famous Blue Mountain coffee grows) and has a beautiful natural harbour. The Canadian Trade Commissioner to Jamaica has his offices in Kingston.

increase hotel accommodation in Montego Bay by 800 rooms within a year, according to reports.

New Industry Encouraged

To attract and assist investors in setting up new industries, the Government announced additional tax concessions in 1956 and agreed to waive customs duties on raw materials needed by export industries. The Government set up an office of its Industrial Development Corporation in New York to make sure that news of the concessions reached the ears of industrialists in North America.

Several factories opened during the year to make items such as brassieres, leather buttons and woollen knitwear for export, and aluminum pots and pans and shoes for the domestic market. In Kingston, a plant to make aluminum window frames and doors is nearing completion. This expansion in secondary industry combined with bauxite mining developments and good crops made 1956 Jamaica's most prosperous year.

Trade with Canada Rises

Trade between Canada and Jamaica benefited from prosperity; Canada's sales rose to $17.2 million, compared with $12.9 million in 1955. Flour and salt cod accounted for slightly less than a third of the total exports, with tobacco, pickled fish, structural steel, mining machinery, canned fish, automobiles, pumps, copper wire and electrical apparatus making up most of the remainder. Jamaican exports to Canada also rose during the year—paced by sugar, alumina, cocoa and rum. By the end of September $18.8 million worth of goods had been shipped to Canada, compared with $13 million during the first nine months of 1955.

Prospects for trade in 1957 look equally good, because the policy of the present Government is to allow industries to buy their raw materials in the cheapest world markets even if it involves the expenditure of hard currency.

Jamaica faces a rising cost of living and a year ago divided $2 million among local merchants to enable them to purchase consumer goods in North America and thus combat inflation; prices of certain dollar goods are lower than those of the same goods from soft currency sources. A similar dollar import scheme will be introduced this year as well.

In recent months increasing numbers of Canadian exporters have sent salesmen to the Island to take advantage of the new business opportunities. The $4 million increase in exports during 1956 reflects the success of their selling efforts.

Federation Plans

Throughout the year federation with other British islands in the West Indies commanded the attention of most Jamaicans. Following the London conference between delegates from the islands and the Secretary of State for the Colonies, the British Parliament passed a bill to unite the West Indies and had appointed a number of senior civil servants to serve the new federal government by mid-year. In January of this year, representatives from the islands met in Kingston to work out a federal constitution, plan government departments and decide on the site for the federal capital. The representatives examined the draft of the Order in Council that will establish the Federation and define its constitution, clause by clause; they named an economic planning group to work out a detailed economic survey of the area with the help of experts from the World Bank; they chose a flag, consisting of the Blue Ensign with the full Coat-of-Arms on a white circle background. The conference ended with agreement on Trinidad as the site for the capital of the Federation. ●

British Honduras

Greater activity in lumber industry and continued recovery from after-effects of Hurricane Janet featured 1956. Shipping problems and import controls keep trade with Canada small, but purchases of certain goods are unrestricted and others occasionally permitted entry.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

INCREASED PRODUCTION of mahogany and pitch pine lumber brought a modest rise in business activity in British Honduras during 1956. Mahogany has been the mainspring of the economy for centuries and the Government is using Colonial Development and Welfare funds to build roads into remote corners of the colony to tap the few remaining virgin stands.

Pitch pine has risen to second place in export value in recent years. This resource needs protection and regeneration and the national authority is planting pine seedlings on about 1,000 acres of land each year. Eventually more stands will be available for cutting and the income from lumber exports will increase. At present, pitch pine earns slightly less than B.H. $5 million* a year and accounts for more than half of the value of the colony's exports.

In the northern districts work continued on housing for the hundreds of people who lost their homes in October 1955 when Hurricane Janet struck the area. Wages paid to construction workers have provided a needed fillip to local merchants who suffered heavy losses from the storm.

Crops Suffer Damage

Sugar cane, the major crop in the area, was badly blown and yielded only 3,500 tons of sugar last year compared with 5,000 tons in 1955. Plans call for sugar production to expand to 20,000 tons a year within the next five years. The Colony currently can export all the sugar it produces and it hopes to obtain a quota of at least 7,000 tons under the Commonwealth Sugar Agreement.

The hurricane also blew down a number of sapodilla trees from which chicle (the basis for chewing gum) is obtained. Experts fear that production of this commodity may decline by more than 30 per cent.

The citrus crop, second to sugar in export value, suffered from excessive rain; latest estimates of the 1956-57 crop are 250 thousand boxes compared with 420 thousand last season. Young orange groves are due to start bearing next season and they could boost production to 600 thousand boxes in 1958.

New Developments

A team of agricultural consultants visited British Honduras last May and reported good prospects for cattle, sugar, cocoa, corn, beans, rice and citrus. The Government appointed a cocoa officer and established nurseries to produce seedlings at Stann Creek, 32 miles south of Belize, the capital. In October the first consignment of carefully selected seeds from improved clonal trees arrived from Trinidad.

A group of American businessmen discussed the possibilities of establishing a pulp and paper industry; the Government granted them first refusal rights on tracts of coastal pine forests. Whether the industry materializes or not will depend on the results of aerial and ground surveys now being made.

In the interior, the British Honduras Gulf Oil Company withdrew its exploration equipment after drilling a few test holes; it issued no report on its findings.

Trade Remains Small

Dollar import restrictions and lack of direct shipping connections keep Canadian trade with British Honduras small. The value of imports from Canada in 1956 dropped 20 per cent to $248,348 compared with $304,367 in 1955, with sales of flour, pickled pork and cotton textiles declining. Exports to Canada (chiefly mahogany) increased slightly during the year.

Mahogany has for years been one of British Honduras' main exports, and plans are proceeding to exploit remaining virgin stands in hitherto inaccessible spots. The picture shows the logs being unloaded from camions which bring them out.

* One British Honduras dollar=68 cents Canadian.

Current British Honduras exchange regulations permit the import of the following commodities from dollar countries without restriction:

Newsprint	Chemical fertilizers
Kraft paper	Calcium carbide
Fish	Powdered milk
Onions	Canned milk
Cheese	Split peas
Potatoes	Meats
Apples	Animal feedingstuffs
Leaf tobacco	Lumber and wood products

Canadian exporters can ship to British Honduras under the BWI Trade Liberalization Plan which is administered by the Department of Trade and Commerce in Ottawa. Under this plan, the Colony allocates part of its annual dollar allotment to Canadian exporters. However, the Financial Secretary retains control of a much larger portion; he has the power to issue import licences to local firms wishing to bring in essential dollar goods. Canadian exporters, through their agents in Belize, should keep in close touch with merchants who are in the market for dollar goods because it is sometimes possible for the Financial Secretary to make the necessary dollars available.

There is little hope of British Honduras joining the West Indies Federation; most of its leaders have been articulate opponents of Federation for a long time. The People's United Party, which holds eight of the nine elected seats in the colonial legislature, upholds the principle of non-federation with the uniting island colonies. ●

Bahamas

The Colony is earning more dollars from the tourist trade and is relaxing import controls but United States suppliers are obtaining the lion's share of expanding dollar import business. Opportunities for Canadian exporters are good but market needs personal attention from them.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

CATERING TO VACATIONERS is the primary industry of the 84,000 people who live on the 700 islands which make up the Colony; last year they welcomed 155 thousand visitors—a 20 per cent increase in number over the previous year. In Nassau a new half-million-dollar hotel has just been completed and one of the larger hotels has been altered to provide needed accommodation for the influx of tourists. Across the island at Coral Harbour a luxurious clubhouse opened in December and a few miles to the west a championship golf course is under construction at Lyford Cay, which promises to become one of the most attractive resorts in the Colony. Bahamians hope these new holiday playgrounds will attract even more visitors and boost earnings from the tourist trade above the $20 million realized in 1956.

Policy on Imports

Restrictions on dollar goods going into the Bahamas are considerably less severe than in other parts of the British West Indies. Canadian exporters would therefore be well advised to show a greater interest in the Bahamas market; up to now they have been taking only a limited advantage of the freedom from controls. Their competitors in the United States are much more active and, by calling on local merchants, managed to obtain $13 million (or 85 per cent) of the business available. This fact is pointed up in the table of major imports from Canada and the United States which appears below.

MAIN IMPORTS FROM U.S. AND CANADA
1956

	U.S.	*Canada*
Foodstuffs	$3,525,000	$1,097,000
Building materials	1,741,000	384,000
Apparel	1,397,000	4,900
Engines, machinery and parts	911,000	4,692
Electrical fittings and devices	902,000	6,351
Furniture and furnishings	441,000	2,662
Paper and paper products	422,000	29,311
Hotel supplies	407,000	475
Motor vehicles	353,000	48,921
Textiles	297,000	21,831
Boots and shoes	259,000	8,191
Government supplies	246,000	2,715
Drugs and medicines	241,000	20,252
Plumbing fixtures and supplies	226,000	2,000
Motor vehicle parts and accessories	218,000	17,543
Tobacco—cigarettes	172,000	....
Books and printed matter	170,000	49,842
Gas, butane and propane	153,000	1,240
Alcoholic beverages	49,000	137,500
Chemicals	128,000	2,478
Animal feeds	119,000	78,023
Paints, oil and turpentine	117,000	2,943

The development of a free port and industrial area on Grand Bahama Island should provide more opportunities for Canadian businessmen. This large-scale project, now under construction, will include a huge (1,500′ x 1,500′) turning basin, shipyards capable of handling ships in the 80,000-ton class, and a cement plant with a capacity of 200 thousand tons a year. The industrial area will be set up within the 50,000-acre free port limits and the development group is installing facilities. Manufacturers are showing considerable interest in establishing factories there.

Industries and shipping companies operating in the free port are permitted to recruit skilled workers from any part of the world, are exempt from paying duties on raw materials or capital equipment that they import, and do not have to pay income taxes, real estate or personal property taxes for a period of 30 years.

Flying time from Central Canada to the Bahamas is only 6¼ hours and the round-trip fares are moderate. There are business opportunities here which Canadian exporters should investigate; local merchants appreciate such personal contacts. ●

Trinidad

Selection as capital of new BWI Federation, plus prosperous oil, sugar, citrus and banana industries, make Trinidad a market worth cultivating. Canadian sales there totalled $12½ million in 1956, with food products in the lead; opportunities in other lines more limited because of import controls.

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

IN FEBRUARY 1957, at a meeting in Jamaica, a group representing the ten federating colonies in the Caribbean voted for Trinidad as the site for the capital of the Federation of the British West Indies. This long-awaited step toward a unified West Indies raises numerous questions. One of the most common is: "What will be the effect on business in Trinidad?"

No one claims to know the complete answer but some forecasts are being made. Property values will go even higher, with greater pressure on first-class building lots, office and residential accommodation, already in short supply. This is expected to bring about an increase in capital investment as local business moves to provide new facilities. Such activity presages additional employment and income and increased imports of both materials and consumer goods—provided that the necessary sources of individual corporate and government financing are found.

All this is to the good, but in the short term there could be some growing pains. Living costs may rise more quickly than incomes and heavier taxation could add to the burden. Dockside and warehouse congestion will be increased and a long-proposed 300-room hotel is now almost a necessity to cope with the heavier flow of transients. The water supply, sewage, telephone and internal transportation systems of the Island will also require immediate attention.

Demand Will Increase Gradually

Canadian exporters are already asking what this capital site decision means to their business in Trinidad. The answer, seems to be "probably not too much in the first few years".

Higher incomes will bring some increased demand, but the market seems unlikely to develop spectacularly. If a spate of building materializes, Canadian exporters of lumber and wood products should reap some benefit because these can be imported freely, even from the dollar area. Many other building materials will be needed from overseas, such as electrical cable and switchgear, plumbing fixtures, builders' hardware, etc. However, these can only be purchased from Canada when the manufacturer has an allocation under the BWI Trade Liberalization Plan to provide for the release of dollars from the sterling pool.*

The new capital of the West Indies will require more than just a location and physical structure. The offices will need machines and stationery, chairs, desks and filing cabinets. The personnel coming from other islands will need appliances, furniture, and household articles and eventually will add to the market demand for everything from jams to jewellery. Again, the Canadian exporter may not be able to take full advantage of the opportunity because most of these items

* Details of the operation of this Plan can be obtained from the BWI Trade Liberalization Plan Section of the Department of Trade and Commerce in Ottawa.

also require an allocation from Ottawa from a dollar fund which is already overburdened.

Occasionally a special import licence for the dollar countries is issued from a hard-currency fund administered by the local government. In recent years such licences have only been available for American-type cars and trucks, for specified luxuries for the tourist trade, and for materials considered essential for local industries but not readily available in soft currency areas. No change in this policy can be expected.

Already a Substantial Market

Trinidad is already a substantial market and Canadian sales are gradually increasing, even without the additional business which could result from the federal capital. In 1956 Trinidad's imports totalled some BWI $300 million* and exports BWI $330 million, resulting in a favourable trade balance once again. There was still an adverse balance with the hard currency countries, however, because over one-third of Trinidad's exports traditionally go to the United Kingdom—principally petroleum products, sugar and citrus. A summary of Trinidad's trade in 1956 is given below:

TRINIDAD

	Exports to	*Imports from*
	(in millions of BWI dollars)	
United States	18.6	36.1
Canada	17.5	26.9
Venezuela	0.7	71.2
Colombia	nil	9.0
Others	2.3	0.7
All hard-currency countries	$ 39.1	$143.9
United Kingdom	116.1	104.4
All other countries	175.3	53.1
Totals	$330.5 million	$301.4 million

Trinidad's imports from Venezuela and Colombia were almost entirely crude oil for refining and re-export; purchases from Canada and the United States covered a wide variety of foodstuffs and consumer goods.

Primary Products from Canada

Primary products predominate among Canada's exports to Trinidad and flour, fish, meats, milk products and fruit or vegetables accounted for 65 per cent of the total value in 1956. Wood products and tobacco accounted for another 10 per cent. Total exports from Canada in 1956 reached $12.5 million Can. compared with $12.6 million in 1955. Although Canada is already a major foodstuffs supplier, there is room for growth. For example, Canada shipped only BWI $2.3

—Shell Trinidad Ltd.

This photograph was taken at the inauguration nearly three years ago of Trinidad's first oil well to be drilled under the ocean. Workmen are shown standing behind the poised bit.

million of total imports of fish and fish products valued at $3.3 million, and only $1.1 million worth of fruits and vegetables out of a total of $5.8 million. At lower landed prices there would also be opportunities for larger sales of frozen poultry, fresh eggs, split peas, bacon and ham.

Sales possibilities in other lines are harder to chart but they do exist. There is little demand for luxuries but for personal and household articles which can meet world prices there is always an opportunity, and the preferential tariff helps sales. Trinidad spent BWI $81.4 million on imports of manufactured consumer goods in 1956.

Prosperous Outlook

Trinidad has a prosperous oil industry which is maintaining its reserves and increased its crude oil and refinery product output to a new record of BWI $232.4 million in 1956. The island holds long-term contracts with the United Kingdom for sugar, citrus fruit and bananas and these practically ensure another BWI $30 million a year. A further guaranteed income comes from annual transhipment of 3.4 million tons of bauxite from the Guianas. Port-of-Spain is also becoming popular as a cruise-ship port of call and a point for ships' bunkering. Soon the activities associated with the establishment of the federal capital of the British West Indies will be added to this sound economic base.

Altogether, the present seems an auspicious time for more Canadian exporters to investigate the Trinidad market.●

* One BWI dollar equals approximately 56 cents Canadian.

British Guiana

Canada became British Guiana's best customer last year and Canadian commercial interests in the Colony are growing. Purchases from Canada are not expanding at the same rate, though they rose 15 per cent over the 1955 figures.

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

THE YEAR 1956 was one of progress, both political and economic, for British Guiana. Politically it brought a revision of the constitution which restored a measure of self-government to the Colony although it still left adequate power in the hands of the Governor. British Guiana also sent official observers to most of the 1956 meetings about the West Indies Federation, but will not be joining it immediately and has made no definite commitment for the future.

Economically the country took a modest step forward. Both imports and exports increased and the unfavourable trade balance in visible items was cut to a mere BWI $5 million. Agriculture played its part with a record production of 263,300 long tons of sugar, of which 246 thousand were exported. The rice harvest reached 70,000 tons and 42,000 tons were shipped to the other British West Indian territories under a long-term contract. Copra is the only other commercial crop and output declined slightly to 5,500 tons.

British Guiana's production of gold went down by 30 per cent during the year to 15,800 bullion ounces and diamond output dropped fractionally to 29,800 metric carats. However, the overall contribution of the mining industry was more than maintained by the production of 2.2 million tons of bauxite and the first commercial exports of manganese ore.

Private Investment Increasing

The rate of private investment in British Guiana is increasing and a government report says that during the past two years 54 new businesses have been incorporated with a total capital investment of BWI $16 million. Among these are 23 extraction operations, 14 mining, five lumber, three quarrying and stone crushing, and one fishing—which will offer a good deal of new employment. Among the most notable new manufacturing industries are a large brewery, a margarine and soap factory, a factory for toilet and laundry soaps, a biscuit company and several garment manufacturers.

In addition to these new industries, many of the older ones have been substantially expanded and modernized. This type of investment in the rice and sugar industries alone is said to have exceeded BWI $10 million in the past two years. Another example is boat-building which has expanded to the point that a 300-ton coastal vessel has just been launched. Meat packing has also been growing and the first export contract—30,000 lb. of hams and bacon to Trinidad over a four-month period —was recently undertaken.

The biggest single development project, however, is the BWI $60 million alumina plant which is being started. The plant will take two years to complete but will eventually offer permanent employment to 700 persons and turn out 200 thousand tons of alumina per year. The British Guiana Government has ruled that the project qualifies under the Industries Aid and Encouragement Ordinance; this means that for the next five years the company may import materials and equipment from any area without customs duties and that initial profits will be exempt from income tax. Special arrangements have also been made for the repatriation in hard currency of principal, interest and dividends as required. The alumina plant will be in addition to the present bauxite operations which already employ over 2,000 people and produced some two million tons of ore in 1956.

Canada's Interests Widespread

The bauxite industry which is British Guiana's largest dollar-earner is dominated by a Canadian-owned company and employs many Canadian technicians. As a matter of fact, one of the notable features of British Guiana's economy is Canada's widespread commercial interests there. Three shipping lines operate scheduled services from Eastern Canadian ports to Georgetown and two of them are Canadian companies. The largest bank is Canadian and so are two of the more substantial insurance companies. Furthermore, in 1956 Canada was British Guiana's best customer and took 36 per cent of its total exports—principally bauxite, rum and sugar.

BRITISH GUIANA'S FOOD IMPORTS—1956

(in BWI dollars)

	Imports from Canada	*Total Imports*
Pickled pork	$ 266,800	$ 377,000
Canned meat	86,600	521,300
Bacon/ham	158,200	197,600
Canned fish	381,800	709,000
Flour	1,272,500	3,984,000
Potatoes	447,700	1,018,000
Beans/peas	314,100	699,100
Onions	143,600	366,400
Canned milk	108,000	2,202,400
Dried milk	83,600	685,600
Salt fish	599,500	1,185,200
Other foods	1,038,800	8,654,700
Total	4,901,200	20,600,300

Canada's position as a supplier to British Guiana is much less significant. British Guiana's imports in 1956 were valued at just over BWI $100 million and Canada provided only $8.6 million worth. This is an increase of almost 15 per cent over 1955 but it could improve further.

Canada is prominent as a supplier of foodstuffs. The table on page 34 shows where this strength lies and indicates possible further opportunities.

All categories of imports into British Guiana are increasing and the outlook for continuing progress is good. Private investment is going up and is being stimulated by a $90 million government development project to improve communications and education. The need for raw materials for the new industries and for capital equipment is bound to grow. Trading is complicated by the dollar problem but many export firms are finding it possible to enter the market and to increase their sales.●

Barbados

Accommodation for tourists is being increased and deep-water harbour being built, to encourage tourist trade. Sugar continues to be mainstay of economy and 1957 crop prospects excellent. Canadian sales well maintained, with foodstuffs of various kinds taking the lead.

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

BARBADOS is the most densely populated island in the British Caribbean and its 230 thousand inhabitants fully expected that it would be selected as the site for the capital of the Federation of the West Indies. Now that Trinidad has been chosen instead, Barbados must continue to rely on its sugar industry and must exploit its tourist trade further.

Anyone who has visited the island will agree that Barbados has much to offer the visitor—a pleasant sunny climate, numerous sandy beaches, quaint and historic villages, and reasonable prices. But before tourism can become a significant factor in the Barbados economy there is much to be done. Good progress was made in 1956, however, and a "Hotel Aids Bill" passed in October provides for seven-year tax concessions on new or improved tourist accommodation. The aim is to double the present 1,000-room visitor capacity of the island and possibly to attract one of the large North American hotel chains to build a luxury hotel.

Development Plan Pushed

The Barbados Government also approved a development plan which calls for an expenditure of BWI$50 million over the next five years and provides for a deep-water harbour that has long been needed. Quayside accommodation for large ships in place of the present cumbersome transfer by lighter from ship to shore should do much to encourage more frequent calls by cruise ships. Another development which augurs well for the tourist industry was the approval of landing rights for Pan American Airways. Scheduled service is due to begin in May, when a 1,000-foot extension to the international airport is completed.

Air traffic is increasing rapidly and approximately one-third of the 30,000 passengers who disembarked in Barbados during 1956 arrived by air, according to a release by the Barbados Publicity Committee.

Relies on Sugar

Despite all this planning for tourists, the welfare of Barbados continues to depend almost entirely on the sugar industry, as it has for hundreds of years. The production of crude sugar has recently been averaging 165 thousand tons per year, of which 132 thousand tons are reserved for the United Kingdom under a long-term contract. Canada is the traditional market for most of the remainder, after domestic needs have been met. Unofficial data indicate that during 1956 Canada purchased 31,000 tons (long) of crude sugar and 3.5 million gallons (imp.) of molasses from Barbados suppliers. Prospects for the 1957 sugar-cane harvest are excellent and the crop may reach 180 thousand tons. Prices are high and a good income seems assured.

Sugar and its by-products account for about 80 per cent of Barbados annual income but despite increasing production in recent years, it has not been able to offset the rising cost of imports. In 1955, for example, visible imports were valued at BWI$55 million but exports earned only BWI$39 million. Over 30 per cent of the total cost of Barbadian imports was for foodstuffs and another 30 per cent went for various manufactured consumer goods. The United Kingdom was the principal supplier and Canada was in second place, with sales totalling BWI$9.1 million compared with sales of BWI $4.1 million by the United States. Various foodstuffs (particularly flour and other grain products) accounted for the greater part of Canada's shipments.

The pace of business in Barbados is expected to quicken slightly in 1957 because of the spending under the government economic development plan, the building of new tourist accommodation, and the sale of a larger sugar crop at a higher price. The gap between visible income and expenditure may widen temporarily, but eventually earning power will increase.

Canadian trade has the advantage of a preferential tariff, good shipping facilities, and the consumer preference afforded to a traditional supplier who is also a good customer. Most Canadian exporters should have little difficulty in maintaining their present sales of staple articles, although flour exporters may face a problem because of severe price competition from United States suppliers. Canadian shippers of manufactured consumer goods may also be able to improve their sales, despite the dollar restrictions which continue to impose a ceiling on sales expansion.●

Leeward Islands

Sales abroad of sugar and bananas were leaders in substantial rise in total trade in 1956. Canadian exports to this area rose to $4.3 million last year with flour making up about half this figure.

P. T. EASTHAM,
Assistant Trade Commissioner, Port-of-Spain.

THE EIGHT ADMINISTRATIVE UNITS comprising the Leeward and Windward Islands depend almost exclusively on the export of a few agricultural products. Their economies are therefore highly vulnerable to climatic conditions and changes in world prices. In general, 1956 witnessed steady progress although hurricanes did a good deal of damage to tree crops in Dominica, St. Kitts and Montserrat.

In Grenada, production of cocoa, nutmeg and mace was down from previous years as a result of the destruction caused by Hurricane Janet in the fall of 1955. With prices low, cocoa—which formerly ranked first among Grenada's exports—was far surpassed in value by nutmegs, which brought record prices throughout the year.

For the islands as a whole, exports of sugar and bananas were up in 1956. Shipments of bananas showed the most spectacular rise—to an estimated BWI $12 million compared with BWI $7 million for 1955. The crop of Sea Island cotton was only slightly below the 1955 record; cocoa production fell sharply.

Substantial Increase in Trade

Although there are no recent trade statistics for the islands, the import and export figures of their three chief trading partners—the United Kingdom, Canada and the United States—show that a substantial increase in total trade took place in 1956.

Windward Islands

The United Kingdom, which is by far the islands' best customer, received shipments valued at £7.2 million in 1956 compared with £5.7 million for the previous year. British exports to the area also increased to £4.1 million in 1956, as against £3.9 million for the year before.

Imports into Canada from this region in the first eleven months of 1956 were valued at Can. $2.2 million, a rate somewhat lower than the year before. Raw sugar accounts for nearly 90 per cent of this trade. Canada ranks second as a supplier to the area, and Canadian exports for 1956 amounted to Can. $4.3 million, up slightly from the previous year. Flour accounted for nearly half of this, followed by salt fish, lumber, mixed feeds, and a large assortment of consumer goods, including many food products.

Shipments to the United States for the first six months of 1956 rose to US$1.2 million, up 50 per cent from the comparable period of 1955. The value of United States exports to the area (which average about 70 per cent of those from Canada) also increased slightly. Leading commodities sold by United States exporters during 1955 were sawmill products, dairy products, synthetic fibres and manufactures, grains and preparations, meat products and leather manufactures.

Outlook Improving

These islands are still a long way from being self-supporting, but research and development projects financed by Colonial Development and Welfare funds are already showing results in increased productivity. But there is ample scope for further improvement. With a growing population now estimated at 450 thousand and increasing returns from exports, the Leeward and Windward Islands should continue to be a small but slowly expanding market for a wide range of Canadian products.●

Import Controls on Dollar Goods in the Sterling Area

International Trade Relations Branch.

The following is a summary of import controls in sterling area countries as they apply to Canadian products. It makes particular reference to the changes in those controls since a similar summary appeared in the last Commonwealth issue of Foreign Trade, *March 31, 1956.*

UNITED KINGDOM

IMPORTS INTO THE UNITED KINGDOM from the dollar area are controlled by a licensing system which classifies products into three general categories:

- *World Open General Licence*—Products which have been placed on World Open General Licence may be imported from any country without restriction. Major commodities of interest to Canada at present in this category include aluminum, nickel, platinum, iron ore, various ferro-alloys, scrap metal, asbestos, wood pulp, sulphur and whisky.

- *Open Individual Licence*—Products in this category may be imported freely by individual traders to whom these licences have been granted. Items of interest to Canada admissible under Open Individual Licence include softwood, lead, copper, zinc, wheat, wheat flour, coarse grains, oil seeds and their products, and dried peas.

- *Individual Licence*—For products not included in the above categories the importer must obtain a separate licence for each transaction. Important Canadian products for which individual licences are required include: newsprint, chemicals, leather, tobacco, apples, canned fruit, cheese, canned salmon and canned lobster. As part of this individual licensing system, a Token Import Scheme is in effect. Under this, various traditional exports to the United Kingdom, mainly consumer goods, are assured of licences up to a specified percentage of each Canadian supplier's average annual exports to the United Kingdom in 1936, 1937 and 1938.

The most important changes in United Kingdom import controls during 1956 as far as Canada is concerned were the placing of wood pulp and certain paper and paperboard products under World Open General Licence in July and the extension of that licensing treatment to whisky in November. Other items placed under World Open General Licence in 1956 included sulphur and trade catalogues or lists in packages not over 2¼ pounds. Last year the United Kingdom also renewed for a further annual period import quotas applicable to dollar goods such as canned salmon, canned fruit, fresh apples and pears, tobacco, cheese, hardwood, and bladders and casings.

UNION OF SOUTH AFRICA

IMPORTS INTO SOUTH AFRICA from all sources, with the exception of a relatively few products, are subject to import licensing but licences are granted without discrimination as to currency sources. South Africa's import policy for 1957 continues the general trend of relaxation in import controls which has been in operation in recent years.

Manufacturers have been assured that they will be able to obtain sufficient supplies of raw materials or other essential supplies either through imports or locally. In addition, more freedom is being granted to importers for the purchase abroad of certain types of building materials. The liberal licensing policy for industrial machinery, previously established, is being continued.

The preliminary quota for consumer goods is the same as last year—33⅓ per cent of 1948 imports. In previous years this initial quota has been increased as the year progressed. Provision was made for an upward adjustment in the number of permits to be issued to firms established since 1948 and for other firms which have since expanded. The number of items in the restricted list has been cut down considerably, thus increasing the importer's area of choice. Consumer goods which have been removed from this list will now be subject to the consumer goods quota. Importers who wish to import goods which still remain restricted may apply for additional permits.

Special licensing arrangements were established some time ago to encourage import of products in short supply in South Africa. These arrangements have been continued in 1957 and a few products have been added, including the following: salt herrings and kippers, outboard motors, power-driven lawn mowers, harmonicas and smokers' pipes.

Imports of certain textile piecegoods and a few other commodities will continue to be freely permitted in 1957.

The quota for small motor vehicles retailing at the coast at a value not exceeding £700 per unit has been increased by 50 per cent.

AUSTRALIA

IMPORTS FROM ALL COUNTRIES into Australia continue to be controlled. Restrictions on imports from soft currency sources were intensified in July 1956. But in the last half of 1956 there was a marked improvement in Australia's balance of payments and import restrictions were relaxed effective January 1, 1957. These relaxations apply particularly to capital goods and textile raw materials and may provide additional opportunities for Canadian exporters. It is understood that applications for the import from dollar sources of producers' goods and components will be granted more liberally this year.

A number of basic products continue to be imported into Australia under global quota. This means that Australian importers may purchase these products up to a prescribed limit from any source. The particular products of interest to Canada in this non-discriminatory licensing system are newsprint, paper, pulp, asbestos fibre, nickel, copper, aluminum, tobacco leaf, hog casings and titanium oxide.

Imports of goods from Canada and other dollar countries other than those under global quota are subject to individual licensing. It is understood that Australia's policy in general is not to grant permits to import goods from dollar countries which can be obtained either locally or from soft currency sources.

NEW ZEALAND

NEW ZEALAND'S IMPORT POLICY for 1957 provides that products which have been exempt from import licensing will continue to receive such treatment. About 150 groups of products can be imported freely into New Zealand regardless of source. The only 1956 liberalization of significance for Canada was that provision was made to receive applications for the import of rubber boots exceeding children's size 6.

A few products can be imported from dollar countries up to specified values and may be imported freely from soft currency countries. Other dollar goods are subject to import licensing on an individual basis. It is understood that licences to import from dollar sources plant and equipment, raw materials, and other requirements of the primary manufacturing and building industries will be granted, where it is advantageous to do so. Licences for other types of products from dollar sources may be granted where there is a definite advantage in price, quality, design or delivery dates.

FEDERATION OF RHODESIA AND NYASALAND

MANY HUNDREDS OF PRODUCTS may be imported into the Federation from the dollar countries without restriction. Further progress was made in liberalizing dollar imports in 1956. Products of interest to Canada which were freed from restriction include: sanitaryware, wall and floor tiles, felt, plastic sheeting, motor tip trucks seven tons and over, self-propelled cranes, castors for trollies and furniture, fish pastes, maple syrup, brushware, shingles, spectacles, boats and launches of fiberglas. In addition, quotas were established for padlocks, electric stoves and washing machines. The licensing arrangements for all other products, including quotas which prevailed previously, were continued for the first half of 1957.

INDIA

GOODS IMPORTED FROM CANADA and other dollar countries are either admitted freely under Open General Licence or are subject to individual import permits. Goods of interest to Canada which may be imported under Open General Licence include ferrochrome, zinc, nickel, copper, other specified non-ferrous metals, parts of diesel engines, taper bearings, special pumps, various drugs and medicines, some paper products, certain types of refractories, X-ray films, special types of photographic apparatus, specified chemicals, wood pulp, optical instruments and laboratoryware.

Effective January 1 the area of discrimination against dollar goods in India was significantly reduced. It was established that all soft currency licences of over Rs. 5,000 will be valid for imports from the dollar area to the extent of 50 per cent of their value. Licences with a value of Rs. 5,000 or less may be used to their full extent for imports from the dollar area.

The total value of permitted imports into India from soft currency sources in the first half of 1957 has been reduced.

PAKISTAN

ALL COMMERCIAL IMPORTS into Pakistan are subject to an import licence, irrespective of the country of origin.

Among the products of interest to Canada which may be imported into Pakistan under quota are: iron and steel, ferro-alloys, non-ferrous metals, tools and workshop equipment, machinery, engines and pumps and parts, aircraft parts, films, motor vehicles and parts, tires and tubes, radio and wireless apparatus, trucks, chemical and medicinal preparations, synthetic resins, hardware, newsprint and other paper products.

No major changes were made in Pakistan's import licensing in 1956.

CEYLON

IMPORTS FROM CANADA and other dollar countries into Ceylon are separated into two general categories: first, goods which are admitted under Open General Licence and second, commodities which are subject to an individual import licence.

Imports admitted freely under Open General Licence include: rolled oats, malt, milk products, canned fish, wood and timber, optical lenses, iron and steel semi-manufactures and manufactures, aluminum and products, brass and copper, implements and tools, instruments, apparatus and appliances, machinery and parts, fishing nets, drugs, medicines and chemicals, newsprint and other paper products, vehicles and parts, tires and tubes, and many other products.

Among the goods subject to an individual import licence are: fresh fruits; vegetables, preserved or tinned; clocks, watches and parts; motor cars; textiles; stationery; wireless goods and apparatus, and manufactures of paper and cardboard. Some of these can be imported from Canada.

No major changes were made in Ceylon import licensing in 1956.

FEDERATION OF MALAYA AND SINGAPORE

ALL IMPORTS FROM THE DOLLAR AREA into Singapore and the Federation of Malaya are subject to an individual import licence, and licences are generally issued only for a restricted list of products. For the purpose of licensing, imports from Canada and other dollar countries are separated into three categories: goods licensed freely, goods licensed on the merits of each case, and goods subject to special conditions.

Goods which are licensed freely include: fresh apples, hand tools, incandescent lamp mantles, linoleum, padlocks and other locks, canned fish and fish products, pressure lamps, rolled oats and wheat flour.

Among the goods licensed on the merits of the individual application are: roller bearings, earthmoving and excavating equipment, internal combustion engines, machinery and pumps, timber, engineers' tools, and whisky.

Goods permitted import under special conditions include: books, magazines, periodicals and other publications; cotton duck; cinematograph films; drugs, medicines and medicinal preparations; powdered milk; motor cars and spare parts, outboard motors; newsprint, and crawler tractors.

Effective January 1, 1957, the dollar import licensing for outboard motors was liberalized in Malaya.

HONG KONG

ALL COMMERCIAL IMPORTS from the dollar area, including Canada, into Hong Kong are admitted under Open General Licence, except celluloid film scrap, diamonds, silver and sugar. These products require an individual import licence irrespective of the country of origin.

BRITISH WEST INDIES

THE LICENSING SYSTEM FOR DOLLAR IMPORTS in the British West Indies falls into three parts:

1. Products under World Open General Licence, which may be imported freely from all sources.

2. Products under the British West Indies Trade Liberalization Plan.

3. Products subject to individual licences.

Products under World Open General Licence of interest to Canada include: onions, potatoes, split peas; fish, except fresh or frozen; meat; cheese; kraft paper, newsprint; powdered and canned milk; animal feeding-stuffs, and lumber. In 1956 leaf tobacco, fresh apples, fertilizers and calcium carbide were added to the list of goods which may be imported under World Open General Licence.

The British West Indies Trade Liberalization Plan is designed to maintain a market for traditional Canadian exports to those colonies. Canadian exporters of products listed under the Plan are entitled to apply for allocations of dollars on the basis of their exports to the area for the years 1946-1948. Provision is also made for the granting of allocations to firms which were not in business at that time and for the granting of special allocations under certain circumstances.

Imports of products other than those in the two classifications above are subject to individual licensing. Licences are granted on the merits of the individual case.

OTHER BRITISH DEPENDENCIES

NEARLY ALL PRODUCTS are subject to individual licences when they are imported from dollar countries. The general licensing criterion is that goods, if they are to be permitted import from the dollar area, must be essential and unavailable from other sources. Special provision is made in Mauritius and in Fiji for dollar licensing of a considerable number of products.

Further information on import controls in the sterling area may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. ●

Trade and Tariff Regulations

Bermuda

LICENSING ANNOUNCEMENT—The list of products that may not be imported into Bermuda from dollar countries will be further reduced by deleting the following items on and after April 1, 1957: cameras; corkboard; lead cable, electrical; nails, galvanized, all types; pipe, asbestos; rope; sheeting, asbestos (plain and corrugated).

Importers are reminded that if any of the above goods arrive in Bermuda before the specified date, delivery will not be permitted.

A list of the products which are prohibited import into Bermuda from the dollar area may be obtained from the International Trade Relations Branch.

Chile

IMPORT DEPOSIT REQUIREMENTS INCREASED—The Chilean authorities, because of the deteriorating foreign exchange position and particularly the smaller earnings expected as a result of the decline in copper prices, have taken measures to discourage imports.

Decree 859 of August 9, 1956, established lists of permitted and prohibited imports into Chile. The items in the permitted lists were divided into five categories. For each of these categories, a percentage was established which local importers had to advance in national currency before bringing goods into the country. The percentage reflected the invoice values of the goods. A sixth category was added a short time ago for a few items including pick-up trucks and sedans which, the authorities felt, were arriving in excessive quantities. For these items, a deposit of 400 per cent of invoice value was exacted.

On February 28, 1957, the International Exchange Control Commission ruled that, effective February 27, 1957, for goods found within one category importers would have to make deposits in conformity with the conditions for the category with the next highest deposit requirement. For example, merchandise in category B and previously subject to a deposit requirement of 50 per cent now calls for a deposit of 100 per cent—the former deposit requirement for category C. A new category called G has been created to take care of items moving up from category F. In place of a deposit requirement of 400 per cent for these items, it will now be necessary to make an advance of 600 per cent of invoice value when placing orders abroad for these commodities.

The only exception is for goods considered as foodstuffs and raw materials for the national industries. These are in Group A. The deposit requirement of 5 per cent for import of these articles remains unaltered—Santiago, March 1.

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 Denmark

JACK FESTER, managing director of Fester and Co. I/S and Ferrostaal A/S, Copenhagen, will visit Canada for one month in April to make new contacts. He is interested in exporting textiles and furniture to Canada, and importing copper rods and lead and zinc ingots. He is also in a position to take on new lines of exports and imports. His itinerary is April 1-14, Ritz Carlton Hotel, Montreal; April 15-20, Royal York Hotel, Toronto; April 21-27, Hotel Vancouver, Vancouver.

▶ from The Netherlands

T. HESSE, executive general manager, Allied Netherlands Textile Manufacturers, The Hague, an association of several leading textile mills, will visit Canada from April 8 to May 1. Purpose of his visit is to investigate sales possibilities for textiles produced by members of the association. Details of his itinerary are not yet settled but he will visit Montreal, Toronto, and Winnipeg. Anyone wishing to see him should write to the Consumer Goods Division, Dept. of Trade and Commerce, Ottawa.

▶ from New Zealand

G. A. SANFORD, representing A. C. Nottingham and Son Ltd., P.O. Box 1, Christchurch, N.Z., manufacturers for W. R. Smallbone Ltd., a merchandising firm, plans to visit Ottawa, Toronto and Montreal to seek New Zealand manufacturing rights for various household and agricultural chemicals. Inquiries should be directed to the Canadian Exporters Association, Montreal, to the Montreal Board of Trade, or to the Canadian Manufacturers Association, Toronto.

J. SUTHERLAND, managing director of Self Help Co-op Ltd., Wellington, one of New Zealand's largest grocery chains, will visit Canada early in September. Main purpose of his visit is to see the Canadian National Exhibition in Toronto on September 5 and 6. He is interested in foodstuffs and grocers' specialties, packaging, and grocery merchandising methods. Mr. Sutherland will arrive in Montreal on Thursday, August 29, and leave for Toronto by train on the morning of Tuesday, September 4. In Montreal, Mr. Sutherland will stay at the Windsor Hotel and in Toronto at the Royal York.

▶ from Poland

M. PAWLUS, manager of machine tools department, Metalexport, Mokotowska 49, Warsaw, Poland, will visit Canada for one month or longer and will arrive in Ottawa between April 10 and 15. He will examine the export possibilities for the national enterprise's products including: railway rolling stock and equipment, machine tools and woodworking machinery, plastic metal-forming machines, paper-making machines, contractors' plant, cranes and hoisting equipment, machines for excavation, road-building and laying concrete. His itinerary is flexible and anyone interested in meeting him should make arrangements through the Polish Legation, 10 Range Road, Ottawa.

▶ from Portugal

R. J. H. McINERNEY, managing director, Sociedade F.I.D., Lda., Carcavelos, manufacturers of cosmetics, toilet preparations, and household polishes, and distributors of pharmaceuticals, will arrive in Canada early in April. He would like to make arrangements with a firm here which would consider shipping its primary products to Portugal for local manufacture of pharmaceutical preparations. His forwarding address in Canada is c/o Prof. G. A. Ashley, University of Toronto, from April 5 to 7. Following a visit to Ottawa, he will probably go to Montreal.

▶ from the United Kingdom

J. S. HARRISON, a director of L. M. Cooper and Co. Ltd., 14 Melton Road, Syston, Leics., wholesale merchants, plans to visit Ontario and Quebec early in April to survey the market for pottery, kitchenware, holloware, and general hardware. His company is studying the possibility of establishing a distribution warehouse in the area. Interested parties may send inquiries to Mr. Harrison through the offices of the United Kingdom Trade Commissioners in Montreal, Ottawa or Toronto, or through Thos. Cook and Son (Continental and Overseas) Ltd., 94 Adelaide St. W., Toronto 1.

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 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 1.0454.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 15	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	.05314	18.85	(1)
		Free	.02525	39.60	
Austria	Schilling		.03679	27.18	
Australia	Pound		2.1383	.4677	
Belgium, Belgian Empire and Luxembourg	Franc		.01904	52.52	
Bolivia	Boliviano	Free*	.0001282	7,800	(17)
British West Indies	Dollar		.5568	1.8	(2)
	Pound		2.6728125	.3741	(3)
	Dollar	British Honduras	.6682	1.50	
Brazil	Cruzeiro	Effective selling*			
		*Category I	.0168	59.54	* Feb. 14
		Category II	.0117	85.69	(4)
		Category III	.0081	122.89	
		Official buying	.0522	19.15	(5)
Burma	Kyat		.2009	4.98	
Ceylon	Rupee		.2005	4.99	
Chile	Peso	Free	.001687	592.8	(15)
Colombia	Peso	Basic	.3826	2.61	(7)
		Free*	.1578	6.34	* Feb. 15
Costa Rica	Colon	Official	.1704	5.87	
		Controlled free	.1441	6.94	
Cuba	Peso		.9566	1.05	tax 2% (4)
Czechoslovakia	Koruna		.1328	7.53	
Denmark	Krone		.1385	7.22	
Dominican Republic	Peso		.9566	1.05	
Ecuador	Sucre	Official	.06377	15.68	
		Free	.05103	19.6	
Egypt	Pound	Official	2.7468	.364	(6)
El Salvador	Colon		.3826	2.61	
Fiji	Pound		2.4079	.4153	
Finland	Markka		.004159	240.04	
France, Monaco and North Africa	Franc		.002734	365.76	(8)
French Colonies in Africa	Franc		.005468	182.88	(9)
French Pacific	Franc		.01504	66.5	(10)
Germany	D Mark		.2276	4.39	
Greece	Drachma		.03188	31.37	
Guatemala	Quetzal		.9566	1.05	
Haiti	Gourde		.1913	5.23	
Honduras	Lempira		.4783	2.09	
Hong Kong	Dollar	Free*	.1550	6.45	* March 8
		Official	.1671	5.98	
Iceland	Krona	Official	.05874	17.02	(6)
		Special selling	.0343	29.15	(11)
India	Rupee		.2005	4.99	
Indonesia	Rupiah	Basic	.08423	11.87	(12)
Iran	Rial	Certificate	.0126	79.19	
Iraq	Dinar		2.6784	.3734	
Ireland	Pound		2.6728	.3741	
Israel	Pound		.5314	1.88	
Italy	Lira		.001536	651.04	
Japan	Yen		.002657	376.36	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 15	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.2989	3.35	
Mexico	Peso		.07653	13.07	
Netherlands	Florin		.2499	4.	
Netherlands Antilles	Florin		.5035	1.99	
New Zealand	Pound		2.6728	.3741	
Nicaragua	Cordoba	Effective buying	.1449	6.90	
		Official selling	.1357	7.37	
Norway	Krone		.1339	7.47	
Pakistan	Rupee		.2005	4.99	
Panama	Balboa		.9566	1.05	
Paraguay	Guarani	Official	.01594	62.74	(6) (13)
Peru	Sol	Certificate	.05035	19.86	
Philippines	Peso		.4783	2.09	
Portugal & Colonies	Escudo		.03338	29.96	(14)
Singapore & Malaya	Straits dollar		.3118	3.2	
Spain & Dependencies	Peseta	Basic buying	.04368	22.89	
		Basic commercial selling	.0582	17.17	(6)
		Free	.02456	40.72	
Sweden	Krona		.1849	5.41	
Switzerland	Franc		.2230	4.48	
Syria	Pound	Free	.2674	3.74	
Thailand	Baht	Free	.04675	21.39	(6)
Turkey	Lira		.3416	2.93	
Union of South Africa	Pound		2.6728	.3741	
United Kingdom	Pound		2.6728125	.3741	
United States	Dollar		.9565625	1.0454	
Uruguay	Peso	Free	.2499	4.	
		Basic buying	.6298	1.59	(6)
		Principal selling	.4545	2.2	(16)
Venezuela	Bolivar		.2855	3.5	
Yugoslavia	Dinar		.003188	313.68	(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 10, 40, 60, and 90 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 surcharge 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. Bolivia: Since December 15, 1956, a unified fluctuating free rate has been in effect. The official rate has little application.

Businessman's Bookshelf

The Making of Ghana

Central Office of Information. 46 pages. Free.

THE ROUND OF FESTIVITIES early in March which marked Ghana's independence focussed attention upon this new West African nation. To mark the occasion—and to provide the hungry world press with concise material—the Central Office of Information issued this useful reference pamphlet.

It begins with a brief sketch of the history of the colony, followed by an outline of the stages in Ghana's march towards independence. The discussion of the economics of the Gold Coast leads on to recent advances in both economic development and social welfare. A few essential statistics and an excellent map round out the booklet. The businessman who wants to become acquainted with this thriving new country would do well to begin with this short but accurate survey.

Order from: United Kingdom Information Office, 275 Albert Street, Ottawa, Ontario.

Year Book and Guide to Southern Africa: 1957

Edited by A. Gordon Brown. 472 pages. $3.00.

Year Book and Guide to East Africa: 1957

Edited by A. Gordon Brown. 1,016 pages. $3.00.

USING THE *GUIDES* the business visitor to these parts of Africa can brief himself on almost any subject. They contain detailed facts about travel routes and all the important cities and towns—often including street maps. Keyed to the text are dozens of maps in colour and black and white.

Here too is up-to-date information on the economies of the area and data on business developments. The *Guides* contain notes on population, transportation and communication facilities, imports and exports, banking services, and latest statistics on manufacturing, mining, power development, and agriculture.

The prospective traveller can read up on the climate and find out what to wear, where to stay, and what places to see or visit if he wants to combine business with pleasure. For each country or territory, the *Guides* provide a brief sketch of its history and government.

Most business libraries too will find these valuable reference books.

Order from: H. W. Wilson Company, 950 University Ave., New York 52, N.Y.

British Empire Trades Index, 1956-57 Edition.

Business Dictionaries Ltd. 1,074 pages. $5.00.

UNDER TRADE CLASSIFICATIONS that begin with "abattoir equipment" and end with "zircon dealers", this directory gives names and addresses of manufacturers, producers and distributors of each line in the United Kingdom and often in Commonwealth countries as well. To make reference easier, there is an alphabetical general index of firm names. Trademarks and brands, cable addresses, and listings of firms in many countries belonging to the UN are also included.

Order from: Business Dictionaries Ltd., 133-137 Fetter Lane, London, E.C. 4, England.

Canada Year Book, 1956

Dominion Bureau of Statistics. 1,252 pages. $4.00.

FOR THE FIRST TIME in fifty years, the *Yearbook* makes its appearance bound in light blue buckram, with the crest of Canada stamped in gold. Inside, the format remains the same, though several new features have been added. Businessmen will be particularly interested in the articles on Canada's mineral industry, on traffic on the Great Lakes and the St. Lawrence Seaway, and on the marketing of farm-produced foods. The additions have not meant the dropping of any of the former features, but merely give greater value to an indispensable reference work.

Order from: The Queen's Printer, Government Printing Bureau, Ottawa.