CANADA

foreign trade

Established in 1904

Published fortnightly by the Department of Trade and Commerce.
The Honourable GORDON CHURCHILL, Minister,
MITCHELL W. SHARP, Deputy Minister.

OTTAWA, SEPTEMBER 14, 1957, Vol. 108, No. 6

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

cover Shoppers on the island of Curaçao patronize the "floating market"—ships which bring vegetables and other produce to market. One of the Netherlands Antilles group, Curaçao is, with Aruba, busily engaged in refining petroleum and in catering to tourists. For a report on this small but active market and on trade possibilities there, please turn to page two.

Netherlands Antilles

Memo on a Promising Market

These tiny Dutch Caribbean islands, geared to oil-refining and the tourist trade, offer prospects for sales of Canadian fish, canned meats, linseed oil, textiles, apples, kraft paper, aluminum utensils, and so on. Business visitors to Venezuela should find a stop at offshore Aruba and Curaçao both interesting and profitable.

W. G. BRETT,
Assistant Commercial Secretary, Caracas.

THE DUTCH ISLANDS OF CURAÇAO AND ARUBA, just off the coast of Venezuela, offer an attractive market of 175 thousand inhabitants with incomes which average three or four times those of most other islands in the Caribbean. In the first nine months of 1956 the Netherlands Antilles imported goods worth 17.7 million guilders* a month, on the average; this does not include petroleum from Venezuela brought in for refining. Canada sells a wide range of goods to these islands—about 235 commodities—but they comprise only about 1.55 per cent of total imports. Wheat flour makes up nearly one-third of our exports to Curaçao and Aruba and only newsprint and sardine sales represent a substantial share of the market demand.

Market Has Unique Features

This market has certain unique features which the exporter needs to keep in mind. Petroleum refining is the mainstay of the economy and the Shell Group in Curaçao and Standard Oil of New Jersey in Aruba import a large proportion of the goods entering the islands. In many cases these companies have committed themselves to buy from the United Kingdom, Europe or the United States, and Shell will buy from sterling suppliers when possible. Yet Canadian exporters have been able to sell lumber to the refineries.

A vital fact for Canada is the ties the islands have with the Netherlands. About 20 per cent of their total imports consist of foodstuffs and most of our exports to Curaçao and Aruba are in this category. Dutch exporters offer formidable competition for the food market.

Another aspect of this market is the fact that Curaçao and Aruba are virtually free ports and the tourist trade comes second only to petroleum refining in the island's economies. When the cruise ships call (and about 42 arrived in Curaçao in the first six months of 1956), American tourists swarm the quaint old streets, especially in Willemstad. The islands live up to their reputation as the "Shopping Centre of the Caribbean", tempting the tourists with a fascinating range of luxury goods—French perfumes at low prices, Scandinavian silver and ceramics, English china, Belgian crystal and Swiss watches. Most of these are high in value, turn over quickly in the stores, and thus represent a substantial proportion of island imports. Rarely do Canadian traders participate in this luxury trade.

Certainly these influences tend to limit greater Canadian participation in this market, but we now sell a wide range of different products and it seems certain that sales of some of these would benefit from a little extra attention.

Petroleum Refining

Petroleum refining, based on crude from Venezuela, is the backbone of the economy of both islands. The Lago refinery on Aruba is a subsidiary of Standard Oil of New Jersey and produces about 440 thousand barrels a day, mainly of gasoline and fuel oil; it is now the largest operating refinery in the world. The refinery employs over 6,300 men, most of the working population, and five out of six of these are Arubans. It is doubtful whether the company will increase the capacity of this refinery because Venezuela naturally seeks to have as much crude petroleum as possible refined at home; producing companies agree that there is economy and justice in this attitude. And another factor will curb expansion of refineries on the islands —oil-importing countries prefer to import crude oil and to refine it within their own borders. The factors which caused the companies to establish refineries in

*1 Netherlands Antilles guilder=approx. 50 cents Can.

Dutch possessions in the first place have now mainly disappeared.

A certain amount of net depreciation of the refinery can be expected over the years but unless some drastic change should overtake world petroleum economics, the Lago refinery should continue to support the people of Aruba; in 1955 this company injected nearly 50 million Netherlands Antilles guilders (about $25 million Canadian) into the economy of the island.

The Curaçao Petroleum Industrial Co. (CPIM), an affiliate of the Royal Dutch Shell group, operates the refinery on Curaçao which has a smaller output than the Lago refinery. But it produces a wider range of distillates and the value of production totals about the same; the company employs about 10,000 workers, some of whom work in an associated firm, Curaçao Shipping Company. This refinery is expected to maintain its present production and put 75 million Netherlands Antilles guilders (about $37.5 million Canadian) into circulation each year.

Economic Development

Aware of their heavy dependence on petroleum refining, the people of these islands are trying to foster other industries. But the islands are small and quite barren and not many avenues are open.

I have mentioned the importance of the tourist trade in the economies of both islands, although neither is a typical tropical paradise. In fact, Aruba has no natural source of fresh water. Up to now tourist revenue has come from the tourist off the ship for a day to shop rather than from the vacationer. However, there are miles of fine beaches, good spearfishing, and the towns, both Willemstad and Oranjestad, are clean and intriguing, a combination not found everywhere in the Caribbean. A fine beach hotel is under construction near Oranjestad, and "El Curaçao", a 95-room luxury hotel built into the picturesque old fortifications at the harbour mouth, has just been completed in Willemstad. The islands offer attractions to Venezuelan tourists and businessmen and Curaçao especially should share in the swelling tide of free-spending travellers from New York.

Waterless Aruba has pinned high hopes for future development on an ingenious plan to make the most of her water distillation program: a new plant to turn out 10,000 tons of water a day is to be built at a cost of about $10 million. The power unit for this plant will also serve demands from the Lago refinery and there should be excess power for urban and development needs. Aruba hopes that this power will attract industries interested in the marine minerals which will be by-products of the water distillation plant. Technicians point out that a plant with such a large capacity makes the recovery of minerals an economic proposition. The refinery may make use of some of these minerals, some could be exported, and a proposed hydroponic farm would absorb part of the production. Hardly anything but aloes will grow on this windswept island and conditions are considered ideal for hydroponic farming which is said to give many times the yield of soil culture. Plants would grow in troughs of fresh water to which are added the nutritive minerals extracted from the sea salt by the distillation plant. This project appears ambitious but experts declare that it is practical and the islanders are optimistic.

Other than petroleum refining, tourist trade, and the proposed distillation scheme for Aruba, the only other sizable enterprise on the islands is the Curaçao Mining Company which produces a high-grade phosphate; a total of 103,584 long tons were exported in 1955 and Canada took 5,003. This company employs about 365 workers.

There is no doubt that more frequent direct shipments to these islands would make Canadian offers more attractive. United States suppliers, which make a good many of the sales for which Canadians compete, have a twice-weekly service from New York. A substantial share of Canadian shipments, especially lumber and salmon, have a long way to go from our West Coast.

Trading Techniques

Traders in the Dutch Antilles know their business and for centuries have made a living in entrepôt trade. The islands offer a price market and the high man is out. The Canadian exporter should try to name a separate representative for each island, although many of the larger agents have outlets in both Curaçao and Aruba and some are represented in Bonaire. Each island has its own government and sense of identity and generally an Aruban can sell best in Aruba and a Curaçaoan in Curaçao. Both islands take exception to the view that they are typical Latin American markets; island tastes, commercial law, business methods, and general outlook are all different and the market demands separate attention.

Some Canadian exporters have distributed identical products in each island under different brand names. Most importers feel that the market is really too small for this type of distribution and they regard it as a source of trouble and confusion. Banking services in both capitals—Willemstad and Oranjestad—are excellent and the supplier may confidently carry on business in English in these cosmopolitan islands. Curaçao has been the centre for many Caribbean-wide trading houses for hundreds of years.

Importers in this market have inquired about various Canadian commodities. Fish, especially dried cod, enjoys a good demand and Norwegian cure is par-

ticularly popular. Canned meats are also sought and one trader mentioned that those canned in rectangular tins which are slightly smaller at the top than at the bottom are more acceptable. Other products requested range from linseed oil, corn meal, textiles, apples and kraft paper to aluminum utensils. Many of the Canadian business visitors to Venezuela are interested in these commodities and a stopover at these offshore Dutch islands to survey the market could prove interesting and profitable.

What Can We Sell Poland?

Canadian sales to Poland reached $24 million last year, with wheat predominating. The author, who has first-hand knowledge of the country, suggests other sales opportunities but emphasizes also the special approach needed in this market.

C. F. WILSON,
Commercial Counsellor, Copenhagen.

IN THE PAST TWO YEARS, Canadians have come to look upon Poland as an important customer for Canadian wheat. The trend from rural to urban living within the country indicates that the Poles will continue to import grain and will not revert to exporting it as they did before the war. Hence the interest among wheat-exporting countries in meeting Polish requirements. Canada is encountering competition in this market from other suppliers, particularly the United States and the U.S.S.R.

Western Visitors Welcomed

Canadian exporters should, however, look upon Poland as a market for more than grain. Its population today totals more than 26 million and the trend is towards greater industrialization. Accordingly, Polish purchases emphasize chiefly raw materials and equipment.

Present Polish policy is to develop trade with all countries and business visitors from the West are given a courteous welcome. Whether the visitor can do business or not is apt to depend upon how vital his product is to the Polish economy. He may find clues to potential trade in a study of the economy and of the way firms in other western countries are obtaining orders there.

Poland is primarily an exporter of coal and coke. Machinery and railway rolling stock come next, followed by agricultural products, iron and zinc, textiles, chemicals, ships and portland cement. More often than not, these industries have products to export and must import necessary supplies.

Industries Need Equipment

For example, Poland's coal production has been lagging and a major effort is under way, through modernization of existing equipment and the opening up of new production, to raise output in this export industry. The country has untapped resources of both anthracite and brown coal awaiting the construction of new collieries and the installation of open-pit mining equipment. The authorities would like to mechanize mining operations as much as possible and negotiations have been completed with the Soviet zone of Germany and with the United States for the import of mining machinery.

Although Poland is a substantial exporter of railway rolling stock—including passenger and freight cars and wheel assemblies—the railways are undergoing a major conversion from steam to electric power and there is also some interest in imports of diesel electric locomotives.

Other Purchases Made

Traditional agricultural exports include canned meats, bacon, hams, poultry, fresh and frozen eggs, and some fish products. But not enough wheat is being grown for current needs and, in the desire to strengthen their agricultural production, the authorities have permitted an extensive return from collective farming to small-scale private holdings. The farm machinery industry was geared to the production of heavy equipment for state and collective farms. Now the emphasis has been switched to production and imports of light diesel

tractors and related equipment. Fertilizer production and imports have received high priority.

Cotton textiles manufactured in Poland are exported to Canadian and other markets and the authorities have recently placed substantial orders for textile machinery in the United Kingdom.

In the consumer goods field, an English firm has received an order for TV sets. Technical books and literature find a ready market in Poland. Washing machines and refrigerators have been ordered from Austria and Yugoslavia and automobiles are being imported from France. A good many consumer goods are bought from countries, including those above, with which Poland has bilateral trade agreements.

Direction of Polish Trade

The bulk of Poland's total trade is carried on with neighbouring countries, including the U.S.S.R. and Czechoslovakia. Among the western countries, the United Kingdom does the largest amount of trade with Poland, followed by West Germany, France, Austria, and Finland. The United States has ranked lower on the list; although Polish exports to that country have totalled about $35 million a year, imports from the United States have been negligible but will increase under the recently concluded $95 million credit arrangements. In 1956, Canadian exports to Poland totalled $24 million and consisted principally of wheat financed under short-term credit arrangements, against which we bought upwards of $2 million worth of Polish goods, chiefly portland cement and textiles.

Entering the Market

How does an exporter go about prospecting for business in the Polish market? Some of the larger firms in the United Kingdom, France, Belgium, Switzerland and West Germany have found it profitable to exhibit at, and to send technically experienced sales staff to, the Poznan Trade Fair. Many of these firms have traded in Poland for the past half-century and are able to gear their exhibits to an established market. This year, the Canadian Government participated for the first time in the Poznan Fair by entering a prestige exhibit. At the moment, it is difficult to say whether individual Canadian firms would gain enough business to warrant their exhibiting at the Fair.

Any Canadian firm with an eye on the Polish market should be aware that export and import trade is a monopoly of the Government. For each industry there is an official foreign trade enterprise, looking after both exports and imports. It is therefore easy for any foreign firm to make contacts and the jurisdiction of the trade enterprise is clearly defined. There are more than twenty of these trading enterprises representing the various fields of industry. These organizations are often on the lookout for individual products which can improve Polish output. Although there are always a few exceptions, frequently under trade agreements providing for the exchange of commodities, Poland does not readily buy consumer durables and other finished goods. Intermediate and long-term credits are often sought; such demands vary according to the competition and the degree of need for the imported article. A commercial treaty is in force between Canada and Poland which provides for the exchange of most-favoured-nation tariff treatment.

Within these boundaries, any Canadian firm making products which might interest the Polish authorities should advise the Commercial Counsellor, Canadian Embassy, Copenhagen, Denmark, who is also accredited to the Polish Government in Warsaw and who visits Warsaw periodically. He can put the Canadian firm in touch with the appropriate Polish agency or do some initial exploration of the market.

International Trade Course Offered

This fall for the third time the Canadian Exporters Association, in co-operation with the Institute of Export in the United Kingdom, is offering a correspondence course in the theory and practice of international trade to interested Canadians. Conducted by the Extension Department of the University of Toronto, the course covers the following subjects:

First Year

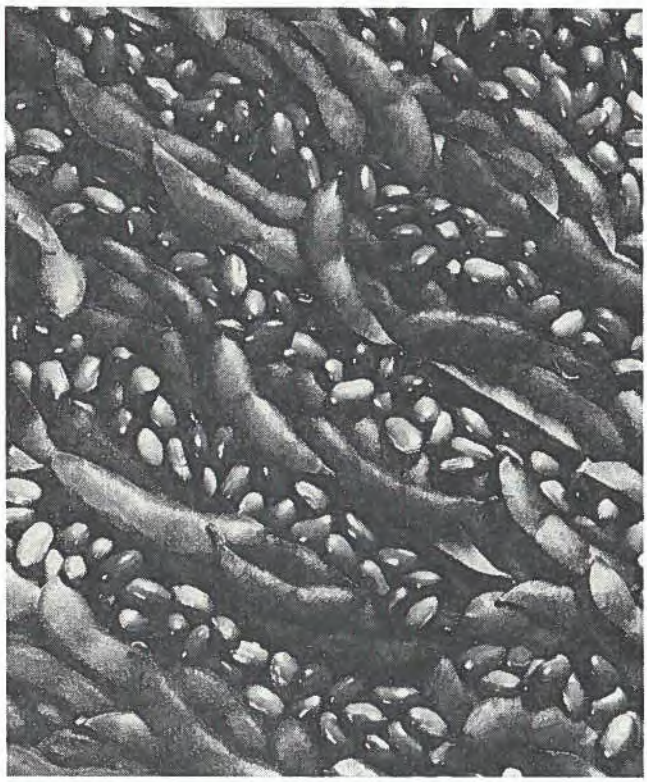
Export Practice Part I
Economic Geography
International Trade and Payments
Principles of Export Marketing

Second Year

Export Practice Part II
Law of Carriage of Goods
Finance of Foreign Trade
Insurance of Export Cargoes

Those who pass the first and final examinations will become members of the Institute of Export and entitled to use the designation A.M.I.E. after their names.

Applications are now being received and the course will begin in mid-October. To obtain further information and an application for enrolment, write to the Registrar, Export Correspondence Course, Canadian Exporters Association, 73 Adelaide Street West, Toronto.



—USDA Photo

Soybeans have become the main source of edible oil in Canada, although they can be raised in only a small part of the country. The trade is a two-way one, with exports of soybean meal, oil and soybeans going to Britain and imports of these same three products coming in from the U.S.

Canada Sells More Oilseeds

JOHN O'CONNOR,
Agriculture and Fisheries Branch.

Prairie farmers in search of crops with a ready sale have expanded production of oilseeds rapidly. Canada's exports of vegetable-oil products exceeded $80 million last year and are expected to set a new record this year. Here are some facts on Canadian and world production of a number of oilseeds and on export trends.

CANADA'S PRODUCTION OF OIL-YIELDING CROPS has tripled in the last five years. The bulk of these crops are sold abroad and as a result, our traditional position as a net importer of fats and oils has changed to that of a net exporter.

Most of the increased production is in the Prairie Provinces, where farmers faced with a large carry-over of cereal grains have sought alternative cash crops. Producers have tried many crops new to that area—among them oil crops such as sunflower, safflower, soybeans, rape and mustardseed. The farmer's natural liking for crops which are not subject to delivery quotas coincides with the interest scientists have shown in oilseeds. A great deal of work has been and continues to be done by the Department of Agriculture, the National Research Council, and a number of universities on all phases of production and use of vegetable oils.

Because the vegetable oil industry is considered strategic throughout the world, many governments regulate production, exports and imports strictly. These regulations, of course, have a bearing on the future of the oilseed industry in Canada and make it almost impossible to predict its future. The accompanying tables, however, are of interest in reviewing the recent past and may foreshadow the pattern for the years ahead.

Flax Is Main Oil Crop

Despite the rapid expansion of some of the new oil crops such as rape, flaxseed (which is no newcomer) is Canada's main oilseed crop. In 1956 production reached about 980 thousand tons, nearly double the 1955 figure. Saskatchewan produced over half of it and Manitoba and Alberta accounted for most of the remainder. Acreage this year is up an estimated 16 per cent but the size of the crop depends on a great many factors and has varied widely over the years.

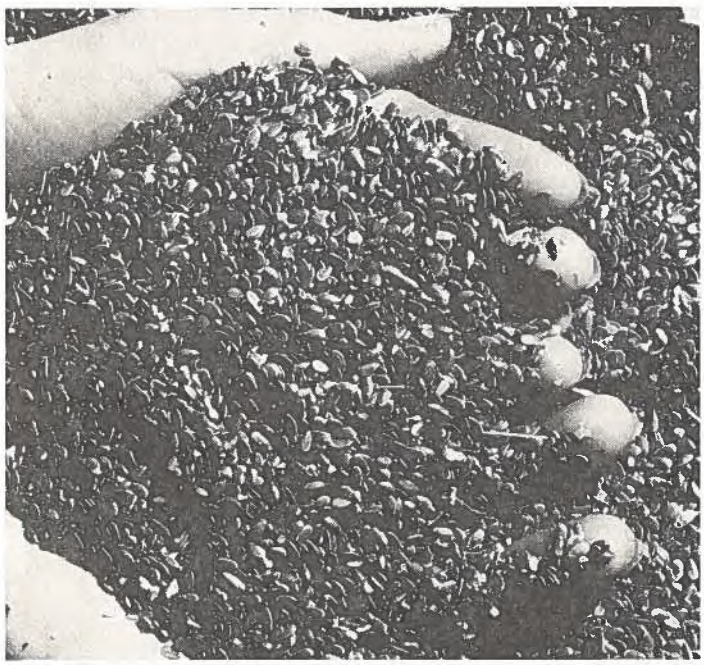
Flax production increased rapidly when the West was first settled because it was one of the few crops which farmers could grow successfully on new land in the same year that it was broken. Production totalled 700 thousand tons in 1912 but in the following years,

output declined and in 1933 only 18,000 tons were harvested. This decline is attributed to the inability of flax to compete with weeds under the cultural practices used in the past, its susceptibility to disease such as wilt, and the unfounded but persistent belief that flax is hard on the soil. Improved varieties, better cultural practices, and a greater understanding of soil chemistry have combined to overcome most of these obstacles.

Canada remained a net importer of flaxseed throughout the thirties, but wartime incentives pushed production up to 500 thousand tons in 1943. The following year production dropped sharply and it continued to fall off until 1947, when the current rise began.

World trade in flaxseed is particularly significant to Canada because we depend heavily on the export market; the domestic market in recent years has absorbed about 230 thousand tons a year—less than a quarter of the 1956 production. The United States, Canada, the Soviet Union, Argentina and India produce over 90 per cent of the world's flaxseed—a near record 4.78 million tons in 1956. India and the Soviet Union are not important in world flaxseed trade, but both Argentina and the United States are keen competitors.

Production in Argentina has been increasing rapidly in the past few years and reached 700 thousand tons last year. Despite this marked increase, present production in Argentina is far less than in the late thirties.



—USDA Photo

Flaxseed, source of linseed oil, remains Canada's chief oilseeds crop, despite newcomers in this field. Last year, farmers produced 980 thousand tons, double the 1955 figure, and export markets took about 75 per cent of this total output.

For a number of years Argentina has stressed exports of flaxseed oil and has prohibited export of the seed in an effort to stimulate the local crushing industry. However, the Argentine Government has just announced that it has authorized exports of flaxseed. This means increasing competition in European markets for Canadian exporters, because our trade is largely in seed rather than oil. European importers have adequate crushing facilities and therefore favour imports of seed.

In the United States, also a competitor, the 1957 crop will probably top last year's 1.36 million tons. Production in the 1955 crop year reached 1.15 million tons; in 1951 the output of flaxseed totalled only 880 thousand tons. This increase in flaxseed production in the U.S. is attributed to high support prices. At present the Commodity Credit Corporation offers flaxseed on world markets at 60 to 70 cents a bushel below the support price. This is a real threat to Canadian exports because last year production in the United States exceeded domestic consumption by about 460 thousand tons; exports have risen from 67,000 tons in 1953 to 230 thousand tons in 1954 and 291 thousand tons in 1955.

OILSEEDS FROM CANADA

('000's of tons)

PRODUCTION	*1952*	*1953*	*1954*	*1955*	*1956*
Flaxseed	362	278	314	552	980
Soybeans	124	132	148	170	147
Rapeseed	8	13	20	39	153
Mustard seed	....	10	13	25	67
Sunflower seed	1	2	6	7	6
Total	495	435	501	793	1,353
EXPORTS	*1952*	*1953*	*1954*	*1955*	*1956*
Flaxseed	113	106	124	266	342
Soybeans	....	....	20	30	42
Rapeseed	....	....	....	....	30
Mustard seed	10	9	12	16	43
Total	123	115	156	312	457

(Value of oilseeds shipped from Canada reached $54.4 million in 1956.)

The United Kingdom, West Germany, France, Belgium and the Netherlands are the major importers of flaxseed in kind or in oil; these countries produce less than 10 per cent but use about 25 per cent of the world's flaxseed. There is some speculation about how the proposed Common Market or Free Trade Area will affect Canadian flaxseed sales in Europe. Tariff-wise, present indications are that flaxseed and rapeseed will enter the Common Market duty-free but the duty on vegetable oils may be increased.

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Rapeseed production reached 153 thousand tons last year and acreage is expanding rapidly. In fact, it is 79 per cent greater this year than last. The crop is grown mainly in northwest Saskatchewan but it is rapidly catching on in neighbouring parts of Alberta and to some extent in Manitoba. Last year for the first time rapeseed production in Canada exceeded soybean output. Considered an edible oil in most countries, rapeseed is not generally accepted as such in Canada. For the present at least, Canadian producers must look to export markets to absorb their production.

France, West Germany, Japan and Italy are the main importing countries, although their purchases vary widely from year to year. For example, Japan took the bulk of Canada's 1955 crop but did not allocate any dollars for rapeseed purchases last year. Mainland China accounts for nearly two-thirds of total world production of about six million tons but is far from a consistent exporter of rapeseed. Canada and Sweden, with a comparatively small total production, are the chief exporting nations.

Soybeans Supply Edible Oil

Soybeans are the main source of edible oil in Canada and although production has been rising, it has not gone up as rapidly as rapeseed and flaxseed. The main reason is that present varieties are adapted for growth in only a small part of Canada, chiefly in southern Ontario, although new varieties have expanded production possibilities as far north as the Red River Valley in Manitoba.

Canada exports fairly large quantities of soybean meal, oil and soybeans to the United Kingdom, but imports of these three products from the United States exceed total exports. The comparison would be even less favourable were it not for our large exports of soybean meal.

Mainland China and the United States each produce about 11 million tons of soybeans a year and account for over 90 per cent of world production.

Output of Other Oilseeds

Production of mustardseed, a dry land crop in southern Alberta, reached 67,000 tons last year and the acreage under this crop is up 28 per cent this year. Exports go mainly to the United States and Japan. Sunflower, a promising oil crop in the 1940's, has suffered from rust and production has fallen to 7,000 tons from a former high of 23,000 tons. However, if rust-resistant varieties could be developed, sunflowerseed would no doubt become an important source of edible vegetable oil in Canada. It is interesting to note that sunflowers are the chief source of vegetable oils in the Soviet Union. Safflower, a related crop, is being grown experimentally in the West and shows promise.

MAIN MARKETS FOR CANADIAN OILSEEDS 1956

	'000's tons	*Percentage*
United Kingdom	182.0	40
Western Europe*	172.5	38
Japan	75.5	16.5
United States	23.5	5

*Mainly Belgium, France, the Netherlands, and West Germany.

In Summary

Prairie farmers have shown how quickly they can expand production of oilseed but Canada will have to find additional markets if this trend continues. Although current research on new industrial uses for vegetable oils and methods of making inedible oils edible should result in greater domestic use of Canadian-produced oilseeds, the export market will remain of prime importance. It is encouraging that world consumption of oilseeds (as is the case for the whole range of fats and oils) is keeping pace with record production and there is little to suggest that this trend will change.

France Uses Atoms for Power

France's first atomic reactor designed to produce electricity as a byproduct is now in operation at Marcoule near Avignon; electricity output is calculated at 5,000 kw. This pile is designated for the use of natural uranium and graphite cooled by air and atmospheric pressure. It will produce plutonium and will also furnish uranium 233 and artificial radioactive elements. Two additional atomic piles under construction at Marcoule will generate enough heat to boost capacity a further 50,000 kw. The reactors are somewhat similar to the Calder Hall power station in the United Kingdom but they differ considerably in detail. They are considered to be prototypes for a series of reactors capable of producing 60,000 kw. which are expected to be ready in 1959. These too are designed to produce plutonium and artificial radioactive elements as well as electricity. The first will be in production towards the end of 1957 and the second about six months later.

France is the only West European country producing uranium at present and total resources of the mineral in France, Madagascar and other French territories appear substantial although the inventory of resources is not complete. France lacks sufficient energy materials such as coal and petroleum to meet her needs, and imports of these are placing a severe strain on exchange reserves. Production of electricity from atomic energy is therefore regarded as essential to France's future prosperity.

Brazil

Cocoa Producers Get New Deal

The Government has launched a program to revitalize all phases of cocoa production, from the supply of seed to the preparation of commercial cocoa for sale in world markets.

V. L. CHAPIN,
Commercial Secretary, Rio de Janeiro.

TWO IMPORTANT DECISIONS to improve the position of Brazil's cocoa producers were taken by the Brazilian Government in June. The first provides for price supports and the second will launch a long-range program to improve cocoa production.

Under the provisions of Brazilian Law No. 2145 (December 1953), the Government has the power to purchase agricultural products to support prices. Acting in accordance with this power, the Brazilian Government has made a standing offer to purchase grade one cocoa beans at Cr$300 per arroba* and has offered Cr$292 per arroba for grade two beans. These two grades represent about 98 per cent of Brazil's cocoa production. Government purchases are made at the port from the approximately 36 exporters for delivery to stipulated warehouses. The Government has made no announcement about how it plans to dispose of the cocoa it buys under the support program. Indications are, however, that the cocoa will be used to protect producers from excessive price fluctuations.

Cocoa Production to Be Improved

The Government has set up a fund of Cr$1 billion to finance a long-range program to improve the quality and volume of Brazilian cocoa; the project is in charge of an executive commission under the chairmanship of the Minister of Finance. Included in the commission are representatives from the Bank of Brazil, the Ministry of Agriculture, the Bahia Cocoa Institute and the Federal Financing Commission.

The objective of the program is to revitalize all phases of cocoa production, from the supply of seed to the preparation of commercial cocoa for sale on world markets. The funds provided will help finance the renewal of old plantations and purchase modern equipment for cultivating, drying and fermenting cocoa beans. Also included in the program is provision for more intensive research and extension work among farmers, stressing modern cultivation processes.

Government Defends Position

In defence of measures taken to improve the position of the cocoa industry, the Government has pointed out that this action was needed to relieve the industry, which is caught in the squeeze of inflation at home and falling prices on world markets. In the opinion of the Government, its cocoa program will benefit the world cocoa industry in the long run by assuring buyers of a revitalized source of better-quality cocoa. Those who favour the program feel that it is a justified national measure because of the dependence of the state of Bahia on cocoa production: cocoa represents 60 to 70 per cent of total exports from this state but only 6 per cent of total Brazilian exports.

The Bahia Cocoa Market on April 30 was in the following position:

	(bags)*
Carry-over from 1955/56 crop	73,000
Total production 1956/1957	2,697,000
Total availability	2,770,000
Shipped by exporters	2,046,000
Processed locally	659,000
Total	2,705,000
Stock at the end of the present season	65,000

*One bag Brazilian cocoa=60 kilos=132 pounds.

Brazil's cocoa production during the past three years was:

1954/55	2,776,151 bags
1955/56	2,531,929 bags
1956/57	2,696,646 bags

*One arroba=15 kilos=33 pounds.

Note: Cocoa is in the second category for exports: Cr$43.00 per U.S.$1.00.

Commodity Notes

Argentina

CALCULATING MACHINES—A factory to produce calculating machines, both manual and electric, involving an investment of approximately $3,725,000 is to be established by Messrs. Olivetti Argentina S.A.C.I., a branch of the well-known Italian firm. These machines have not been made in Argentina up to now—Buenos Aires, Aug. 11.

Australia

JAPANESE CARS—Trade sources in Japan have indicated that Japanese car manufacturers plan to take advantage of tariff concessions under the recent Japan/Australian Trade Agreement to break into the Australian market. One large company expects that it will be able to sell a large number of small passenger cars and four-wheel-drive vehicles—Sydney, Aug. 14.

ILMENITE—The first overseas shipments of ilmenite from Western Australia were made in the first quarter of 1957. Westralian Oil Ltd. will erect a plant, 100 thousand tons capacity, southeast of Capel, W.A. In addition, Western Titanium N.L., and Cable (1956) Ltd. will increase the capacity of their plants to 100 thousand and to 90,000 tons a year respectively. The possibility of producing a titanium-rich slag at Albany, W.A., is also under investigation. With the completion of these projects, the installed capacity for ilmenite production will be approximately 300 thousand tons annually. This year production could reach 100 thousand tons—Melbourne, Aug. 16.

Ceylon

ASBESTOS CEMENT—Recently Ceylon's first asbestos cement product plant was officially opened. It is a government-sponsored company capitalized at roughly one million dollars. Flat and semi-corrugated asbestos cement sheets only are being produced at the present time but later on production will include corrugated sheets, rainwater piping and other similar products.

Last year, Ceylon's imports of asbestos cement products were valued at well over one million dollars but the new plant should in due course meet the entire local demand. Asbestos requirements have been purchased from Canada; asbestos samples obtained from several other producing countries have not come up to standards required—Colombo, Aug. 19.

Chile

COPPER—During the first five months of 1957, production of the large copper mining companies in Chile amounted to 180,904 metric tons, an increase of 6.6 per cent over the similar period of 1956. A comparison of the first three months of this year with the first three of 1956 indicated an increase of 20 per cent for 1957. The Central Bank of Chile also reports that exports of copper to the end of May were up 18.5 per cent compared with the first five months of last year—Santiago, Aug. 21.

India

RAILWAY TIES—India's Minister of Railways estimates total requirements of the railways for wooden ties at about 710 thousand; the local supply, including that of the Andamans, numbers about 220 thousand only. The remaining 490 thousand must be imported to achieve the target set for railway development under the Second Five Year Plan—Bombay, Aug. 14.

VITAMINS—The Government of India has announced that several schemes for the manufacture of vitamins have been approved. Two are for the manufacture of synthetic vitamin A from lemongrass oil, which is available in large quantities. Each will have an annual production of ten million mega-units with a value of Rs.50 lakhs (approximately Can.$1 million). In the past, vitamin A has been produced in three government-owned factories in the form of shark liver oil. Production in 1956 was 59,000 gallons valued at Rs.14.3 lakhs (approximately Can.$286 thousand), compared with 27,158 gallons valued at Rs.6.5 lakhs (approximately Can.$130 thousand) in

1955. The Government has also granted licences for the manufacture of vitamin B-12—New Delhi, Aug. 18.

Italy

AUTOMOBILES—The steadily increasing Italian automobile production achieved a record of over 315 thousand vehicles delivered from factories in 1956, an increase of 18 per cent over 1955. Exports at 87,000 vehicles, or 27 per cent of total production, also achieved a record. The number of automobiles in Italy is steadily increasing; about 1½ million motor cars were in circulation at the end of 1956, or one car for every 33 inhabitants. This constitutes more than a fivefold increase in the past decade—Rome, Aug. 9.

MACHINE TOOLS—With a total of 11,296 tons against 8,000 tons in 1955 and 1954, the export of machine tools in 1956 increased by 40 per cent while production increased 13 per cent. Imports of machine tools decreased slightly—13,000 tons in 1956 against 14,000 tons in 1954. Stocks have been considerably reduced and the over-all domestic absorption of machine tools totalled 27,000 tons in 1956, of which 14,000 tons were of Italian manufacture—Rome, Aug. 9.

Jamaica

SUGAR—It is expected that the current sugar crop will total 360,095 tons—15,000 tons more than was expected when grinding began last December. Canada imported 132,443 tons of sugar from Jamaica in 1956 compared with 86,925 in the previous year—Kingston, Aug. 10.

Mainland China

ANTIBIOTICS—The Pharmaceutical Industry Administrative Bureau of Mainland China announced recently that penicillin output in that country reached 9,000 billion international units in the first half of 1957. Production of syntomycin for the same period was given as 7,000 kilograms and of sulfa drugs as 803 thousand kilograms—Hong Kong, Aug. 22.

Rhodesia and Nyasaland

JUTE—If a new development plan being put into operation this coming season by the Rhodesian Jute Industries is successful, there is a strong possibility that the company's entire jute requirements for its mill in Umtali will be grown in this country in about three years' time. In the coming season farmers in the Umtali district will be planting about 500 acres of a new crop—hibiscus cannabinus—which can be completely mechanized by means of a new decorticator that has been developed. Previously, jute has had to be imported but, as high returns are promised, the local farmers are showing keen interest in growing the new crop—Salisbury, Aug. 11.

Sarawak

BAUXITE—An open mine and shipping facilities are being constructed in Sarawak to develop a proven 2½ million-ton bauxite deposit. The ore will be washed in a Japanese-made plant and will be loaded into 259-ton steel lighters for transfer into 10,000-ton ships about 4½ miles from shore. The tugs and lighters are being built in Hong Kong. Initial production of 500 tons a day for shipment to Japan is expected to begin in April 1958—Singapore, Aug. 12.

Taiwan

FERTILIZERS—The output of chemical fertilizers, mainly ammonium sulphate, in Taiwan is expected to reach 531 thousand metric tons by next year, according to an official of the government-managed Taiwan Fertilizer Company. This production, however, will still leave the country a net importer of fertilizers. In recent years, Taiwan has been importing chemical fertilizer at an average rate of US$20 million a year—Hong Kong, Aug. 8.

Venezuela

POTATOES—The Venezuelan Agricultural and Livestock Bank announced that potato production for the year 1956 amounted to 70,000 tons, an increase of 55 per cent over 1955 production (45,000 tons). It is expected that, as of this year, Venezuela will not have to import table potatoes—Caracas, Aug. 15.

West Germany

ALUMINUM—Aluminum consumption in the Federal Republic increased from 96,000 tons in 1950 to 268 thousand in 1956. According to the Vereinigten Aluminiumwerke, Berlin/Bonn, a further rise is expected in 1957 and consumption of primary aluminum may go to 180 thousand tons. In 1956, 173 thousand tons of primary aluminum and 95,000 tons of secondary aluminum were consumed.

The German aluminum industry expects a further increase in home consumption because of growing use in the production of vehicles and the construction of buildings, as well as in the packaging and electrical industries. The average annual increase in consumption is expected to be 6 per cent—Bonn, Aug. 23.

Burma Increases Teak Production

A major source of foreign exchange before the war, Burma's teak industry is making a comeback. Several problems must be solved before prewar production is restored but the long-term outlook is bright. Plans stressing mechanization of the industry will improve possibilities for Canadian suppliers of extraction and sawmilling equipment.

M. P. CARSON,
Trade Commissioner, Singapore.

THE BURMESE TEAK INDUSTRY is recovering from disastrous war ravages which upset forest operations and depleted the elephant population. Teak output is still well below prewar figures but the long-run outlook is favourable and exports might well reach prewar figures by the early 1960's. Prospects for Burma's other major exports—rice, minerals and agricultural products—are also improving. Thus Burma can look forward to reasonable foreign exchange earnings, which would make possible increased imports and further industrial development, and help to service more foreign loans.

The Department of Forests of the Ministry of Agriculture and Forests is responsible for the teak industry in Burma and regulates the rate of felling on a sustained-yield basis. A decided trend to nationalization of Burmese primary industries is particularly noticeable in the teak field; the State Timber Board has been set up to extract, mill, and export the bulk of teak production. In the process of nationalization the Board took over the assets and operations of most of the prewar firms engaged in the teak business. Some private firms continue to operate in a relatively small way and their output goes chiefly into the domestic market.

Problems Affecting the Industry

A number of problems are handicapping increased production.

- Teak trees usually grow singly or in scattered groups together with many other species in mixed deciduous forests of the Burmese plains and foothills. Consequently there are few stands of timber in comparatively confined areas. In certain parts of the Upper Chindwin, teak concentration is only one or two trees per acre. This of course makes it difficult to use mechanized equipment and to gather the teak at shipping points.

- Teak is a very heavy timber. At 14 per cent moisture content it weighs 43 pounds per cubic foot. Special measures must be taken in handling and floating the logs down rivers. To prepare teak for river transport the tree is "girdled" by cutting away a ring of sapwood two inches wide and one or more inches deep around the base of the tree. The girdled trees die and remain standing for a three-year drying period They are then light enough to float.

- After the girdled trees are felled, extraction from the forests is carried out mainly by elephants, which move the teak to small streams leading to the major floating streams. These small streams and even the Chindwin River are very shallow for some months of the year and only after heavy floods can river transport be used. The logs may be as long as three years arriving at the main assembly mills.

- Burma's teak industry was a major source of foreign exchange in prewar days. Normal extraction operations were practically discontinued during the war and a large proportion of the elephant force, so vital to jungle teak operations, was eliminated. In 1941 there were about 5,000 elephants trained for teak extraction. Recent estimates indicate that less than 3,000 remain, of which the State Timber Board and its contractors have approximately 2,500, not all of which are completely trained. It takes about two years to train an elephant to assume the burden of heavy work. Elephants simulate the life history of men. They mature at age 20, are at their best for labour between 25-45, and are retired between 60 and 70.

- There is still a serious insurgency problem in some of Burma's best teak-producing areas. This lawlessness is a drain on the manpower of the State Timber Board, which has to maintain a security force of a few thousand men to cope with the insurgents. The revival of the teak industry to prewar levels, therefore, depends largely on effective law enforcement.

Foreign Markets

Traditionally, Burma exports approximately 70 per cent of its teak to India and Pakistan. In an average year some three-quarters of total teak production is of export quality and the remainder is marketed domestically. Approximately 30 per cent is considered to

A raft of teak logs is prepared on the Upper Chindwin River to be floated down to Rangoon. The huts seen in the background provide living quarters for workers during the trip.

be "European quality". The following table shows the exports of teak from 1952 to 1956, compared with the base year 1939-40, for Europe, India and Pakistan and all other countries:

EXPORTS OF TEAK BY THE STATE TIMBER BOARD

Countries	*Base Year 1939-40*	*1952-53*	*1953-54*	*1954-55*	*1955-56*
			(in tons)		
Europe	48,067	6,065	6,621	8,145	12,193
India/Pakistan	178,377	19,939	21,102	11,031	32,142
Others	11,464	5,312	5,280	3,285	5,988
Total	229,908	31,316	33,003	22,461	50,323

Source: State Timber Board, Rangoon.
One ton=50 cubic feet.

While 1955-56 showed a reasonable increase over the very low exports of 1952-55, exports of 50,323 tons were only about 22 per cent of the 1939-40 total.

This year's estimates for teak exports are affected to some degree by a change in import licensing in Burma's major market, India. Up until October 1, 1956, teak imports into India were under Open General Licence. Since then imports have been licensed on a quota system, which allows importers to buy 40 per cent of purchases during their best postwar year. There is one proviso, however, which places no restrictions on government procurement and, according to sources in Rangoon, approximately 50 per cent of Burma's teak exports to India have been for government account.

Outlook for Future Production

The long-term outlook is favourable. Thailand, Burma's major competitor, has apparently overcut its timber and production will have to be curtailed for some years. The Forest Department is taking measures to increase girdling and the State Timber Board is attempting to increase extractions.

A look at the figures on "input" (i.e., logs put into the stream) and "arrivals in Rangoon", provides an encouraging view of what the future holds if the favourable trends continue. The input into the streams estimated at 181,553 tons for 1956-57 is 34,000 tons more than for 1955-56. Arrivals in Rangoon are estimated to be up by over 90 per cent from the 109,943 tons of 1955-56. This will bring arrivals in Rangoon for the current year up to almost 50 per cent of the average arrivals in the prewar period from 1935-1940.

Mechanical Extraction

The need to augment animal extraction with mechanical extraction units has been emphasized. Forestry engineers provided under the auspices of FAO have been directing one such unit on an experimental basis since 1955. One prominent FAO engineer has proved that mechanization is feasible technically but more time will be required to establish reasonable cost comparisons with animal extraction. There are some areas of Burma where mechanical extraction could be implemented readily; others are too remote and the terrain and lack of good roads which will withstand heavy monsoon rains prevent immediate mechanization. Because of the depletion of the elephant population, however, mechanization must come if production is to increase.

U.S. Loan and the Development Plan

The mechanization of extraction and the improvement of sawmilling capacity are being given fairly high priority in the four-year development plan now approaching completion in the Ministry of National Planning. When the recent U.S.$25 million loan was approved, it became apparent that part of this will be spent to improve the operations of the State Timber Board.

As tenders for the required equipment will be open to world-wide bids, Canadian suppliers should watch for future developments. Details will be made available as soon as concrete plans are drawn up for the spending of the loan. ●

The U.S. Tariff Commission

What It Is

What It Does

Canadian exporters often fail to make active sales efforts in the United States market because of a misapprehension about the Tariff Commission and its activities. This article puts the Commission and its functions in perspective and explains when and the way in which it carries out investigations.

R. G. C. SMITH, *Minister (Commercial), Washington.*

TO MANY EXPORTERS, the United States Tariff Commission seems to be a bogey man, fear of whom keeps them from trying to develop sales in the United States. The analogy may be taken further: childhood's bogey man disappears with better understanding and, though the Tariff Commission is certainly real, closer understanding of it should serve to dispel some of the fear and encourage sales efforts in the United States market.

The Tariff Commission consists of six Commissioners, not more than three of whom may be appointed from any one political party. The appointments run for six years, with one Commissioner retiring each year. The President nominates the chairman from among the Commissioners. In addition, there is a permanent staff, numbering 202 in 1956.

Duties Defined

Briefly, the Commission acts as a "watchdog" for the foreign trade of the United States. It has many functions but the one best known to Canadians is the investigation of charges of injury to domestic industry arising from imports as a result of tariff concessions, or of injury from imported products to agricultural production that is under some sort of a U.S. Government control or production program. A new duty was added in 1954—the determination of injury to domestic industry from foreign dumping, a function previously undertaken by the Treasury. The Commission is also charged with investigations under the "peril point" procedures, required by law before the negotiation of a trade agreement.

The Commission carries out other activities that are related to foreign trade and the United States Tariff or its application. Congress or the President may request it to report on almost any phase of United States industry or agriculture and its relationship to foreign trade. One special task on which it is now employed, for example, is the drawing-up of a completely new nomenclature for the United States Tariff. The present Tariff Act was written in 1930 and the current exercise is designed to bring the nomenclature up-to-date and to remove ambiguities or anomalies. It will not change the rates on individual items unless a change is unavoidable as a result of reclassifications.

Investigating Charges of Injury

It is the operation of the so-called "escape clauses" that is of primary concern to Canadian exporters (section 7 of the Trade Agreements Extension Act). Whenever the Tariff Commission finds:

> ". . . that a product *on which a concession has been granted* is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten *serious injury* to the domestic industry producing like or directly competitive products . . ."

It must recommend to the President—

> " . . . the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas . . . "

This is the most familiar bogey man and the one which, with the agricultural escape clause, most needs understanding and examination. One hears such statements as: "What's the use of developing a market in the United States? As soon as we begin to succeed the

Tariff Commission slaps on an increased duty." The record is somewhat to the contrary, as I shall point out later. First it is necessary to consider the limitations and procedures that must be followed.

• *Who may start an investigation?*—The President, either House of the Congress, the Committee on Finance of the Senate, or Ways and Means of the House of Representatives, any interested party, or the Commission itself—each of these may start an investigation.

• *How are the investigations carried out?*—Once the application is received, the Commission must make a report within nine months. It is required to hold public hearings at which any interested parties may appear to give evidence. (Foreign exporters may and do appear before the Commission.) Witnesses may also submit written briefs or even confidential data for the use of the Commission alone if they do not wish the data to be made public or known to competitors.

If there is a majority finding of injury, the report (which is made public at once) is sent to the President, accompanied by a minority report if the Commission is not unanimous. If there is a majority finding of no injury, the report is made public and that is the end of it. However, when the President receives a majority finding of injury, he must either announce his decision to accept the recommendations of the Commission or to modify them within 60 days, or otherwise advise the Congressional Committees why he has decided not to impose the increases recommended. If the Commission produces a tied vote, then the President may accept either view and either act or not accordingly.

When a majority of the Commission finds "serious injury", it may and always does recommend remedies in the form of increased duties, quotas, or both. However, without an Act of Congress, the Tariff Act only authorizes increases in duties to a maximum of 50 per cent of the rate existing on the first of January 1945. (The recommendations do not go beyond that point.) There is, however, no limit on the quotas that may be recommended.

Agricultural Products under Support

The procedure for investigations of injury to agricultural products under support programs is also carried out in the manner just described. These inquiries, however, must start with the Secretary of Agriculture. Moreover, the investigation must be completed and the decision of the President made within 25 calendar days after the submission of the case to the Tariff Commission. The President may also take immediate remedial action without waiting for the Commission's report.

The remedial actions possible are an increase in duties not in excess of 50 per cent of existing rates, or the imposition of quotas on imports that may not be less than 50 per cent of imports of a "representative period as determined by the President."

Peril Point Hearings

These hearings are domestic affairs at which foreign firms do not appear. The President submits a list of items to the Tariff Commission the duty on which will be considered for possible modification at a forthcoming trade and tariff negotiation. The Commission holds hearings on the lists. It then reports within 120 days of the receipt of the list on the extent to which reductions may be made in the duty on each item without causing or threatening to cause serious injury to domestic industry. (The maximum possible reductions are established by the Trade Agreements Act.)

Anti-Dumping Act

When the Treasury has determined that dumping of a certain article from a country or countries is taking place (i.e., goods are being sold in the United States at less than fair value—roughly the value in country of production), the Tariff Commission is charged with carrying out an investigation to establish—"whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States." (Note that in anti-dumping cases the phrase is "injury", not "serious injury".) This investigation usually includes public hearings open to all interested parties.

If injury is established, the Treasury must then apply the special dumping duty. But in this case the Commission's decision is not subject to review by the President nor any other authority. The special dumping duties are the amount by which the export sale price is less than the foreign market value.

Investigations Are Costly

Any U.S. firm which feels that imports are injuring it may set an inquiry in motion. But the record of applicants that have obtained relief is not such as to encourage indiscriminate resort to the Commission.

Since 1948 to the present, the Commission has received a total of 83 applications for relief under Article 7 of the Trade Agreements Act. Of these, the Commission has recommended protective action on 20, with five cases ending in a tied vote. Out of these 20 cases recommended for action, the President has taken action in seven.

The record of the agricultural escape clauses, on the other hand, is entirely different. Here virtually all agricultural products under price support or other form of subsidy have been put under import restrictions.

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In citing this record, the intention is not to ignore or gloss over the fact that, whatever the record, the threat is ever present.

Canadian Firms May Appear

The hearings of the Tariff Commission are open to the public who may both attend and give evidence, without restrictions. Those who wish to give evidence need only write to the Tariff Commission. When a product exported by a Canadian firm or industry is under investigation, the latter may and should appear to defend its position. It may also submit evidence in writing, whether or not witnesses attend the hearing. But it is usual for a witness to present a written brief to the Commission. Additional evidence may be sent to the Commission, in the form of a supplementary brief, at any time before the final report goes to the President.

Witnesses give oral testimony under oath, either from a prepared script or extemporaneously, before the six Commissioners, who may ask questions during the declaration or afterwards. After the witness's statement, interested persons attending the hearings and giving evidence may ask questions. But such questions must be designed to throw light on the problems and not merely be cross-examination for the purpose of breaking down a witness. Following the hearings the staff of the Commission examines the evidence, together with facts and figures that it has been preparing. This information is then digested by the Commissioners and their report or reports prepared.

In preparing briefs, the primary objective should be to prove that—

- Domestic industry is not being seriously damaged.
- If it is being damaged, that this is not because of imports but for other significant causes.

The Commission's Role

Other facts are relevant but of secondary importance. For example, the Tariff Commission is not particularly interested in the strategic necessity of not reducing imports. Its job is to discover whether imports are seriously injuring U.S. products. The Administration may decide that the strategic concept is paramount in the national interest, but the Tariff Commission *must* ascertain if domestic industry is *being seriously injured or threatened by increased imports.* Rates of pay in foreign countries, subsidies, drawbacks on exports or other forms of assistance in other countries, the overall balance-of-payments position—these too are of secondary interest to the Commission. Certainly these supplementary facts are important and should be set forth where they are relevant, but they should not become the main argument. They should be used in support of the main argument or to deny or rectify statements submitted by domestic industry in the United States.

In the case of agricultural products under Section 22 of the AAA, the Commission must find that " . . .any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken . . . by the Department of Agriculture, or any agency operating under its direction . . or to reduce substantially the amount of any product processed in the United States . . ." Here again the exporting side must concentrate on proving that imports are *not,* nor are likely to be, responsible for material damage to any domestic agricultural products that are under some sort of a Department of Agriculture program.

Finally, exporters should make sure that they help the economists in the Commission as much as possible to obtain all facts of interest to the case.

Help for the Business Traveller

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

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Canada in Foreign Markets

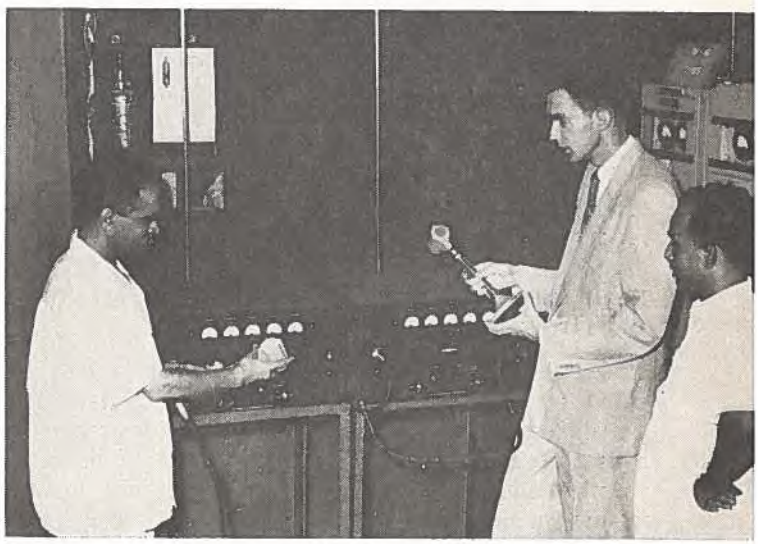
Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In Argentina—This is the Bahia Thetis, *one of three auxiliary transport ships built to a special design for the Argentine Navy by a Canadian shipyard. It is being used for cadet training.*

In Morocco—The distinguished driver of this Canadian tractor is the Sultan of Morocco. The Canadian manufacturer has been doing considerable business with Morocco recently.

—Bermuda News Bureau

In Bermuda—Bread made by this Hamilton bakery has a flavour of Canada: this employee is about to open another bag of Canadian skimmed milk powder to mix with the dough.



In India—The Assistant Canadian Commercial Secretary visits an airport to see Canadian-made 20 RA 10 H.F. radio transmitters installed for aeronautical communications.

Supplying Philippine Industry

Dollar shortage limits openings for Canadian goods in this area, but "new and necessary" industries may import raw materials duty-free for stated period. Canadian firms should study opportunity thus provided to compete with United States suppliers on even terms.

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

OVER 700 PHILIPPINE MANUFACTURERS import their raw materials duty-free under tax exemption privileges given to "new and necessary industries". This overcomes the tariff preference normally enjoyed by U.S. suppliers who pay only one-quarter of the regular Philippine duties.

Most of these 700 companies are small but some are large and even the small ones should grow. The record of the past few years shows that new Philippine manufacturers can expect, in addition to tax exemption, assistance through high tariffs or import bans against competitive products.

Which Are Tax-Free?

What Philippine manufacturers import their requirements free of duty? Tax-free industries are broken down as manufacturers of (1) aluminum, enamelled tin, and steel products; (2) chemical products; (3) glass products; (4) food products; (5) medical products; (6) musical instruments; (7) paints; (8) natural and artificial leather processing; (9) paper and allied products; (10) radio, television, and other electrical products; (11) plastics, rubber porcelain, and ceramic products; (12) textiles and allied products; (13) toys; (14) bamboo and wood by-products; (15) zippers, and (16) miscellaneous products.

Under the first group, there are companies making about 60 different products; the most important are galvanized sheets, aluminum sheets, filing cabinets, nails, tin cans, and steel windows. The Philippine chemical industry largely concentrates on the manufacture of ink and cleansing powders. There are several Philippine glass factories making a variety of bottles, jars, lamp chimneys and other glassware.

There are nine paper mills in the Philippines and most of them import paper and convert it into bags, cartons, and other paper products. No company is making newsprint although there are proposals to produce it from bagasse, the waste from sugar refining. One Philippine mill manufactures about 6,000 tons of wrapping paper a year from bagasse.

Another mill is producing a kraft paper from used paper and wood pulp. All wood pulp is imported; Canada sold $259 thousand of sulphate and sulphite pulp to the Philippines in 1956.

Possibilities for Canadian Hides

The preferential tariff for U.S. goods limits the Philippine market for Canadian leather. But there are opportunities for Canadian hides. No Canadian leather reached the Philippines in 1956, but Canadian companies sold $42.5 thousand of raw cattle hides to this market in the same year. Of the seven tax-exempt tanneries, only one is large.

Electrical Equipment

There are about 25 tax-exempt Philippine plants producing radios, TV sets, electric light bulbs, air conditioners, refrigerators, and other electrical appliances. Most of these companies are assembly plants, but one radio and TV manufacturer makes about half of the parts he uses and several companies wind the coils and transformers for their sets. No radio tubes are made in the Philippines. All the radio and TV cabinets appear to be made locally from the beautiful Philippine woods.

Two United States tire manufacturers have factories in the Philippines and a third intends to if the Government approves its application. The other major Philippine rubber product is rubber-soled canvas shoes manufactured by about a dozen companies. Rubber hose, tubing, gloves and toys are also made in small quantities.

Other Industries Expand

There are more than 70 food producers with tax exemption but the majority are small companies making hams, sausages and food seasoning. The Government is encouraging private companies to grow coffee, with considerable success, and is trying to develop

cocoa raising. There are several animal feed mills, some of which use Canadian fishmeal.

There are about 20 tax-exempt pharmaceutical laboratories which are almost entirely subsidiaries of foreign companies. The same applies to the Philippine paint factories and the numerous storage battery producers. Generally, the Philippine company can make recommendations but the orders for its raw materials are placed by the head office in the United States or Europe.

These industries will have full tax exemption until the end of 1958. From that time, they will pay annually increasing percentages of taxes until the beginning of 1963, when they become liable for full taxes. Some companies will begin paying taxes before the end of 1958 because a firm cannot enjoy the privilege of tax exemption for more than ten years.

Most business with these tax-free companies is done through the agents in Manila, although some manufacturers prefer to order directly from the supplying company. Subsidiary companies place their orders through the American parent.

Market Accustomed to U.S. Goods

Tax exemption puts Canadian suppliers on an equal footing but it does not immediately make this area an easy market for Canadian goods. The Philippines has been accustomed to U.S. goods since the beginning of the century. Most of the connections between the U.S. supplier and the Philippine agent are old and well-established and American goods have an excellent reputation in the market. Although they still suffer from the distrust engendered by the war, the Japanese are actively gaining a foothold in the Philippine market. European suppliers, particularly British and German, are having increasing success in their sales to the Philippines, particularly of chemicals and machinery.

Dollars Still Limited

The dollar shortage also limits sales of dollar products to these new industries. Although the Central Bank of the Philippines classifies most of the products they import as essential, the companies still complain of insufficient dollar allocations for raw materials and machinery.

Despite the drawbacks, the tax-free companies represent the best opportunities for Canadian suppliers in the Philippines. The needs of many of these new factories are small, but some will grow. And sales to them introduce Canadian goods to a market in which many products of Canada are unknown. ●

For other sales opportunities in the Philippines see Foreign Trade *of December 8, 1956, for synthetic resins and of April 15, 1957, for a review of supplies needed by the plywood industry—Editor.*

Italy Produces Lead and Zinc

THE ITALIAN LEAD AND ZINC INDUSTRY throughout its long history has made an important contribution to the economy, especially over the last 150 years. Four companies account for almost the entire production: PERTUSOLA of Genoa, which operates lead and zinc mines in Sardinia and plants at Crotone and La Spezia; MONTEPONI of Turin, with mines in Sardinia and plants at Monteponi and Vado Ligure; MONTEVECCHIO of Milan with mines at Montevecchio and plants at Port Marghera, San Gavino (Cagliari), and Bologna; A.M.M.I. of Rome with a plant at Bergamo. The mining and processing industries employ more than 11,500 workers.

Capacity of the lead-ore mines—mainly located in Sardinia—exceeds the domestic demand which permits fair quantities to be exported, although a flow of imports also is maintained. In 1911, for example, 6,000 tons of lead ore entered Italy and 15,000 tons were shipped out; over the years the figures have remained much the same. By 1955 imports had risen to only 7,723 tons and exports had declined to only 10,414 tons, in spite of the much brisker demand for lead ore in Italy. Production of lead has almost always met Italian needs; in 1948 output reached 26,700 tons and in 1955 totalled 41,809. Processing of lead scrap yielded a further 12,000 to 13,000 tons in 1955. Lead production is expected to be about the same in the final 1956 figures.

Italy has exported zinc ores since before World War I; in 1912 shipments reached 150,800 tons. The zinc industry did not begin processing ores until several years later but has steadily expanded. By 1955, exports of zinc ore had fallen to 57,602 tons although total production reached 240 thousand tons.

Thermic processing of zinc ore in 1918 yielded only 1,200 tons of the metal but in 1929 electrolytic processing accounted for 60 per cent of total production. This trend has continued and in 1955, Italy turned out 61,653 tons of electrolytic zinc against 8,851 tons by the thermic process. Zinc production has risen steadily since 1948 when output totalled 26,700 tons; production reached 66,800 tons in the first 11 months of 1956. Italian zinc products are of good quality and competitive in world markets; 23,230 tons were exported in 1955 and 22,400 tons in the first eleven months of 1956.

—S. G. MacDONALD,
Commercial Counsellor, Rome.

Dominican Republic

A Trade Survey

With a rich soil that produces crops for export, growing industries and a favourable trade balance, this stable little country constitutes a good market which could be cultivated more intensively. Here is advice on selling there from our Commercial Counsellor in Ciudad Trujillo, who will shortly be touring Canada to talk with exporters.

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

THE DOMINICAN REPUBLIC, situated in the heart of the Caribbean, occupies about two-thirds of the island of Hispaniola, one of the Greater Antilles which lies between Cuba and Puerto Rico. It is politically stable, economically sound, and considered one of the most progressive countries in Latin America. The capital, Ciudad Trujillo, is situated on the south coast of the island and has a population of 270 thousand.

Main Types of Production

The basic wealth of the country still resides in its extraordinarily rich soil; the chief crops grown for profit are sugar, coffee, cocoa, tobacco and rice. On the other hand, a program to assist and encourage the diversification of industry is in full swing and many new industries have been developed in recent years. The principal ones include a cement plant; a green glass factory manufacturing practically all of the industrial glass requirements of the Republic; an extremely modern sisal plant producing, in addition to a high-grade sisal, bags, rope and binder twine mainly for domestic use; fully automatic meat-packing plants and dairies; a furfural plant using as its base the bagasse from sugar cane; a thriving machine tool and armament works which has also branched out into the manufacture of household appliances, air conditioners, etc.; several shoe and leather goods factories; a modern dress factory and many other lesser industries which are not detailed here.

Mining developments have captured both Dominican and foreign attention during the past few years. Deposits of iron ore, gypsum and salt are currently being exploited and deposits of nickel, bauxite, copper and oil are undergoing extensive study. A well-known Canadian mining company has participated heavily for the past two years in the exploration of some of these minerals and finds the results encouraging so far.

Cane sugar is the largest single agricultural industry. During 1956, approximately 760 thousand tons of sugar were produced and the authorized production for 1957 is 993 thousand. Coffee output in 1956 totalled 31.6 million kilograms, cocoa some 27.6 million kilograms, and tobacco an estimated 19 million kilograms.

Foreign Trade Increasing

The foreign trade of the Dominican Republic during the past five years is shown in the following table:

In Dominican Pesos. One Peso=U.S. $1.00

Year	*Exports*	*Imports*	*Balance*
1952	115,366,736	96,900,591	+18,466,145
1953	105,320,706	86,526,946	+18,793,760
1954	119,726,923	82,827,010	+36,899,913
1955	114,849,773	98,056,155	+16,793,618
1956	124,559,106	108,277,032	+16,281,174

The main imports in recent years in order of value have been: iron and steel manufactures; textiles and their manufactures; fuels and lubricants; metals and their manufactures; electrical and power machinery; electrical appliances; automobiles, trucks and other vehicles; grain products; paper and paper products; canned foods, and industrial metals.

The chief suppliers were the United States, Netherlands Antilles, Germany, Canada, the United Kingdom, Japan and France.

Distribution Centres and Shipping Facilities

The greater portion of both exports and imports are routed through the capital, Ciudad Trujillo, which has an excellent port and dockside warehouses. Ships

M. B. BURSEY, Commercial Counsellor at Ciudad Trujillo, Dominican Republic, for the past three years, served his native Newfoundland as a Government Trade Commissioner from 1946 to 1949. With the entry of Newfoundland into Confederation he joined the Canadian Trade Commissioner Service and was posted to New York as Consul of Canada and Trade Commissioner (Fisheries). Three years ago, he was transferred to the Dominican Republic as Commercial Counsellor.

Mr. Bursey is shortly returning to Canada and will visit a number of centres throughout the country to meet businessmen interested in trade with this area. Details of his tour, which will begin about the end of September, will be announced in Foreign Trade. *Later in the year Mr. Bursey will leave for Accra, where he will serve as Commercial Counsellor in the office of the High Commissioner for Canada in Ghana.*

from all parts of the world discharge and load cargoes at this modern port.

Saguenay Terminals Limited of Montreal operates a fortnightly service direct from Montreal, Halifax and Saint John, N.B., to Ciudad Trujillo. Bull Insular Lines and the Dominican Steamship Line also operate between New York and Ciudad Trujillo and some Canadian shipments are routed via these lines.

The second port in the Republic is Puerto Plata, which is situated on the north coast of the island. Shipments destined for northern inland centres are usually routed through Puerto Plata. Other ports of importance are Barahona and Rio Haina on the south coast, and San Pedro de Macoris and La Romana on the east coast.

Language and Currency

The official language of the country is Spanish and it is therefore preferable to correspond in it. English, however, is known to some extent by some commission agents and distributors and in such instances correspondence in English is possible. The official currency is the Dominican peso which has been on a par with the United States dollar for many years. There are no licensing or exchange restrictions on imports and payments in U.S. currency are made without delay. Importers prefer quotations to be C.I.F., although some sales are made on the basis of F.O.B. shipping points.

It is necessary to quote in U.S. dollars rather than in Canadian funds, because Canadian funds fluctuate from time to time and the conversion rates at Ciudad Trujillo into U.S. dollars or Dominican pesos are usually higher than the rates quoted in Canada or New York.

Shipping Documents

Detailed instructions on shipping documents required for shipments to the Dominican Republic and Dominican Republic customs regulations are set out in a pamphlet available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. Briefly, however, all shipments to the Dominican Republic valued at over $100.00 should be accompanied by a consular invoice, commercial invoice and bill of lading, legalized by a Dominican consul at the port of embarkation. Consular invoices must be prepared in quintuplicate on forms supplied by the Dominican consul and must show F.O.B. value only. The commercial invoice must be prepared in quintuplicate and no special regulations are prescribed.

Bills of lading must be submitted in quintuplicate. Special certificates are required for livestock and plant products. A consular fee of 3 per cent and $2.00 for a bill of lading are collected from the consignee at destination.

There are no regulations about marks of origin on goods but foodstuffs and certain other products must comply with specific labelling requirements. The marks on outside cases must be made either by stencil or brush. It is not necessary to show weights on cases.

Samples and advertising matter of no commercial value are admitted duty-free; samples do not require consular documents but a sworn list must be presented. Advertising matter is admitted into the Dominican Republic duty-free if it is intended for free distribution. Discrepancies in documents and differences between data declared in documents and physical contents of shipment bring fines.

Canada's Trade with Dominican Republic

Canada and the Dominican Republic have a most-favoured-nation trade agreement and customs duties applied to Canadian products are no higher than those applied to products from other countries enjoying most-favoured-nation treatment. Both countries are also parties to the GATT, under which they have exchanged tariff concessions.

Traditionally, Canada's principal exports to the Dominican Republic have been cured and canned fish, flour,

The Republic in Review

AREA: *19,129 square miles.*

POPULATION: *About 2¾ million, and growing rapidly.*

CAPITAL: *Ciudad Trujillo.*

INDUSTRY: *Mainly sugar mills, also plants processing sisal, meat products, and sugar-cane bagasse into furfural; other industries making glass, household appliances, shoes, machine tools, etc.*

GROSS NATIONAL PRODUCTION: *Estimated at $542.7 million in 1955, or about $226 per head of population.*

SOURCES OF INCOME: *Mainly agricultural—sugar, coffee, cocoa, tobacco, rice are chief cash crops.*

PORTS: *Ciudad Trujillo; Puerto Plata (north coast); Barahona and Rio Haina (south coast); San Pedro de Macoris and La Romana (east coast).*

FOREIGN TRADE: *Exports worth U.S.$124.6 million in 1956; imports worth U.S.$108.3 million.*

PRINCIPAL MARKETS: *United States, United Kingdom, The Netherlands, Belgium and Puerto Rico.*

PRINCIPAL SUPPLIERS: *United States, Netherlands Antilles, West Germany, Canada, United Kingdom.*

PURCHASES FROM CANADA: *Worth about $5 million in 1956, with dried salted pollock ($958 thousand) and flour ($953 thousand) in lead.*

CURRENCY: *Dominican peso, at par with U.S. dollar.*

BANKING SERVICES: *Royal Bank of Canada, six branches; Bank of Nova Scotia, two branches; Dominican Government Banco de Reservas, many branches; privately owned Banco de Credito y Ahorros, three branches.*

BEST TIME TO VISIT: *October to early December, or mid-January to March.*

DOCUMENTS NEEDED: *Tourist card ($2.00) for a two-week visit. Purchase on arrival or at airline offices in Canada.*

pneumatic tires for automobiles and trucks, copper wire (bare and insulated), newsprint paper, and macaroni and spaghetti. Undoubtedly the steady sales of these items will continue in the years to come—provided our prices remain competitive with those of other supplying countries.

Canadian-Dominican Trade

(Can.$)

Year	*Exports to Dominican Republic*	*Imports from Dominican Republic*
1952	4,642,648	5,999,987
1953	3,992,537	5,853,523
1954	4,268,597	1,662,515
1955	4,167,723	1,529,329
1956	4,984,835	1,345,983
1957 (4 mos.)	1,617,258	314,170

A much wider range of Canadian goods could, however, be marketed in the Dominican Republic. To make this possible, Canadian prices must be competitive with or lower than those quoted on similar products from other countries and Canadian businessmen must show a decided interest in the market, particularly by making periodic visits. Manufactured goods for consumer and industrial use should find a ready market in the Dominican Republic provided prices are low enough to attract buyers.

Potential Is Limited

The reader will realize from the population figures given in the first part of this article that the Dominican market for all goods and services—and especially manufactured goods—is limited and that there is no untapped market for Canadian products. At all times the exporter must realize that Canadian industrial and consumer goods must enter in the face of the keenest competition and the securing of even a small portion of the permanent demand for any particular product must be achieved at the expense of eager foreign competitors. Such stark but realistic truths impose upon Canadian firms wishing to increase their business in the Republic, or to enter the market for the first time, the necessity of quoting lowest possible prices, giving vigorous initial service, and following up orders closely. In short, not only must Canadian manufactures be offered at low prices but they must be *sold* rather than simply supplied.

A further limitation on the Dominican market is the fact that this country cannot yet be described as an industrial market. Its industries are growing, but their capacity for raw materials and partially finished industrial components is limited. There is a relatively small but healthy market for food supplies, agricultural equipment, purebred livestock, consumer goods and all the other products appropriate to an expanding though not yet industrialized economy. ●

Dutch Study Nuclear Power

Projected plans for a nuclear reactor to meet power needs and the signing of the Euratom Treaty have focussed Dutch attention on this phase of atomic energy.

B. C. BUTLER, *Commercial Counsellor, The Hague.*

THE FIRST NUCLEAR REACTOR for the production of electric power in the Netherlands is to be in service by 1962, according to a recent government announcement. By 1957, half of Dutch power needs will be produced by nuclear stations.

In the past five years, consumption of electric power in the Netherlands has increased at the rate of 10 per cent a year and by 1975 it is expected to be 3½ times that of 1955. Expressed in kilowatt hours, consumption is expected to rise from 8,500 million in 1955 to 30,000 million in 1975. With output of coal and other fuels declining, more fuels have to be imported from the United States; the Netherlands thus has real need of an atomic power program. Because it is linked with the European grid supplying West Germany, Switzerland and Belgium, the size of the country is not necessarily a limiting factor in the construction of power stations. There is always the possibility of disposing of surplus output in the neighbouring countries.

Reactors Studied

The Netherlands is considering two kinds of reactors—the homogeneous suspension type which is being developed at a power plant in Arnhem, and the "boiling water" type being developed in Norway.

Nuclear stations are expected to cost 2½ to 3 times as much to build as the conventional steam plant, but it is believed that the cost of operation will offset the initial investment. The comparative costs per kwh. are estimated as follows:

	Nuclear Station	*Conventional Station*
	(per kwh.)	
Capital costs	3. guilder cents	1. guilder cents
Initial uranium charge	0.3	
Fuel	0.7	3.
Maintenance	0.4	0.4
	4.4 guilder cents	4.4 guilder cents

(or about 1.1 Canadian cents in each case.)

Costs for the nuclear station are based upon an estimated initial charge of 160 tons of natural uranium valued at about $10 million for a typical 100-megawatt station.

Taking into account the saving in coal and other fuels and the cost of constructing conventional power stations, the Netherlands authorities estimate that this program will add about 200 million guilders a year (or 3.5 per cent) to total investment in the period ending 1975. Much of this new capital will have to come from the Government, but it is expected that private industry will share in the developments.

Euratom Treaty Arouses Interest

The announcement of the program has come at a time when the Dutch people are being made increasingly aware that they are on the threshold of great developments in the peaceful uses of atomic energy. From June to September an imaginative exhibition at Schiphol Airport demonstrated to thousands of visitors the fundamental facts of nuclear science and its application to everyday life. (See page 11 of August 31, 1957, issue.) At the same time, the press of the country has been reporting for some months upon the progress of the Euratom Treaty that was signed in March by the six Common Market countries —France, Germany, Italy, Belgium, Luxembourg and the Netherlands—and which was introduced into the Netherlands Parliament for ratification early in July. It is expected that this treaty will be approved by the Dutch Parliament in the early autumn.

Euratom will provide for the harmonizing of the atomic energy programs of the countries concerned, the pooling of scientific knowledge, the protecting of health in the disposal of waste materials, and many other technical details. It is expected that raw materials will be procured mainly through a central authority to be established by the group. There is, however, provision for direct purchasing by individual member countries with permission of the central purchasing authority. The treaty will not attempt to control the military uses of atomic energy and the special fissionable materials for such purposes will not be under the supervision of the central authority. Much emphasis will be placed on co-ordinated research and Holland's share of these costs is estimated at about $14 million for the first five years of the treaty. ●

Australia

Import Licensing Modified

Latest changes in the licensing system covering imports show Australia is moving towards gradual relaxation of import controls and the streamlining of import procedures. Current modifications may benefit Canadian exporters.

J. C. BRITTON,
Commercial Counsellor, Sydney.

THE CHANGES IN THE LICENSING SYSTEM covering imports, announced by the Australian Government and effective from August 1, 1957, introduce important new principles. Of particular interest to Canada's exporters is the 16-item increase in the number of commodities licensed on an administrative (world) basis. Commodities licensed in this manner may be imported from both dollar (i.e., Canadian) and non-dollar sources of supply. A number of commodities have been licensed on a quota (world) basis and Australian importers may use these quotas in any country, including Canada and other countries in the dollar area. Fifty-six commodities have been placed on a sales replacement basis and licences will be issued freely to importers on the basis of actual sales. Provision has also been made for new importers of these products. Some of the sales replacement items are on a world basis and may be purchased from dollar as well as non-dollar sources of supply.

Although the liberalization of dollar imports will not result in substantial relaxation of dollar restrictions, Canadian exporters are expected to benefit from the modifications which constitute a further stage in the gradual liberalization of import controls by the Australian Government.

World Licensing

The addition of 16 commodities to those licensed on a world basis means that there are now more than 30 commodities which Australian importers may purchase from the most competitive sources of supply, including Canada, irrespective of the currency involved. The new commodities subject to global licensing are listed below:

1. Chemicals and other raw materials for use in the manufacture of sensitized material and processing chemicals for X-ray and photographic industries —Q(W)
2. Furnace electrodes, including nipples—Q(W)
3. Welding rods—Q(W)
4. Greases, including axle grease and inedible tallow —Q(W)
5. Emery oil and whetstones—Q(W)
6. Boric acid—Q(W)
7. Masters, matrix and mothers for the manufacture of gramophone records—Q(W)
8. Mexican fibre—Q(W)
9. Rosin—Q(W)
10. Bentonite—Q(W)
11. Bacteriological products—Admin.(W)
12. Staves, casks and shooks—Admin.(W)
13. Last blocks and trees—Admin.(W)
14. Elastic and corset cloth—Admin.(W)
15. Orlon and other synthetic tops—Admin.(W)
16. Empty gelatine capsules—Admin.(W)

Q=quota.
W=world.

The first ten items subject to global licensing are on a quota (world) basis in accordance with quotas established for individual firms. The remainder of the items have been transferred to administrative (world) control, under which the Department of Trade considers each application for an import licence on its merits. A number of sales replacement items are now licensed on a world basis, including hog casings, cash registers, pulp for paper manufacture, raw cotton, ferrous alloys, and abrasive grains. The sales replacement plan for these particular commodities now operates irrespective of origin and licences apply to procurement in both dollar and non-dollar countries. Hog casings, pulp for paper manufacture, raw cotton and ferrous alloys were previously licensed on a global basis. The list of commodities previously under global licensing was outlined on page 14 in the July 6, 1957, edition of *Foreign Trade*.

Sales Replacement Principle

The application of the sales replacement principle to 56 commodities from August 1, 1957, is the most important administrative import policy change. The sales replacement principle is being set up for motor vehicles with respect to licensing requirements for this

industry and was previously adopted for the tobacco and tractor industries. Under the sales replacement plan, licences are to be issued to individual importers on a sales performance basis, replacing the former quota system. The bulk of the items licensed under sales replacement are producer goods required by Australian manufacturers.

The list of commodities subject to sales or usage replacement includes replacement parts for agricultural machinery, components for the manufacture of agricultural machinery, components for the manufacture of tractors, ball and roller bearings, vitreous enamels, scientific and surgical instruments, ceramic colours, synthetic oils, lenses, nitrate of soda, and bronzing and metal powders. This list is not complete and further details may be obtained from the Department of Trade and Commerce, Ottawa.

Any firm, including new importers, is eligible to participate in the sales replacement scheme. This means that established importers and new importers of the commodities enumerated for sales replacement licensing will be granted licences based on proven sales performance. The sales replacement basis for licensing is not expected to be fully operative until the beginning of the next licensing period commencing December 1, 1957. The amount of the licences for established importers and new importers is to be determined during the present licensing period August /November. New importers are required to submit applications for licences before August 31 for the August/November licensing period.

Procedure Is Simplified

The procedures for obtaining import licences are being steadily simplified. Importers may now obtain licences from Collectors of Customs throughout Australia for many commodities formerly subject to administrative control without approaching the Import Licensing Branch in Sydney. The sales replacement basis contains safeguards designed to reduce speculation in import licences such as occurred in the relatively easy licensing period in 1954. The sales replacement principle will probably be extended to a substantial number of additional items during the next few months. Global or world licensing is also likely to be applied gradually to additional commodities to enable importers to obtain supplies from the most competitive sources.

There is no substantial import relaxation in the latest import liberalizations nor do they involve a sharp increase in foreign exchange expenditure. The move is towards a gradual relaxation of import controls and the streamlining of import procedures. An overall review of imports is scheduled for the end of November when it should be possible to assess the trend of exports and foreign currency earnings for the current fiscal year. ●

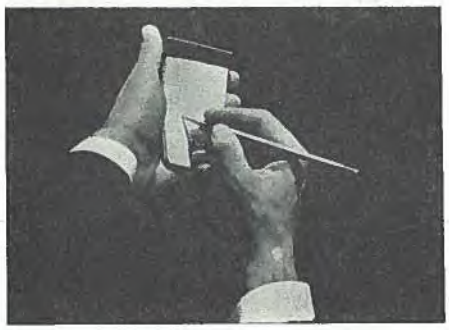
New Zealand Grows More Tobacco

NEW ZEALAND TOBACCO GROWERS harvested 4.7 million pounds of leaf in the 1955-56 season from 3,104 acres—an increase of more than half a million pounds over the previous season. In fact, this crop reversed a downward trend in both yield and acreage over the past few years. The New Zealand Tobacco Board, made up of the growers and manufacturers, has long encouraged the production and consumption of domestic leaf. The Board is pleased with this rise in output, particularly because the problems of pricing and continued high imports of manufactured tobacco products have thwarted its five-year plan started three years ago to increase acreage by 200 acres a year.

Growers market their tobacco on a basis of fixed average prices for the various grades of leaf; there is a minimum price below which no leaf may be sold. In 1955-56 season flue-cured leaf averaged 4s.1d. a pound (about 55 cents) and air-dried leaf sold for 3s.8¾d. (about 51 cents a pound). However, the growers feel that prices have not been high enough to encourage them to switch from other crops. Although flue-cured tobacco prices have risen 15 cents and air-dried leaf 13 cents a pound over the past six years, the Board is actively considering offering further inducements to boost production. Tobacco manufacturers in New Zealand are required to use at least 30 per cent of local leaf in their products and this provides a further incentive to the growers.

Tobacco is free of import controls and may be brought in from any source. Imported leaf comes largely from the United States and totals slightly more than seven million pounds a year. Attempts to introduce Canadian tobacco have failed; it is too similar to the types grown in New Zealand. The blend of local tobacco with United States leaf is the one to which smokers are accustomed. The domestic industry is making a case for smaller imports of manufactured products to encourage local production; in 1955 1,713 thousand pounds of cigarettes were brought in, mainly from the United Kingdom, and 59,300 pounds of other tobacco products. Cigarette imports in that year totalled 983 thousand pounds more than in 1954 and the trend in 1956 was still upward.

—JOHN MacNAUGHT,
Assistant Commercial Secretary, Wellington.



General Notes

Brazil

SOLUBLE COFFEE—Negotiations are under way for the installation in São Paulo of a factory to produce soluble coffee on a large scale to allow exports. This plant, it is expected, will be located in the interior of the state, close to the coffee-producing areas—São Paulo, Aug. 9.

OIL CANNING—Mobiloil do Brasil, Industria e Comercio Ltda., has started construction of a new plant on the Via Anchieta close to Santos, State of São Paulo, for canning lubricating oil. The plant, it is reported, will be one of the largest and most modern in South America. Operations are scheduled to start within the next few months—São Paulo, Aug. 2.

Finland

EXPORTS—The value of Finnish exports during the first half-year of 1957 reached the record of 83,054 billion marks compared with 76.1 billion marks for the same period last year. Forest products represented 78 per cent of this total value.

Finland's leading customer was Great Britain, with purchases amounting to 18,239 billion marks, or 21.9 per cent of the total export value. Exports to Eastern Europe totalled 23,464 billion marks (or 28.2 per cent) of which 16,202 billion marks went to the Soviet Union—Stockholm, Aug. 14.

Madagascar

FOREIGN TRADE—Madagascar's trade deficit of Can.$36 million in 1956 was the lowest in the last six years. Exports totalled Can.$86.4 million, an increase of 13 per cent over the previous year. Coffee exports exceeded 50 thousand metric tons for the first time, with an undetermined balance of the year's crop still to be moved. Other main exports included rice, cloves, vanilla, peanuts, tapioca, cattle and canned foods.

France continued to be the principal trading partner and supplied 72 per cent of total imports. Other suppliers were the United States, Algeria, West Germany, Great Britain, the Netherlands, Iran, Indonesia and Bahrein. Purchases from Canada totalled $46,708 and sales to Canada $38,209—Johannesburg, Aug. 8.

Mainland China

TRUCKS FROM U.K.—The Canton branch of the China National Transport Machinery Import Corporation recently purchased 82 five-ton Austin trucks. The transaction was negotiated by the Hong Kong agents for the Austin manufacturers and delivery via the Colony will take place before September. It is understood that negotiations for the bulk of the order were initiated by the Chinese trade authorities before the United Kingdom's relaxation of the embargo.

By the end of May 1957, China had imported seven trucks through Hong Kong valued at HK$102,775, compared with one unit in 1956. The import of passenger cars from the Colony in the first five months of this year totalled 34 vehicles worth HK$537,000, compared with 341 cars last year valued at HK$4,442,049—Hong Kong, Aug. 5.

AUTOMOTIVE PLANT—The New China news agency reports that Mainland China's first motor car plant turned out 4,000 trucks by the end of June, which represents eight months' production—Hong Kong, Aug. 5.

Malaya

DEVELOPMENT LOAN—The Malayan Government announced on August 8 that it will float a loan of M$160 million at 5¼ per cent interest on the Malayan money market to help finance the M$1,358 million five-year development plan. This is the first of the long-term loans to be raised in Malaya (to total M$500 million) to pay for capital projects. This initial loan is repayable in 19 years, at par on February 15, 1976, but the Government has the option to redeem at par on or after February 15, 1967, if two months' notice is given. Interest payments are to begin on February 15, 1958. Repayment will be covered by the creation by the Government

of a sinking fund, which will be started not later than February 15, 1959. The government-sponsored Employees' Provident Fund and the Post Office Savings Bank are expected to subscribe almost all of this initial loan, which will be used for hydro-electric power, housing, Malayan railways, municipal services, public works and telecommunications—Singapore, Aug. 27.

New Zealand

EXTERNAL TRADE—The total external trade of New Zealand was valued at £510.5 million during the calendar year 1956. Imports at £235.4 million (current domestic value in country of purchase) were down by roughly 6 per cent compared with last year. Exports, at £275.1 million (F.O.B.), showed an increase of nearly 7 per cent.

The major change in imports in 1956 was the reduction in the value of trade with the United Kingdom, which fell to £126.2 million from £137.8 million in 1955. During 1956 the United Kingdom supplied 53.6 per cent of total imports compared with 55.0 per cent the previous year. Substantial reductions also took place in imports from Canada, Malaya and the United States—Wellington, Aug. 17.

Switzerland

MACHINE INDUSTRY—The development of Switzerland's machine industry reached an all-time high in 1956; exports totalled S.Fr. 1.85 billion, a 9 per cent increase over the previous year. Orders on hand cover an average of nine months. An increasing number of workers are employed by this major industry—about 160 thousand in 1956. Some of the large factories have started to train their own workers and technicians as a result of the shortage of skilled labour—Berne, Aug. 8.

Turkey

FIGS AND RAISINS—Turkey earned the equivalent of $41.3 million in foreign exchange from exports of figs and raisins from September 1, 1956, to March 31, 1957, against $15.9 million in the previous season; favourable weather in the 1956 growing season produced excellent crops. In previous years these crops suffered either from drought or excessive rain. In 1956 production of raisins reached 107 thousand tons and dried figs 42,000; in 1955 the corresponding yields were 40,000 and 32,000 tons. Actual raisin exports in the September-March period reached 51,000 tons, with contracts for a further 56,000; shipments of natural figs, industrial figs and paste totalled 23,000 tons and licences were issued for further exports of 18,800 tons. The United Kingdom remained Turkey's best customer for raisins and natural figs; the United States bought the largest amount of pressed figs; Austria and West Germany were best outlets for industrial figs. Canada bought no raisins directly from Turkey last year but purchased 454 tons of fig paste; imports of figs from Turkey, according to DBS, totalled $199 thousand in value last year—Athens, Aug. 7.

Venezuela

ELECTRICAL APPLIANCES PLANT—According to announcements made in the local press, Westinghouse plans to build a 65-million-bolivar plant in Maracaibo to assemble electrical appliances. It is said that six million bolivars have already been invested which will permit the plant to begin partial operations towards the end of this year—Caracas, Aug. 14.

West Germany

CRUDE OIL REFINING—Production of West German crude oil refineries during the first half of 1957 amounted to 5.32 million tons, thus maintaining the level of the first six months of 1956. Refinery output remained at the same figure as in 1956, it is said, because of the Suez Crisis, since it was not possible to obtain sufficient quantities of crude oil despite surplus capacity. The crude oil companies anticipate that production will increase considerably during the second half of 1957.

The following figures were quoted by the West German Study Group for Crude Oil Production and Processing with respect to the output of refineries. Total amount of crude oil processed: 5.43 million tons, of which 1.86 million tons came from German sources of supply and 3.57 million tons were imported. Production amounted to 1.46 million tons of gasoline, 1.52 million tons of diesel oil, 0.92 million tons of fuel oil for sales purposes as well as 0.21 million tons of fuel oil for their own use—Bonn, Aug. 10.

TRADE IN COAL—During the first half of 1957, the Federal Republic imported 10.8 million tons of coal and coke, about 1.2 million tons or 13 per cent more than in the same period of 1956. The value of imports was considerably higher, however, because of the increase in coal prices. Imports amounted to DM 859 million (5.6 per cent of total imports), an increase of 26 per cent over the first half of 1956. The average value of hard coal imports was DM 80.60 per ton or DM 8.90 (12 per cent) higher than a year ago.

Exports of coal and coke in the first half of 1957 were 13.1 million tons, one million tons or 8 per cent over the first half of 1956. The average F.O.B. value of hard coal exported increased by DM 5.80 to DM 80.00 per ton; in hard coal coke, the increase was DM 16.40 to DM 97.40 per ton compared with prices a year ago—Bonn, Aug. 23.

Malaya Produces Palm Oil

More than 70 per cent of Canada's imports of palm oil comes from Malaya. The industry has recovered from wartime neglect and now finds a ready market in Commonwealth countries.

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

THE MALAYAN PALM OIL INDUSTRY celebrates 40 years of commercial production this year. The oil palm was introduced from West Africa in 1875 and today there are over 50 plantations in production with a total of more than 114 thousand acres. The industry has also improved its techniques; growers have doubled potential yield per acre in the last twenty years through a program of selective breeding. Malaya supplied nearly 70 per cent of Canada's 1956 imports of palm oil and palm kernel oil which totalled more than 18,000 tons.

The industry suffered severe setbacks during World War II, when the plantations were neglected. Production has still not regained the 1940 figure of 65,000 short tons, although it has increased every year since 1946 (13.2 thousand tons) to 63.3 thousand tons in 1955. Output in 1956, at 62.6 thousand tons, was only slightly less.

Indonesia is also a large-scale producer of palm oil as is West Africa, where smallholders were the first commercial producers, and the Belgian Congo. DBS statistics show that Canada's imports of palm oil and palm kernel oil last year were as follows:

	Tons	*Value*
Malaya	12,594.4	$ 2,778,713
Belgian Congo	2,254.7	477,768
United Kingdom	950.1	216,782
United States	760.5	194,432
Nigeria	614.9	113,561
Indonesia	582.2	135,725
Netherlands	416.0	133,046
Ireland	.6	211
	18,173.4	$ 4,050,238

Most Malayan palm oil originates in the State of Johore, although oil is also produced in Selangor and Perak. The largest plantation covers 15 thousand acres and employs 2,500 people; the industry includes 25 centrifugal and seven press factories.

Palm seeds are planted in specially washed sand and the seedlings are transplanted from sand to nursery plots at about eight weeks. At nine months the small trees are set out in areas cleared of jungle. Jungle grass is kept down by hand labour and the natural or specially planted cover crops are left to protect the thirty-foot spaces between young trees from erosion.

After about four years of growth, workers prune the leaves so that the fruit will grow unobstructed; the first harvest is taken off the following year with the aid of mallets and chisels. The trees yield fruit from the fifth year after planting and have an effective life of about thirty years; after this age they grow too high (35 to 45 feet) for practical harvesting.

—UK Information Services

This worker on a Malayan oil-palm estate is applying selected pollen to a female flower on the tree. The sack around the flower will then be closed until the seed begins to form.

The fruits are about the size of small pullet eggs and grow in bunches near the top of the trunk; the oil content runs about 17 per cent. It takes about 200 bunches of fruit to produce a ton of oil. The harvested bunches travel by truck, plantation railway, or bullock cart to the factory.

How Palm Oil Is Produced

The thick outside coating of the fruit, the pericarp, contains most of the oil and the nut consists of a hard shell surrounding one to three oily kernels. Steaming loosens the pericarps from the nuts and also separates the stalk ends which growers use for fertilizer. The loosened fruit is mashed and the presses or centrifuges extract the oil from the pulp; the pericarp is used later for fuel. The nuts are still intact after the mashing process and they are dried and cracked mechanically. The processing plants use the shells for fuel and ship the dried kernels in bulk, mainly to the Netherlands and Denmark. Factories in these countries extract the yellow fatty oil for use in soaps, chocolate products, pharmaceuticals and perfumes; they sell the remainder of the kernel for cattle feed. The Malayan plants purify the crude palm oil from the pericarp and ship it by rail to the collection and shipping centres in Penang, Port Swettenham or Singapore. Today exporters ship the oil in bulk tanks; formerly they shipped it in wooden barrels.

Palm Oil Prices Rise

Malayan palm oil exports have risen steadily since 1946 to 65,600 tons valued at $13.4 million* in 1956. The United Kingdom and India are the largest customers, followed by Canada, which took close to 12,600 tons worth $2,779 thousand last year.

Nigerian palm oil production dropped in 1956, thus cutting down the total offering of high free fatty acid oil on the world market. India purchased low free fatty acid oil from Malaya to make soap and the selling pool disposed of the rest of the oil to preferential Commonwealth markets. The result was that Malayan oil sold for $12.20 to $16.40 a ton higher than palm oil from Indonesia and the Belgian Congo.

During 1956 whale oil price movements corresponded to those for palm oil. Both oils are competitive to some extent but the market readily absorbed the combined output.

The F.O.B. price for palm oil from Singapore and Malayan ports has risen steadily in recent years. The 1954 average was $174.60 a ton F.O.B. Singapore; in January 1957 it reached $219.80 a ton. Examination of 1956 oil prices shows that Malayan palm oil sold, on a basis of C.I.F. United Kingdom, at a premium of $10.20 a ton over coconut oil. This is a drastic reversal of the situation prevailing at the beginning of 1953; palm oil then sold for $88.80 a ton less.

Marketing the Oil

The plantations sell under long-term contracts only through the closest of one of three producers' co-operatives at Singapore, Port Swettenham and Penang which are the collection and shipping organizations. Each co-operative forwards oil to a customer to the order of the central selling agency, the Malayan palm oil selling pool in London, which sets prices and negotiates sales. It is interesting to note that the Malayan palm producers do not ship directly to continental Europe or the United States.

Most of the Malayan palm oil for Canada comes from Port Swettenham, about halfway up the Malay Peninsula. All Malayan oil exported is consistently graded for freedom from fatty acids and sales contracts provide for a price premium based on freedom from fatty acids below 5 per cent. Most oil shipped to Canada contains only 3 to 3.5 per cent fatty acids.

The main use of palm oil is in soapmaking and practically all of the Malayan domestic consumption, about six thousand tons a year, is for this purpose. The exported oil, which is rich in vitamin A, is also used to make margarine. Palm oil, with cottonseed and mineral oils, is a good quenching agent in hot tinplate manufacture and is also used in candle-making and as a lubricant for railway axles.

*Values have been converted into Canadian dollars.

Dutch Fight Soil Erosion

A new method of fighting soil erosion caused by wind is being tested in the Netherlands. Devised by W. A. Scholten's Chemische Fabriek N.V. of Foxhol, Groningen, it involves spraying sandy soil with a byproduct of potato flour, using special machines. The mixture combines with the upper layer of soil to form a thin crust which is strong enough to resist wind. Because it is soluble in water, the number of sprayings per season depends on the rainfall. It costs about $6.00 per acre to apply the mixture but it is considered economically worthwhile by the makers because of the damage crops suffer from erosion.

The mixture will be used in Holland for asparagus beds, freshly planted potatoes, beet and other fine seed, and to prevent fertilizer blowing away. Application to rye, oats, potatoes and maize grown under loose soil conditions is being studied.

Cuba Boosts Mine Production

Mining exploration and development has received a boost from the recent creation of government agencies to make loans, rent equipment, and provide other services to mine operators. Mineral output and exports are rising rapidly and the demand for mining machinery has increased sharply in the past two years.

G. A. BROWNE, *Commercial Secretary, Havana.*

MINERALS NOW RANK THIRD in value among Cuba's exports, following closely after tobacco. Shipments last year reached $41.2 million and output of the Republic's mining industry is increasing rapidly; 1957 exports will probably top those of 1956. At present about 50 mines are working and ten of them are major operations. Extensive core-drilling is being carried out and the companies report prospects for bringing a number of new properties and some idle workings into operation.

Ores of nickel, manganese, copper, iron, chrome, iron pyrite, barite, gypsum and zinc, in that order, are the chief metals and minerals currently mined in Cuba; the first five are the most important. Cuba today produces about 11 per cent of the world's supply of nickel outside of the Soviet countries; all production at the moment comes from the U.S.-owned nickel oxide plant at Nicaro in Oriente province. The Nicaro plant produced 30 million pounds of nickel in 1955 and has since increased its capacity.

Mineral Output Rising

The outstanding new development in the Cuban mining picture is the Freeport Sulphur project at Moa Bay at Cuba's easternmost tip. Here a plant is being built to produce nickel-cobalt concentrates from the adjacent nickeliferous iron ores. Moa Bay, which should be producing late in 1959, is expected to turn out 30 million pounds of nickel and three million pounds of cobalt a year. A large part of both Nicaro and Moa Bay production will go to build up the U.S. stockpile.

Of the nine manganese mines now operating, Charco Redondo, near Santa Rita in Oriente, is one of the largest in the western hemisphere. Nine copper mines are currently active and three others are carrying out extensive core drilling on their sites. Of the producers, the Matahambre mine in western Pinar del Rio province is the largest; it turns out about 130 tons of concentrate a day.

There are also large reserves of chromite and high-grade iron ores, as well as lesser deposits of gold, lead, magnesite, tungsten, and silver ores.

There has been considerable local interest in the past two years in exploration for radioactive ores and one highly radioactive area has been located. But the general geological formations indicate that radioactive ore bodies of major commercial importance are not likely to be found.

Agencies Promote Exploration

The recent creation of government agencies to promote exploration and development—plus the stimulus of higher metal prices—is changing the Cuban mining picture.

Mining in Cuba until recently has developed slowly. This is a reflection on the character of the mining laws, which have changed little since the Spanish regime, and the lack of vigorous exploration and development. Under Cuban law all mineral resources are owned by the Government; only it can grant rights to a company to exploit these assets. About 15,000 mining concessions are registered but most of them have never been worked and many only superficially explored.

The Government has taken steps to improve road networks in mine neighbourhoods and has authorized five agencies to make loans to mine operators and assist development by renting drilling and exploration equipment and providing other services.

The government agencies concerned in mining development are:

- The Department of National Resources (Direccion de Montes, Minas, y Fauna) of the Ministry of Agriculture is in charge of processing all mining and petroleum concessions and regulates these industries through its Mine Investigation Commission.
- The Agricultural and Industrial Development Bank (BANFAIC) offers the services of geologists and mining engineers and makes loans on blocked-out

ore of commercial value and ore on the docks, and equipment. It also performs assays and other laboratory investigations for a nominal fee.

- The Economic and Social Development Bank (BANDES)—also a division of the Cuban Central Bank—makes major loans on mining projects. So far it has arranged six important loans, including one for a new concentration plant.

- The National Farm and Mining Co-operatives Commission (CENCAM) is an independent government agency which rents equipment to agricultural and mining enterprises. Included in its mining equipment stores are diamond core drills, winches, compressors, jackhammers and other smaller equipment.

- The National Development Commission (Comision de Fomento Nacional), another independent agency, deals mainly with construction projects. It has a petroleum division which rents a 10,000-foot drilling rig to oil operators, as well as compressors and diamond drilling rigs to the mining industry.

The increase in Cuban mining activity is indicated in the accompanying table, which shows exports of U.S. mining machinery to Cuba. U.S. manufacturers, who supply 95 per cent of the market, sold Cuban mines $1.2 million worth of equipment in 1954. Sales climbed steadily to $3.4 million in 1956. Noteworthy is the increase in value of drilling equipment exported which totalled $380,000 in 1954 and reached $1,040,000 in 1956. Canadian firms might wish to look into this market.

U.S. EXPORTS OF MINING MACHINERY TO CUBA

(in thousands of dollars)

	1954	*1955*	*1956*
Excavators, shovels, etc.	230	885	841
Loaders, scoopmobiles, etc.	37	159	150
Crushers	97	120	262
Grinders, pulverizers & granulators	30	179	165
Screening machines & parts	174	243	340
Conveyors	12	247	130
Underground loading machines	2	40	46
Ore dressing & concentrating machines	151	266	232
Mine shaft & slope hoists & parts	60	64	96
Specialized mining machines & parts	68	68	81
Drilling equipment & parts	380	743	1,040
	1,241	3,014	3,383

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are at present on tour in Canada or will begin a tour shortly. The detailed itinerary for each is:

B. A. MACDONALD, formerly Commercial Counsellor in Bonn, West Germany:

Edmonton—Sept. 23-24
Regina—Sept. 25

T. J. MONTY, Commercial Counsellor in Brussels, Belgium:

Fergus, Brantford—Sept. 18
Hamilton—Sept. 19-20
St. Catharines—Sept. 21
Welland—Sept. 23
London—Sept. 24
Windsor—Sept. 25-26
Winnipeg—Sept. 30-Oct. 1
Vancouver—Oct. 3-11

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

Quebec—Sept. 16
Montreal—Sept. 17-20
Toronto—Sept. 23-26
Hamilton—Sept. 27
Galt, Sarnia, Windsor area—Sept. 30-Oct. 1
Winnipeg—Oct. 4
Vancouver—Oct. 7-16
Victoria—Oct. 17

P. A. SAVARD, Commercial Secretary, Bogota, Colombia:

Hamilton—Sept. 18-19
St. Catharines, Welland—Sept. 20
Windsor—Sept. 23
London—Sept. 24
Woodstock, Kitchener—Sept. 25.
Brantford—Sept. 26
Guelph, Galt, Fergus—Sept. 27
Vancouver—Sept. 30-Oct. 2
Winnipeg—Oct. 3

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto and Winnipeg, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Trade and Tariff Regulations

Brazil

NEW SINGLE IMPORT TAX—Under the provisions of the new Brazilian customs tariff law of August 4, 1957, a single "Customs Clearance Tax" of 5 per cent ad valorem has replaced all former charges previously levied on most imports in addition to duty except in regard to excise (consumption) tax. The law provides that excise taxes on imports are to be at the same rate as for Brazilian products, thus eliminating the previous discrimination in favour of certain domestic goods.

Prior to the new law most imports had been subject to payment of an exchange tax of 10 per cent ad valorem and a social welfare tax of 4 per cent of the C.I.F. value.

Under the new tariff law the former customs surtax of 10 per cent of the duty has also been abolished.

New Zealand

IMPORT OF GOODS NOT OVER £10 IN VALUE—Under certain circumstances goods not exceeding £10 (New Zealand currency) in value may be imported from any country, including Canada, exempt from the requirement of an import licence. As there has been some misunderstanding regarding the application of this exemption, the Comptroller of Customs has issued a memorandum for guidance.

Goods which may be imported exempt from licence must come by parcel post and be destined for the personal domestic use of the importer and not for use in the trade, profession or calling of the importer nor for resale. They may not be imported in connection with the contract of sale which has been negotiated nor solicited by any person in New Zealand on behalf of a vendor.

Should there be more than one parcel of goods dispatched from the same country of origin by the same exporter in the same inward mail, then the importer must satisfy the Collector of Customs that the goods comply with all other conditions of the exemption. The exemption also applies to bona fide gifts other than wines and spirits and in respect of goods other than wines or spirits supplied free of charge for use for business purposes—such as trade samples, advertising material and those replacing faulty or damaged goods—Wellington, Aug. 15.

Republic of Ireland

CONTROL OF IMPORTS—By an Order of the Government of the Republic of Ireland, issued under the Control of Imports Acts 1934 and 1937, a further quota and quota period have been announced as follows:

Certain woven fabrics of wool or worsted or synthetic or artificial textiles: 1,000,000 square yards for the period September 1, 1957, to February 28, 1958, as against a similar quota for the previous six months.

United Kingdom

MODIFICATION OF IMPERIAL PREFERENCE DOCUMENTATION—The United Kingdom authorities have released a new edition, dated August 1957, of *Customs Notice No. 27A* which explains Imperial Preference regulations. The new *Notice* supersedes all earlier editions as from September 1.

An important modification made by the new regulations affects the preference available on separately dutiable components or ingredients in composite goods, e.g., sugar in canned fruits. The document known as Certificate of Origin FF Form No. 122(Sale) will no longer be required as evidence of Commonwealth origin of such ingredients or components. Instead, these will be held to qualify for preference if the composite goods of which they form part are shown to the satisfaction of H.M. Customs to meet Imperial Preference conditions.

Appropriate changes are made in the texts of the other three certificates, designated respectively as Certificate of Origin D Form No. 119 (for goods requiring to qualify as the "growth or produce" of the Commonwealth), Certificate of Origin E Form 120 (for manufactured goods in general), and Certificate of Origin F Form 121 (for manufactured sugars and tobacco). The earlier versions of Forms 119, 120, and 121 will continue to be accepted for a temporary period provided that, in the case of Forms 120 and 121, the date "July 27, 1933" (the date of Imperial Preference regulations which have now been superseded) is deleted from clause (3).

The new *Notice 27A* also makes some changes in the list of factory overhead expenses to be included in the calculation of factory cost for the purpose of

determining the Commonwealth "content" in manufactured goods.

A copy of the new *Notice 27A* may be obtained, on request, from the International Trade Relations Branch, Department of Trade and Commerce.

United States

PROGRESS IN AMENDING VALUATION LAW—Last year the United States Congress approved a Customs Simplification Act which provided for the first change since 1938 in the valuation for duty section of the United States Tariff Act. Simply stated, it means that most dutiable imports will be valued primarily on the foreign shipper's export prices to the United States rather than on his domestic selling prices in the country of export as is currently the case.

Congress did provide one exception to this general rule, namely, that articles whose dutiable value was decreased by more than 5 per cent or more under the new method would continue to be dutiable on the old basis. After a year of study the Treasury Department has released a preliminary list of articles which will continue to be valued for duty purposes on the old basis. Interested United States parties have 60 days in which to make application to have more articles added to the list. The Treasury Department will then study the proposals for additions to the list. The new valuation law will become operative 30 days after the release of the final official exempted list. This is not expected to be before the end of this year.

Some items of interest to Canadian exporters which will continue to be appraised on the old basis are as follows:

Liquid chlorine
Polyethylene
Unpolymerized vinyl acetate
Acetylene black
Iron oxide or iron hydroxide
Ball and roller bearings, including parts thereof
Electric motors under 75 h.p.
Telephone and television apparatus and parts
Nickel or nickel alloy anodes, bars, rods and sheets
Internal combustion engines
Boring and milling machines
Latch needles for knitting machines
Dental burrs
Airplanes
Automobiles and parts
Fiberglas boats
Trucks
Wooden barrels
Hardwood flooring
Birch plywood
Candy and confectionery
Biscuits, cakes, wafers, and similar baked articles
Cheddar cheese
Dog food
Mixed feeds
Fibre and rubber conveyor belts
Papermaker's felts
Nylon fishing lines
Printing paper (other than newsprint)
Pulpboards
Hardboard
Paperboard for corrugating
Container board
Envelopes
Crepe paper napkins
Grained bovine leather
Sole bovine leather
Upper bovine leather
Abrasive papers
Synthetic rubber
Tires and tubes
Hockey sticks

West Germany

IMPORT QUOTA FOR CANNED FRUITS—The German Ministry of Agriculture has announced a quota for imports of all canned fruits, except canned pineapples, plums and apples, from dollar countries including Canada. Applications to import will be accepted from September 2 until an unannounced value is reached but not later than January 20, 1958. Last day of customs clearance is January 31. A similar but separate quota was announced for all non-dollar countries—Bonn, August 28.

Exporters who wish information about selling under this quota should get in touch with the Agriculture and Fisheries Branch of the Department or the Commercial Counsellor, Canadian Embassy, Bonn.

Accommodation in Australia

Because hotel accommodation in some of the major Australian cities runs short during the summer season, Canadians who are planning to visit Australia between Christmas and Easter are advised whenever possible to make arrangements ahead of time.

Tours of Territory

W. J. JENKINS, Vice Consul and Assistant Trade Commissioner in Manila, will visit the island of Mindanao, the Philippines, from September 26 to October 4.

W. J. MILLYARD, Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland, is touring British East Africa and will visit Kilembe (Uganda) September 19-21, Dar es Salaam, September 26-28, and Zanzibar, September 29-30.

Businessmen who would like these officers to undertake assignments for them should get in touch with them at their posts as soon as possible. Mr. Jenkins can be reached through his office in Manila, and Mr. Millyard at Salisbury.

Head Office Directory

Department of Trade and Commerce

No. 1 Building, 375 Wellington Street*	Gov.	Local
Minister: The Honourable Gordon Churchill		2-0336
Executive Assistant: R. B. Hatfield		2-0336
Deputy Minister: Mitchell W. Sharp		2-2888, 2-5838
Executive Assistant: A. W. A. Lane		2-2380
Economic Adviser: O. J. Firestone		2-4176
Technical Adviser: G. D. Mallory		2-3819
Assistant Deputy Minister: J. H. English		2-2530
Assistant Deputy Minister: C. M. Isbister		2-4042

Administration Branch

Comptroller-Secretary: Finlay Sim	2-2262
Administrative Assistant: Miss M. L. E. Jones	6-7411
Financial Assistant: S. B. Kayes	2-4312
Personnel Division	
Personnel Officer: L. J. Rodger	2-5430
General Records	
Supervisor: C. Drolet	2-4980
Equipment and Supplies	
Supervisor: E. S. Brown	2-5011

Economics Branch

Director: V. J. Macklin	2-5658

Trade Commissioner Service

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Assistant Director (Administration): J. H. Stone	2-5669
Area Trade Officers	
Asia and Middle East: W. D. Wallace	6-8286
Commonwealth: R. R. Parlour	2-2144
Europe: L. A. Campeau	2-0436
Latin America: A. G. Kniewasser	6-7641
United States: D. M. Holton	2-5176
Western Representative: P. V. McLane, 355 Burrard Street, Vancouver, B.C. (Cable address: FORTRADE)	Pacific 7161
Newfoundland Representative: Stott Bldg., St. John's, Newfoundland	2698

Commodities Branch

Director: Denis Harvey	2-5417
Assistant Director: G. S. Hall	6-7163
Assistant Director (Export Promotion): R. V. N. Gordon	6-6519
Geo. Hazen (Trade Fairs)	6-8269

* *Unless otherwise noted all offices of the Department are in No. 1 Building.*

Commodities Branch

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Adviser: T. G. Hills	2-5680
Transportation and Communications Section: H. A. Hadskis	2-2737
Traffic: D. H. Munro	6-7835
Export and Import Permit Section	
Chief: J. G. MacKinnon	2-3640
Processing Officers:	
Steel, non-ferrous metals, machinery, automobiles, chemicals, textiles, rubber, leather products: S. C. Cooke	6-6976
Lumber, forest products: L. M. Lang	6-6991
Imports and Office Supervisor: L. M. Lang	6-6991
Directories Section: R. Bedard	6-6681
B.W.I. Trade Liberalization Plan and U.K. Token Import Plan Section: G. L. Tighe	6-6905, 2-5670, 2-5680

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Assistant Chief: J. M. Rochon	6-8422
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Non-Metallic Minerals: R. P. Mulvihill	2-5823
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Miscellaneous Machinery	

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Logs and Lumber Products: E. J. White	2-4863
Pulp, Paper, Pulpwood: M. N. Murphy	6-6974
E. J. Ward	2-5127

Chemicals Division

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Plastics, Heavy Chemicals: G. E. McCormack	6-7601

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R. M. Josephson	6-7956
Leather, Rubber and Plastic Products: F. T. Carten	2-0518
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Handicrafts, Chinaware, Jewellery, Photographic Equipment: P. E. Jensen	2-5337
Business Equipment, Radio and Television, Scientific Instruments, Hospital Equipment: W. L. Herman	6-6958
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Beverages: A. E. Fortington	2-5859
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Assistant Director: S. C. Hudson 2-3980

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Grocery and Confectionery Products: E. B. Paget 2-4161
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Fisheries Division

Chief: T. R. Kinsella 6-7385
J. M. Bellemare 6-6350

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Assistant Dominion Statistician: S. A. Goldberg	2-5458
Senior Research Statistician: N. Keyfitz	2-3562
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Director: F. H. Leacy	2-3071
Special Surveys Division	
Director: A. B. McMorran	2-5570

International Economic and Technical Co-operation Division (Colombo Plan) No. 4 Building, Lyon St.

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Assistant Administrator: R. W. Rosenthal	6-8429
Capital Projects	
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Technical Co-operation Service	
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Assistant Chief: J. T. Hobart	6-8662

Canadian Government Exhibition Commission 479 Bank St.

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Superintendent of Exhibits: R. L. Greene	2-3776
Chief, Design Section: T. C. Wood	2-3671
Assistant Chief, Design Section: G. E. Stranks	2-3682
Administrative Officer: A. D. Simmons	6-7818
Deputy Director Canadian Participation Brussels 1958: H. B. Scully	6-6795

Export Credits Insurance Corporation Birks Bldg., 107 Sparks St., P.O. Box 655

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Assistant General Manager: A. W. Thomas	CE2-4828
Secretary: T. Chase-Casgrain	CE2-4828
Economist: D. C. Taylor	CE2-4828
Underwriter: S. Garrett	CE2-4828
Credits Supervisor: C. A. Law	CE2-4828
Claims Supervisor: F. G. Reynolds	CE2-4828
Accountant: B. R. King	CE2-4828
Montreal Branch 607 St. James St. West	UN6-1268
Toronto Branch Rm. 1511, 55 York St.	EM4-5778

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

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

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

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

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

For conversion to United States dollar equivalent multiply by 1.05125.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent August 30	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	.05285	18.92	(1)
		Free	.02215	45.15	
Austria	Schilling		.03659	27.33	
Australia	Pound		2.1175	.4723	
Belgium, Belgian Empire and Luxembourg	Franc		.01887	52.99	
Bolivia	Boliviano	Free	.0001125	8888.9	
British West Indies	Dollar		.5514	1.814	(2)
	Pound		2.6469	.3778	(3)
British Honduras	Dollar		.6617	1.511	
Brazil	Cruzeiro	Effective selling*			
		*Category I	.0117	85.80	
		Category II	.0083	120.34	
		Category III	.0068	146.72	
		Official buying	.0518	19.30	(4)
Burma	Kyat		.1998	5.01	
Ceylon	Rupee		.1985	5.04	
Chile	Peso	Free	.001585	630.9	(5)
Colombia	Peso	Free	.1897	5.27	
Costa Rica	Colon	Official	.1694	5.90	
		Controlled free	.1433	6.98	
Cuba	Peso		.9513	1.05	tax 2%
Czechoslovakia	Koruna		.1321	7.57	
Denmark	Krone		.1377	7.26	
Dominican Republic	Peso		.9513	1.05	
Ecuador	Sucre	Official	.06342	15.77	
		Free	.05511	18.15	
Egypt	Pound	Official	2.7316	.3661	(6)
El Salvador	Colon		.3805	2.63	
Fiji	Pound		2.3846	.4194	
Finland	Markka		.004136	241.8	
France, Monaco and North Africa	Franc		.002265	441.5	(7)
French Colonies in Africa	Franc		.004530	220.8	(8)
French Pacific	Franc		.01246	80.26	(9)
Germany	D Mark		.2265	4.42	
Ghana	Pound		2.6469	.3778	
Greece	Drachma		.03171	31.54	
Guatemala	Quetzal		.9513	1.05	
Haiti	Gourde		.1903	5.25	
Honduras	Lempira		.4756	2.10	
Hong Kong	Dollar	Free*	.1572	6.36	*Aug. 23
		Official	.1654	6.05	
Iceland	Krona	Official	.05841	17.12	(6)
India	Rupee		.1985	5.038	
Iran	Rial	Certificate	.0126	79.63	
Iraq	Dinar		2.6635	.3754	
Ireland	Pound		2.6469	.3778	
Israel	Pound		.5285	1.89	
Italy	Lira		.001527	654.9	
Japan	Yen		.002643	378.4	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent August 30	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.2994	3.34	
Mexico	Peso		.07610	13.14	
Netherlands	Florin		.2484	4.03	
Netherlands Antilles	Florin		.5005	2.00	
New Zealand	Pound		2.6469	.3778	
Nicaragua	Cordoba	Effective buying	.1441	6.94	
		Official selling	.1350	7.41	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.1985	5.038	
Panama	Balboa		.9513	1.05	
Paraguay	Guarani	Official	.10585	63.09	(6) (10)
Peru	Sol	Certificate	.05007	19.97	
Philippines	Peso		.4756	2.10	
Portugal & Colonies	Escudo		.03320	30.12	(11)
Singapore & Malaya	Straits dollar		.3088	3.24	
Spain & Dependencies	Peseta	Controlled free	.02265	44.15	(6)
Sweden	Krona		.1839	5.44	
Switzerland	Franc		.2220	4.50	
Syria	Pound	Free	.2660	3.76	
Thailand	Baht	Free	.04620	21.65	(6)
Turkey	Lira		.3397	2.94	
Union of South Africa	Pound		2.6469	.3778	
United Kingdom	Pound		2.646875	.377804	
United States	Dollar		.95125	1.05125	
Uruguay	Peso	Free	.2325	4.30	
		Basic buying	.6250	1.60	(6)
		Principal selling	.4525	2.21	(12)
Venezuela	Bolivar		.2840	3.52	
Yugoslavia	Dinar		.003171	315.4	(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. 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.
5. 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.
6. Additional rates are in effect.
7. France: rate applies to all imports and exports except certain basic raw materials. Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Official rate applies to exports and essential imports. For non-essential imports there is a surcharge of 25 guaranis per U.S. dollar.
11. Portugal: approximately same rate for Portuguese Territories in Africa.
12. 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 are divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which 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.

Businessman's Bookshelf

Industrial Fibres, 1956 Edition.

The Commonwealth Economic Committee. 216 pages. 5s. net.

THE SEVENTH EDITION of *Industrial Fibres* gives authoritative and up-to-date information on the production and consumption of and international trade in industrial fibres. Cotton, wool, flax, jute, and other similar products, including man-made fibres, are discussed under standard headings which allow easy reference. Statistical tables cover the postwar seasons up to 1955-56, together with comparisons for the prewar period. In each summary, special attention is paid to the part played by Commonwealth countries. A new section describes changes in the position of the United Kingdom, the United States and Western European markets for industrial fibres. The interested businessman will find this review a valuable source of data on almost any phase of industrial fibre production.

Order from: H. M. Stationery Office, or The Secretary, Commonwealth Economic Committee, 2 Queen Anne's Gate Buildings, Dartmouth Street, London, S.W. 1.

British Guiana 1955

Her Majesty's Stationery Office, London. 224 pages. $1.61 post paid.

WHAT KIND OF MARKET does British Guiana offer to the Canadian exporter, with its mixed population of fewer than 13,000 white inhabitants and a predominant group of East Indian and African descent numbering more than 400 thousand? The inquiring businessman will find answers to most of his questions in this comprehensive report which is one of a series in the U.K. Government's annual and biennial *Colonial Reviews.*

We have a national interest in this market which supplied Canada with 1.4 million tons of bauxite and alumina and about 125 thousand tons of raw sugar last year. Canada's large purchases of sugar and bauxite and smaller purchases accounted for about 36 per cent of British Guiana's export earnings, mainly from sales of four commodities—raw sugar, bauxite, rice and timber.

Canadian sales represent only 6 per cent of imports but certain goods, mainly essential foods, can be imported from any source under Open General Licence and the British Caribbean Trade Liberalization Plan helps us keep some products in the market. British Guiana, according to the review, offers a market for a wide variety of goods—particularly for foodstuffs, machinery and apparatus, motor vehicles and parts, and chemical products. This report on the colony, its economy and development programs offers much to the businessman who hopes to develop trade in this territory.

Order from the United Kingdom Information Service, 119 Adelaide St. W., Toronto.

The Volta River Project

Department of Information Services, Ghana. 32 pages. Free.

MOST CANADIANS have read a number of articles about the proposed aluminum project on Africa's west coast, in which a Canadian company may share, and the celebrations of Ghana's independence have brought it to their notice once more. The Preparatory Commission has declared the Volta scheme "technically sound and economically feasible" but the go-ahead signal has still to be given.

This booklet does not offer new information about the project but it is interesting for a different reason. Subtitled "What It Means to You", it is addressed to the people of Ghana themselves to help them, as Mr. Nkrumah's foreword says, "to decide whether they wish to open a new chapter in the history of the Gold Coast". Excellent charts, with a minimum of text, set out the potential advantages of the scheme, what it will cost, and how it will be paid for. It is an excellent example of good public relations.

Order from: The Ghana Office, 13 Belgrave Square, London, S.W. 1, England.