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cover In the minds of many, coffee, bananas and sugar still dominate the economies of most of the Caribbean countries on which we report in this issue. They remain important, but new industries are being fostered there and new developments undertaken; our cover therefore presents the old and the new. Left, slippers are made in Barbados from locally-grown loofahs; centre, bottom, bauxite samples are tested in a Jamaican laboratory; centre, top, spraying banana plants in Costa Rica, right, in El Salvador a country woman returns from a day's work in a coffee plantation.

**Bahamas
British Eastern Caribbean
British Honduras
Costa Rica
Cuba
Dominican Republic
El Salvador
Guatemala
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama**

*on-the-spot reports
of business conditions today
in Caribbean countries*

Bahamas

Tourist trade has sparked building boom and other projects are also under way. Canadians could capture more of this market by combining holiday here with some prospecting for business.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

CANADIANS AND AMERICANS in outlandish straw hats and brightly coloured sportswear are boosting the prosperity of the Bahamas to a new high. This year 175 thousand of them are expected to spend \$25 million in the resort hotels and shops that have helped to make the Colony famous. They are attracted by the sandy beaches, tropical sunshine, blue-green waters and a climate that has earned the Bahamas the descriptive title "Isles of Perpetual June".

The influx of tourists has sparked a building boom that is being felt not only on New Providence Island, where Nassau is located, but on many of the 700 other islands and cays that make up the Colony.

In the past four years, seven new hotels have been constructed in Nassau, two are being built (one of 263 rooms) and several more are in the planning stage. Renovations to existing hotels costing nearly £1 million (\$2½ million) will, when completed, increase their capacity by 300 beds.

The two biggest projects on New Providence Island are located away from Nassau. They are the self-contained communities of luxury homes being built at Lyford Cay on the western tip of the island and Coral Harbour on the south coast.

Initial construction work at Coral Harbour, including the 70-room clubhouse, cost \$5 million. Ocean-front, canal-side and interior lots in the 2,800-acre area are being snapped up by American, Canadian and British investors for both winter homes and year-round living.

A well-known Canadian industrialist and sportsman is carving out a similar project on 4,000 acres of rolling land around Lyford Cay. A championship golf course is taking shape in the centre of the budding resort and work will soon get under way on a Golf and Beach Club. The total cost of the project is about \$10 million.

Freeport under Construction

There are other developments in the Bahamas too. At Grand Bahama Island, 120 miles northwest of

Nassau and only 60 miles from the Florida coast, a 50,000-acre Freeport is under construction. A huge dredge is carving out an artificial harbour capable of accommodating the largest freighters. Under an agreement authorized by the Bahamas Legislature, the Grand Bahamas Port Authority Limited has undertaken to build the harbour and clear sites for factories in the 150-square-mile concession in exchange for a 99-year lease and the promise that manufacturers locating there will not be liable to income, real estate or personal property taxes for thirty years from 1955. The company has received an additional 99-year guarantee that no customs taxes or customs duties will be levied except on goods for personal consumption.

To avoid growing pains which might cripple its development, the Bahamas Government obtained £2,250,000 (\$6.3 million) from a large Canadian bank in July to finance the construction of a steam turbine power station and water distillation plant at Clifton Pier. To meet interim demands, two new diesels are being installed at the present power plant. The Clifton Pier steam turbine will raise capacity from 12,450 to 23,450 kw. and, as a by-product of its operation, distill a million imperial gallons of fresh water daily.

Vacationers Do Business

During the course of a year, 175 thousand tourists consume a great deal of food, buy thousands of bottles of whisky at bargain prices, and require a variety of services. To obtain these supplies and equipment, the Bahamians prefer to spend money with the people who help them make money. American businessmen have long recognized the advantages of taking along samples, delivery schedules and price lists when they go to the Bahamas on vacation. In between swims in the ocean and fishing trips they call on local merchants and building contractors.

Their initiative has paid off handsomely. In 1956 they booked \$18 million worth of business and in the first six months of 1957, some \$16 million more.

Canadian businessmen have not seized this opportunity to combine business with pleasure. As a result, Canadian exports to the Bahamas totalled only \$2,302,531 in 1956 and a mere \$1,258,770 during the first six months of this year—despite the fact that Canadian goods enjoy a tariff preference of 10 per cent.

Opportunities Should Be Seized

Some Canadian businessmen are under the mistaken impression that to do business in the Bahamas they must have an allocation under the Canada/BWI Trade Liberalization Plan. Often this is not so. Certain items that can be readily obtained from England at competitive prices—such as toys, cement, steel bars

and rods, batteries, galvanized and cast iron, jams, malt beverages, soap flakes and powders, and enamelware—are restricted to shipments under the Trade Plan. But millions of dollars worth of business can be done outside the Plan.

The following breakdown of major dollar imports during the first six months of 1957 indicates where Canadians are losing out:

	United States	Canada
Apparel	860,349.84	14,051.75
Building supplies	720,166.50	102,295.80
Electrical fittings	243,623.64	1,963.29
Engines, machinery & parts	605,142.23	1,692.86
Foodstuffs	2,065,526.52	481,287.65
Furniture & furnishings	323,563.95	17,176.72

	United States	Canada
Hotel supplies	332,596.40	67.39
Motor vehicles	180,115.68	21,675.00
Motor vehicles & parts	147,870.96	300.00
Paper	235,319.41	15,719.60
Plumbing fixtures	125,266.95	7,185.45
Textiles	146,541.90	6,870.52

Canadian exporters who wish to expand their overseas sales should pack their samples and spend a week in the Colony talking to Bahamian merchants and contractors. They are friendly, easy-going businessmen but they prefer to deal with salesmen who show them their wares. Wherever possible, quotations should be C.I.F. and in U.S. dollars and the delivery times indicated. ●

British Eastern Caribbean

Association between Canada and this area should become closer under Federation and trade increase substantially when import restrictions can be relaxed. Investment capital remains pressing need and Canadians might well investigate the many current opportunities.

ROY W. BLAKE,
Trade Commissioner, Port-of-Spain.

THE FEDERATION OF THE BRITISH WEST INDIES took another step forward when the Queen signed on August first the West Indies Federation Order in Council of 1957 which embodies the constitution. The Governor General designate, Lord Hailes, is expected to arrive in Trinidad in January 1958 and federal elections will be held on March 25, 1958.

The inauguration of the Federal Legislature will be given added colour by the presence of Princess Margaret, who has accepted the invitation of Lord Hailes and the Standing Federation Committee to perform the ceremony. Trinidad will be the federal capital but the actual site has yet to be chosen. In the meantime, Port-of-Spain will be the temporary capital.

The West Indies Federation is anxious to retain and broaden its close association with Canada and is hopeful that Canada will extend economic assistance and provide technical aid on a Colombo Plan basis. A

regular shipping service from Canada would undoubtedly increase trade between the two areas and strengthen the already strong ties.

The Commission on Trade and Tariffs formed to study the fiscal, economic, and technical problems involved in the establishment of a Customs Union for the federated area has found its task easier than it expected and hopes to have a final draft ready to present to the Federal Government by the middle of next year. This would be well in advance of the two years stipulated when the Commission was set up and may mean that a tariff schedule common to the whole area will be established earlier than was expected.

Future of Import Restrictions

It is too soon to say what effect Federation will have upon the present restrictions on imports from the dollar area. But anyone travelling through the islands of the Eastern Caribbean recognizes the feeling of goodwill toward Canada, the strong desire for closer links, and the hope of relaxing restrictions as soon as possible. The control of foreign exchange may remain with the United Kingdom for several years and will be influenced both by the British balance-of-payments situation and the Federation's dollar-earning capacity. However, when restrictions are eased there will be a good market for a wide range of Canadian consumer goods in the low-priced field.

The current high exchange rate for the Canadian dollar is limiting trade opportunities in the British West

British Eastern Caribbean Flour Imports

<i>Country of Origin</i>	<i>1956 Jan/June</i>		<i>Country of origin</i>	<i>1957 Jan/June</i>	
	<i>Quantity lb.</i>	<i>Value BWI \$</i>		<i>Quantity lb.</i>	<i>Value BWI \$</i>
TRINIDAD			TRINIDAD		
Canada.....	44,086,854	3,878,464	Canada.....	29,331,641	2,748,998
United States.....	6,939,275	509,205	United States.....	28,106,831	2,455,782
Other countries.....	968,200	64,611	Other countries.....	1,065,925	74,985
TOTAL.....	51,994,329	4,452,280	TOTAL.....	58,504,397	5,279,765
BARBADOS			BARBADOS		
Canada.....	7,283,360		Canada.....	4,772,012	
United States.....	2,804,368		United States.....	6,666,940	
Other countries.....	—		Other countries.....	1,960	
TOTAL.....	11,087,728		TOTAL.....	11,440,912	
BRITISH GUIANA			BRITISH GUIANA		
United Kingdom.....	1,940	275	United Kingdom.....	1,188	203
Canada.....	5,222,532	388,655	Canada.....	2,100,210	173,340
Other Commonwealth countries.....	500	39	Other Commonwealth countries.....	16,400	1,398
United States.....	21,931,854	1,566,085	United States.....	29,234,178	2,201,389
Other non-Commonwealth countries.....	—	—	Other non-Commonwealth countries.....	—	—
TOTAL.....	27,156,826	1,955,054	TOTAL.....	31,351,976	2,376,330

Indies. This is especially true of the smaller islands where the standard of living is very low, (most workers earn less than \$1.00 Canadian a day) and the difference of a cent or two in the price of an article influences sales. Canadian exporters who visit the islands in the Caribbean (and importers welcome such visits) realize what a competitive market this is and are better able to understand that price and not quality is the chief factor determining sales. The current premium on the Canadian dollar in terms of U.S. funds cancels out the advantage of the preferential tariff for many commodities.

Canadian Flour Sales Down

Canadian exports to the area during the first half of 1957 were running at about the same level as in the previous year; the most significant change was that sales of flour, our chief export to the area, have fallen sharply during the past year because of the heavy inroads made by imports of subsidized United States flour.

The above table shows the increase in United States sales of flour to the three main markets of the Eastern Caribbean.

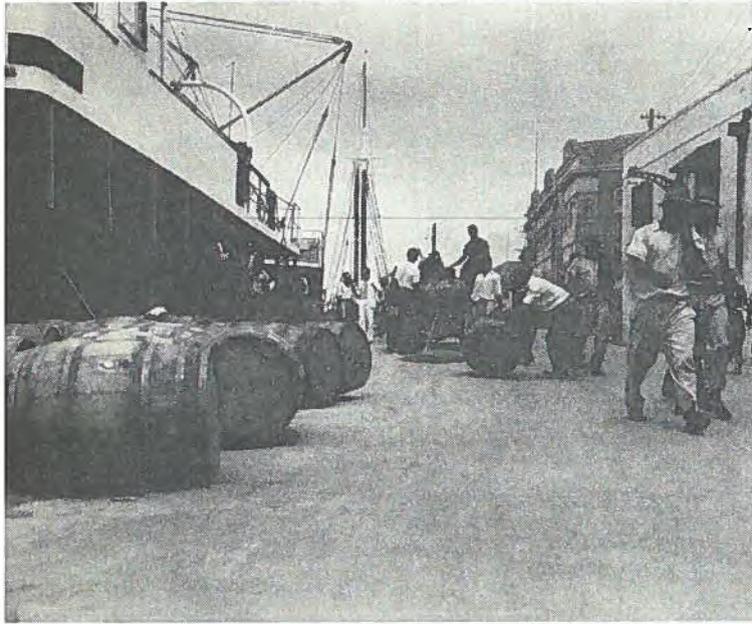
Since Canada lowered the price of wheat to millers making flour to be exported to certain markets (the British West Indies is one) the price spread has narrowed and Canadian sales in the past few months have

risen. Although there will always be a market for a certain amount of the cheaper grade of United States flour, Canadian flour will always sell at a premium over U.S. because of its superior baking quality. However, the cost of staple food products is so important that when the spread between U.S. and Canadian flour becomes too great, imports of the former increase, regardless of quality.

Diversifying Crops Stressed

Crops generally throughout the islands of the Eastern Caribbean have been good this year. Barbados had a record sugar crop with good sales and there will be no carryover. With a guaranteed market in the United Kingdom for bananas, production is increasing rapidly throughout the islands. This is especially true in the Windward Islands, where banana boats from Britain make a regular weekly call and shipments are paid for in cash. Four boats operate on this run at present and a fifth may be added before the end of the year. Trinidad is shipping a record number of stems this year and Dominica and St. Lucia have almost doubled their production over 1956.

Multiple cropping in the area is making progress, with cocoa trees growing under coconuts and bananas between the cocoa trees, all benefiting from one application of fertilizer. Bananas and cocoa are bringing additional income to islands like St. Vincent whose main crop has been arrowroot, and Grenada, the spice



Fancy molasses at dockside in Barbados. Molasses and excellent quality rum are by-products of the Island's extensive sugar industry. Barbados had a record sugar crop this year.

colony whose nutmeg trees were so heavily damaged by Hurricane Janet. Because Grenada is such an important source of nutmeg, however, the shortage of supply has caused a rise in price so that, with a crop half the size, total receipts remain about the same. St. Lucia is expanding its crops of cocoa and bananas and experimenting with new crops like pineapples and vegetables.

There is a shortage of trained agriculturists throughout the Eastern Caribbean and it is hoped the new Federation will be aided in training men to develop new crops, improve the old ones, and encourage livestock raising. There is a great potential for increasing and diversifying the production of primary products in these islands to add to export revenue and save foreign exchange spent on imports such as vegetables.

Industrial Development Continues

Sugar and other primary products still provide the basis of the economy and will continue to do so, but the attempt to attract outside capital by giving special tax concessions under Pioneer Industry Acts has resulted in a growing number of secondary industries in the area, especially in Trinidad. The Caribbean Exhibition held in Trinidad in May demonstrated the great variety of goods now being manufactured in the British West Indies.

Oil production in Trinidad is steadily climbing and the oil industry contributes approximately 37 per cent of the Trinidad Government's total revenue. A BWI \$19 million fertilizer plant is being built by a United States firm using waste gases from the oilfields and the

company plans to expand its operations to produce industrial chemicals.

A quayside cold storage plant of approximately 2,000-ton capacity is to be built in Trinidad by the Vestey interests through a subsidiary, the Union International Company. This plant will benefit the expanding banana industry and the citrus fruit industry and will facilitate the handling of meat, dairy products and vegetable imports and the transshipment of these to other islands.

In British Guiana, exports of bauxite declined somewhat during the second quarter because of the strike at Arvida but stockpiling of the ore both in Canada and British Guiana has prevented any serious cutback in production. Construction is proceeding on a Can.\$35 million alumina plant and a Can.\$12 million project for producing manganese ore. Several small secondary industries, including a brewery and biscuit factory, have recently been established. Although an essentially Communist Party won the recent election, British Guiana has not yet attained self-government and it is unlikely that this will affect investment or trade.

Construction of a deep water harbour costing £3.6 million sterling for Bridgetown, Barbados, has begun and is scheduled to be completed by August 1961. This harbour will simplify the handling of general cargo—now done by lighters from ship to shore—and also the movement of tourists.

Promoting Tourist Trade

One of the biggest potential overseas revenue earners is the tourist trade and the smaller islands are anxious to follow the lead of the larger colonies and exploit what they have to offer. The Colonial Office has approved plans to lay down airstrips in St. Vincent and Dominica to improve access to the virgin beauty of these islands and Colonial Development and Welfare grants have been set aside for these projects. Trinidad and Barbados are planning new hotels and the whole area is alive to the need to publicize the Caribbean islands as a year-round and not just a seasonal holiday resort.

Any increase in the tourist trade would result in greater demand for goods such as fresh frozen foods (for which licences are readily granted) and other luxury products. With a direct shipping service from Canada, Canadian exporters would be in a good position to supply many of these.

Investment Opportunities Worth Study

The most pressing need for these islands is capital for development and know-how and there are a number of opportunities for investment that might appeal to Canadian businessmen. Among them are building and

running hotels or other types of accommodation for tourists in all of the islands; small industries processing local produce into jams, preserves, chutney and sauces, canned fruits and fruit juices; leather tanning; cocoa and chocolate manufacture; poultry farming to supply eggs and dressed fowl, and fibre processing.

Canadians with money to invest should take a pleasure-cum-business trip down to appraise the situation at first hand. The various Governments welcome such visits and provide all the pertinent information on income tax concessions to pioneer industries and on the co-operation they are prepared to give. Included in this is the duty-free entry of capital equipment necessary to get the projects started.

Canadians who wish to establish a business in an area with a year-round summer climate should turn their attention to the British West Indies. They will find great goodwill towards Canadians, the result of a long and mutually profitable association. ●

British Honduras

Aid to agriculture is beginning to produce results; more food is grown for the domestic market and exports are rising. Imports of most dollar goods still restricted to token shipments, except for essential commodities.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

EXPORTS OF MAHOGANY have been the mainstay of the British Honduras economy for centuries and unless there is a sharp decline this year in world demand for this hardwood, the prosperity of the Colony is assured for another year.

Logging operations in the mahogany and pine stands in the interior of British Honduras went smoothly this season and the mills in and around Belize, the capital, are busy cutting up this year's harvest for export.

Over the years exploitation of the forests has generally been unsystematic and as a result the supply of prime logs has been seriously depleted. Producers are overcoming this situation by using trees previously rejected and by building roads into the few remaining virgin

stands of timber. No large-scale reforestation was carried out until a few years ago and production of mahogany and cedar is falling off.

Agriculture Encouraged

Forseeing the decline of the lumber industry, in 1948 the Government took steps to encourage agricultural development. Until then the raising of crops was haphazard; forest workers grew them only when heavy rains interrupted logging in the last half of each year. Few grew more than their families used because it was too difficult to market any surplus produce.

To stimulate interest in growing staple crops, the Government set up a Marketing Board to buy surplus rice, corn and red kidney beans at fixed guaranteed prices. Before the establishment of the Board most of these basic foodstuffs were imported, but now the Colony exports fairly large quantities of corn and red kidney beans. Rice output still falls far below demand, meeting only about 25 per cent of local needs.

An Agricultural Credits Fund established in 1951 assists small farmers with loans spread over periods of up to five years. Under the scheme, loans are granted for a large variety of projects including poultry and livestock raising, planting long and short-term crops, and purchases of mechanical equipment and farm buildings.

Government aid to agriculture is beginning to pay dividends. The expanded citrus orchards in the Stann Creek valley, 32 miles south of Belize, are expected to yield 350 thousand boxes of fruit this year. Younger orchards will start bearing next season and production is likely to exceed 600 thousand boxes.

The sugar factory in Corosal near the Mexican border produced 8,000 tons of sugar; 5,000 tons will be consumed locally and the rest exported under the Commonwealth Sugar Agreement. Other countries in the Sugar Agreement have agreed to a quota of 25,000 tons for British Honduras and the colonial authorities are doing everything possible to increase sugar output.

Oil exploration continues and Gulf Oil has taken out a licence to prospect 1,000 square miles in the southern section of the country. At the same time the company relinquished its prospecting rights in the remainder of the southern section which enables other companies to take part in the search for oil. Gulf Oil will pay a "substantial yearly rent" for land it has leased, according to a government statement.

Another important development in the southern section of British Honduras is the erection of a pulp mill in the vicinity of Deep River in the Toledo district. Last month the Government announced that 13,000 acres of pine forests had been turned over to the British-American Pulp & Paper Company for pulping purposes.

In exchange for the concession the American company is reported to have agreed to make an initial payment of \$25,000 B.H. (\$16,000 Canadian) and pay minimum wages of 50 B.H. cents per hour to labourers. When the projected mill gets into operation it should provide year-round employment for over 100 people.

Dollar Imports Restricted

Like other countries in the sterling area, British Honduras restricts imports of dollar goods. Token shipments of consumer goods are allowed in under the Canada—BWI Trade Liberalization Plan and the authorities grant import permits to bring in essential goods when these cannot be obtained easily from soft currency sources.

Exchange restrictions and lack of direct shipping connections combine to keep Canadian trade with British Honduras small. The value of imports into the Colony from Canada totalled about \$248 thousand last year and in the first six months of this year amounted to

nearly \$122 thousand, compared with \$109 thousand for the same period in 1956. Our chief exports to the Colony are cotton fabrics, flour, truck and bus tires, and cheese; we bought mainly mahogany.

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

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

Canadian exporters of the above products can do business in the Colony freely. Firms wishing to establish contact with importers can do so through the Canadian Trade Commissioner, P.O. Box 225, Kingston, Jamaica, who is responsible for the promotion of Canadian trade in the territory. ●

Costa Rica

Faced with a trade deficit resulting from smaller exports last year, the Government has had to take drastic action to cut back growing imports of luxury goods and certain other products. Canadian trade suffers from this and other difficulties.

R. M. DAWSON,
Assistant Trade Commissioner, Guatemala City.

FINANCIAL PROBLEMS resulting from a sizable budget deficit (U.S.\$11.76 million at the end of April), a trade deficit of U.S.\$23.8 million last year, and dwindling exchange reserves have dominated the economic picture in Costa Rica in the first half of 1957; they will continue to influence business for at least another year.

Exchange Reserves Decline

Last October, just before Costa Rica started to sell the 1956-57 coffee crop, reserves had dropped to less than U.S.\$10 million. At the end of April they had recovered to U.S.\$21.8 million, but by the end of June they again dropped to \$20.1 million, about \$2 million below June of last year. In spite of record coffee shipments, exports for 1956 totalled only \$67.4

million; exports for the three previous years averaged U.S.\$81.9 million. Smaller exports of bananas and cocoa have contributed to the decline, although coffee sales partly helped to offset this. The second major export crop, bananas, is gradually recovering from the serious damage it suffered in 1955.

Decreased banana exports since 1955 were the result of severe floods and extensive storm damage in that year as well as disease. The consequent loss of foreign exchange has reduced Costa Rica's buying power, but consumers have maintained their strong preferences for many imported products. The Government therefore decided to take drastic action before the trade deficit became more serious.

Import Duties Raised

In an effort to reverse the trend to increased imports, last June Costa Rica increased duties on more than 200 items—many by as much as 50 to 100 per cent. Main commodities affected are luxury goods and products for which there are domestically-produced substitutes. The increased duties were introduced with a view to restricting non-essential imports and strengthening the monetary reserves. Commodity groups included in the tariff changes are: certain food products, tobacco products, cosmetics, textile manufactures, glass and



Bales of manilla hemp being stacked for export. Hemp and cocoa helped the Caribbean lowlands to survive when banana plantations were switched to the West Coast to avoid disease.

chinaware, jewellery, radios, phonographs and record players, electric stoves and appliances, automobiles and motorcycles, furniture, luggage, eyeglasses and watches. As a further restrictive measure the Costa Rican Customs Tariff was amended as of July 18 to the effect that the exchange rate for converting value for duty on non-essential imports was changed from the official rate of 5.67 colones to U.S.\$1.00 to the free rate of 6.65 colones to U.S.\$1.00.

Agriculture Recovering

Agriculture, which supplies the country with nearly all of its export earnings, is expected to show considerable improvement over last year. The 1956-57 coffee crop is now believed to have reached about 74 million pounds which would equal or exceed the record of some 73.8 million pounds harvested two years ago.

Foreign exchange earned by coffee exports, which usually account for approximately half of total foreign exchange earnings, is expected to total U.S.\$45 million, compared with the previous high of U.S.\$42.1 million for the 1954-55 crop. The export price for the 1956-57 crop averaged nearly 70 cents a pound, also an all-time high. With world production rising this year, coffee prices are dropping steadily and will likely be much lower than last winter.

Banana production will reach an estimated 7.9 million stems, indicating a reasonable increase over last year, when sales of the United Fruit Company subsidiary totalled six million stems. A second fruit company

recently started operations in the Atlantic zone near Port Simon, importing 600 tons of "Giant Cavendish" banana seed from Honduras. This type of plant is highly resistant to the deadly Panama disease.

Costa Rica currently faces a tobacco surplus. The 1956-57 tobacco crop was larger than anticipated and an even larger surplus is in prospect for the end of this year. The newly formed Tobacco Defence Board (which recommends prices paid to growers and allocates production quotas) has to tackle the problem of over-production. The total carryover may reach 3.5 million pounds.

Sales of cattle in 1956, mainly to Peru, reached 15,000 head, valued at \$1 million. Exports this year are expected to reach between 15,000 and 20,000 head. Costa Rica also ships some purebred animals to neighbouring countries.

Mineral Searches Inconclusive

The Union Oil Company recently abandoned drilling operations at its fourth well in the Cocolos area near the Panama border without striking oil. A year ago the company struck oil at its Cocolos No. 2 well which delivered 46 gravity petroleum at a rate of 1,800 barrels a day. Unfortunately, salt water infiltrated and this closed down operations. The company is now drilling in the Victoria area, about 13 miles from Port Limon on the Atlantic coast. Over \$7 million has been spent on exploration in Costa Rica with no apparent results. In April United States promoters proposed to set up an oil refinery in Costa Rica but the Government rejected the offer.

A short time ago the Government announced that a group of German geologists would undertake an exhaustive survey of the country's mineral resources, including petroleum and bauxite. This follows an investigation undertaken last year by the four principal United States and Canadian aluminum companies for bauxite deposits. Bauxite is known to exist over large areas in Costa Rica but it will probably be some time before the companies proceed with plans to mine the ore; communications to the coast must be established first.

Communication and Power Needs

A modern automatic telephone system will probably soon replace the present manual equipment owned by a subsidiary of American and Foreign Power. This company has indicated that it is willing to sell its equipment to the Government at a reasonable price. An Italian firm is reportedly negotiating with the Government, suggesting that Italian capital could finance the new system in the first place and turn it over to the Government over a period of years.

The new hydro-electric plant at La Garita, 25 miles from the capital San Jose, will deliver power in March of next year; generators and transformers are now being installed. This plant will produce 30,000 kw. and will alleviate the power shortage which now retards development of secondary industry.

Canadian Trade Suffers

The United States continues to be Costa Rica's main trading partner: in 1956 the U.S. supplied 55 per cent of Costa Rican imports and took 48 per cent of its exports. West Germany also expanded its trade last year, taking \$20 million worth of Costa Rican products compared with \$30.6 million for the United States and \$3.3 million for Canada, which runs third, just ahead of other European countries. Canada sold goods valued at \$2.7 million in 1956 but the increased duties this year are expected to reduce total imports and Canada's sales will also be affected to some extent.

Traditionally, Costa Rica has been one of Canada's best markets in Central America. Last year, however, both Guatemala and Panama (excluding ship transfers from the totals) imported more Canadian goods

than did Costa Rica. Until the balance-of-payments position improves, it is unlikely that this country will regain its position as Canada's best customer in Central America.

The U.S. surplus disposal programs may have injured Canadian sales of wheat and flour elsewhere but up to now sales of Canadian flour have held up remarkably in Costa Rica. However all wheat buying has lately switched to the United States and U.S. millers, able to offer reduced prices, are now cutting into our flour market.

Side leather for shoe uppers is another commodity in which Canada has enjoyed the dominant position. Colombian price competition has weakened recently and this may mean that an even greater share of the market will go to Canadian tanneries from now on.

Exporters are advised to keep the shipping documents in their own names and give Costa Rican banks specific instructions when to release them for clearing their goods through customs; Costa Rica does not have an automatic draft protest procedure. In most cases the exporter should not ship goods on time drafts. ●

Cuba

Business activity has quickened in tempo; imports are running at an all-time high. European exporters provide sharp competition for Canadian suppliers of textiles, hides, drugs, farm implements and many other goods.

G. A. BROWNE,
Commercial Secretary, Havana.

THE CUBAN ECONOMY continued to expand through the first half of 1957, with little evidence of slackening as the third quarter began. Public and private investment, including foreign private investment, advanced and, combined with good prices for sugar, helped to raise the 1957 estimated gross national product to \$3 billion—a 15 per cent increase over 1956. There is little doubt that 1957 will become the new yardstick of Cuban prosperity and business activity.

The favourable rains of the past summer will help the 1958 sugar harvest and other agricultural crops also are reported to be doing well. Mining activity

remains brisk, although the number of oil wells being drilled declined in September. Manufacturing, construction (both public and private), and general merchandising are reported to be holding to the same record rate reached in the last half of 1956.

All banking indexes are up over the same period of last year—deposits, clearings, cheques paid, and monthly commercial credit totals. However, the purchasing power (domestic value) of the Cuban peso has dropped about 5 or 6 per cent.

Import Bill Rising

Imports are running at an all-time high. Figures in the Federal Reserve Bank of New York's monthly report on export credit of Latin American countries seem to indicate that Cuba's 1957 import bill will be well above that of the three previous years.

The following table is a condensed version of the Reserve Bank's report. Its coverage is limited to U.S. shipments to Cuba financed by drafts and collected by 11 member banks in New York and the Reserve Bank in Boston, Chicago, and San Francisco. It does

DRAFT INDEBTEDNESS OF CUBAN IMPORTERS TO U.S. EXPORTERS

(BASED ON REPORTS FROM 14 U.S. BANKS)

Year	Average number of drafts per month	Average total value of drafts paid per month (\$000's)	Monthly average of collections outstanding (\$000's)	Monthly average letters of credit outstanding (\$000's)	Total Cuban imports (all countries) (\$ million)
1954.....	2,001	2,653	6,247	7,826	487
1955.....	2,076	2,944	7,422	8,344	575
1956.....	2,254	3,333	8,868	12,033	649
1957 (first six months).....	2,342	4,108	10,871	14,878	

not include information about shipments on open account nor those financed by drafts sent directly to Cuban banks. Although the U.S. supplies more than 75 per cent of Cuban imports, the averages in the table cover only a fraction of the total transactions.

The value of total imports is rising faster than the growth in value of the "drafts paid" which indicates increased direct presentation on Cuban banks and more buying from other suppliers. The steep rise in letters of credit outstanding probably results mainly from orders for capital equipment.

Canada's Position as Supplier

Canadian exports to Cuba during the first six months of 1957 totalled \$7.4 million compared with \$6.8 million in the first half of 1956—an increase of nearly 9 per cent.

A recent polling of Havana manufacturers' agents and importers to compare Canadian and U.S. terms of payment and prices with those offered by European competitors uncovered some interesting facts. The questionnaire was sent to representatives and importers in the 30 Canadian categories or export classifications which show sales to Cuba of over \$50,000 a year. Where a comparison of the European and North American product was possible, the survey showed that in many cases—except for asbestos, newsprint, dried salt codfish and steel rails—the period of payment for the European article was 25 per cent longer or more. Prices too, in many of these cases, were lower by 5 to 20 per cent. Although most of the sharp competi-

tion is coming from West Germany, Italian textiles, British, French and Belgian hides, British and German drugs and pharmaceuticals, and farm implements and parts are offered at considerably easier terms and prices than Canadian suppliers give. Imports from Canada and these European countries are subject to the Cuban most-favoured-nation tariff, but similar U.S. products enjoy an exclusive tariff preference in many cases.

Cuban Sales to Canada

Cuban sales to Canada in the first five months of 1957 (DBS figures) dropped to \$4.2 million from \$5.6 million for the same period last year. Heavier shipments of Cuban raw sugar to Canadian refiners at higher prices do not appear to have offset smaller Canadian imports of Cuban vegetables and ores; Cuba has banked on the two latter commodities and coffee to boost exports to Canada. They may show gains in later statistics. ●



*View of the harbour of historic Santiago de Cuba,
capital of Oriente province where one of
the world's principal deposits of nickel-cobalt
ore is located.*

Dominican Republic

In the past the Republic looked to the United States to supply most of her imports of manufactured goods. Now that the outlook is changing, this is the time for Canadians to take a keener interest in this market.

A. B. ROGER,
Chargé d'Affaires, a.i., Ciudad Trujillo.

THERE IS OPTIMISM in the Dominican Republic over the flourishing state of business in the country. Each year more sugar is sold and new Dominican-made goods appear in the shops. The cost of living is rising but so are salaries, construction is booming, and new immigrants are swelling the labour force and increasing the country's productivity. In fact, the Republic is enjoying a period of unprecedented political and economic stability.

There do, however, appear to be some short-term problems. Heavy government expenditures and the fiscal policies which the administration follows assume commanding importance and day-to-day business feels the effects. The recent slowdown in payments on government accounts, for instance, has brought a shortage of working capital for commercial transactions and business activity has been somewhat curtailed. The general impression is that the Government has for some months found it difficult to meet its self-imposed commitments, despite increased production and high world sugar prices. The question of whether it will pay its accounts does not arise but settlement may be slow. Future government payments and the continuing prosperity of the basic industries will counteract the current mild recession.

Agriculture Is Basic Industry

Basically the country depends upon the prosperity of agriculture. Rich in productive soil and with a favourable climate, it can grow most crops economically. But, like many of its neighbours such as Cuba, sugar proves to be the most profitable. At the close of the 1957 grinding season, production reached 800 thousand tons—short of the one-million-ton target because of drought. The sharp rise in world sugar prices meant a record return for this expanding industry. Now that sugar prices are coming down to normal from the April record high, growers will realize the importance of the drive to increase sugar-cane acreage.

The return to more normal sugar prices increases the value of the secondary crops, such as coffee and cacao

in particular but also tobacco, bananas, peanuts, rice and beef cattle. Coffee output is expected to exceed 500 thousand bags of 75 kg. and cacao about 750 thousand bags—a record.

Economy More Diversified

Obviously the Dominican economy cannot depend permanently for its prosperity on widely fluctuating world sugar prices. It is a complex and difficult task to diversify production but the Government has actively pursued this course for several years and now seems to be getting results.

Rice production has become large enough to permit small exports to neighbouring Caribbean islands, canned pineapple is expected to make its first appearance this year, and banana exports have become significant. An FAO adviser is helping the Department of Agriculture to set up a national stock-breeding program and intensive efforts are being made to rid the country of ticks to clear the way for a large-scale dairy and beef industry.

The armament plant, the largest manufacturing industry, has now started to turn out air conditioners, hospital beds, school desks and steel concrete-reinforcing rods. A new \$500 thousand fertilizer plant at San Pedro de Macoris with a capacity of 240 thousand tons supplies nearly half the domestic demand. The sisal industry produces enough bags for the sugar industry and research in use of sisal by-products is proceeding.

Immigrant Japanese fishermen have for the first time caught enough tunny off the north coast to make commercial sales possible in the northern farming areas. A new shipyard still under construction can make all but major repairs to Dominican naval and merchant ships.

The Government necessarily conceived and financed many, if not most, of these. The dependence of these new enterprises on government funds may create problems until they can stand on their own. It is possible that their needs for new capital over the next few years could outstrip the Government's ability to provide it.

Except for one United States sugar company, the all-important sugar industry has passed into Dominican hands. The Government has made heavy investment in public works since 1930; in the past two years, projects for modern roads, bridges, government buildings, water systems, electrification, schools, etc., have



Although the Dominican Republic depends mainly on sugar exports, secondary crops such as bananas play an important part in her trade. Here stems of the fruit, protected with plastic, are shown on board a lighter.

strained the budget. Steps have been taken to collect more revenue to pay suppliers and contractors.

Canadian engineers recently completed a detailed engineering survey for the proposed Tavena dam hydro-electric scheme to cost an estimated \$17-20 million. If the Republic decides to go ahead with the project it will supply nearly one-third of the electricity the Republic needs. A Canadian company is expected to bid on the dam after it studies the final survey report.

Prospects appear bright for investment in mineral exploration and development within the foreseeable future. A Dominican subsidiary of a Canadian nickel company will decide in the next few months whether it will exploit its discoveries of the past year. If it goes ahead, a sizable investment of Canadian capital will result. Aluminum Company of Canada has blocked out large deposits of bauxite in the south-western Cabo Rojo district. It is understood that a new contract negotiated with the Dominican Government will lead to early production.

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Foreign capital is also flowing into the tourist industry; a subsidiary of a large U.S. airline has purchased the two leading tourist hotels. Presumably the airline will try to make sure that its own hotels are kept filled with vacationing travellers.

Canada's Share of Market Declines

Canadian exports to the Dominican Republic have increased in the past 18 months but have fallen behind the trade of other secondary suppliers. (Only the United States can be considered a major supplier.) In 1952 Canada ranked second to the United States as a supplier; it is now fourth. The following table compares Dominican imports in 1952 with 1956 and shows her principal suppliers.

IMPORTS INTO DOMINICAN REPUBLIC
(in \$000's)

	1956	1952
United States	68,887	66,807
West Germany	6,514	3,587
Netherlands Antilles	5,940	3,829
CANADA	4,561	4,468
United Kingdom	3,689	3,533
Belgium	—	2,477
Japan	2,179	—

One possible explanation for our smaller share of the market is the fact that we bought only \$1.3 million worth of goods from the Republic in 1956, chiefly green coffee. The United States has for years been regarded by business and Government as the supplier of practically everything not produced at home. There are signs that this attitude is slowly changing and this broadens the possibilities for Canadian firms selling a variety of manufactured goods. Salt fish, flour, paper, spaghetti and a few other commodities have formed the hard core of our exports in the past. This trade is not likely either to increase or decrease rapidly as these products have become traditional purchases. If new products from Canada are to gain entry, exporters must keep the following points in mind:

- Exercise patience and persistence when establishing agencies and outlets. With a population of only 2¾ million, this is a rather limited market for many goods.
- Accord agents every possible consideration on price; they must undersell a similar product from the United States, West Germany or Japan.
- Offer reasonably flexible payment terms, at least at first.
- Service inquiries and orders for supplies as promptly as possible. Businessmen are keen traders and expect good service.
- Show your interest in the market by making periodic visits. ●

El Salvador

Foreign trade continues to expand and financial position seems sound. Opportunities to sell more Canadian goods in this highly competitive market appear worth exploiting.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

EL SALVADOR, the smallest but most densely populated country in Central America, is currently enjoying the greatest boom in its history. Coffee exports, which provide more than three-quarters of its export income, reflected higher prices and production and reached a near record value this year. All other branches of the economy are also doing well. A strong increase in demand for imported goods makes this a steadily expanding but highly competitive market. Imports in 1956 totalled \$105 million, with the United States supplying \$55 million worth of goods. Foreign exchange reserves appear adequate to finance purchases from abroad.

Coffee Exports Rise

The 1956-57 coffee crop totalled 1.25 million bags (about 178 million pounds), the largest the country has ever known; nearly half went to Europe, principally to West Germany, and this switch from the U.S. to European markets continues. The crop is now all sold and returns may set a new record of \$115 million. Sales to the United States in the first quarter of 1957, however, were sluggish and prices weakened steadily, which suggests lower prices for the next crop.

El Salvador has shown keen interest in establishing a minimum price agreement with the other Central American coffee producers but has made no progress so far. Growers are concerned about increasing competition from Africa and the Government has taken steps to stimulate consumption of El Salvador coffee in both the United States and Europe. Rainfall conditions up to now favour another heavy crop this winter.

Other Crops

The Cotton Co-operative which controls El Salvador's second major cash crop was successful in its efforts to reduce the 1956-57 acreage. However, the 140-thousand-bale crop set a new record because of much higher yields per acre. Much of the retired cotton acreage was marginal land and the better land was cultivated more intensively. Producers used more fertilizers and insecticides

and good weather helped to boost yields. The average price for the 1956-57 crop fell to U.S.\$0.30 a pound because of U.S. surplus disposal sales in world markets. El Salvador's principal cotton markets are now Japan and France.

The last corn crop is estimated at 188 thousand metric tons and the Grain Stabilization Board has placed a partial ban on imports to protect local growers. The new crop being harvested now is also expected to be large and prices have risen slightly.

The bean crop appears to be adequate to meet local demand. There was an abnormally large crop of sugar and small quantities were exported, mainly to Honduras. The rice crop, which is not yet very important, decreased by 1,000 tons to 18,000 tons.

New Factories Doing Well

The leading industrial development this year was the inauguration of a Japanese-financed textile mill with an annual capacity of 2.9 million kilos (6.38 million pounds) of yarn and 6.4 million yards of piece goods, mostly cotton and cotton-rayon mixtures. The plant will have 26 thousand spindles and over 500 looms and will consume almost 18,000 bales a year of local cotton.

All the new factories are doing well but the outstanding success is the soluble coffee factory. Its product has displaced all other brands on the domestic market and it is selling \$500 thousand worth a month to the United States. Just completed are a large new bakery with an investment of \$250 thousand and a smaller plant to prepare serums.

New projects under consideration include plants to make powdered milk, aluminum utensils, bottles, rubber soles, fruits and fertilizers. A proposed fertilizer industry would likely need a much larger market than El Salvador can provide; its success would depend on the establishment of special duty-free entry of fertilizers into other Central American countries. Private enterprise is to put up a new television station, tenders will be invited for 10 to 25 thousand telephones, and Japan has proposed setting up an assembly plant for "Toyota" jeeps.

The Rio Lempa Hydro-electric Commission (CEL) has hired a U.S. firm to survey expansion of their facilities and will apply for a World Bank loan when the survey is finished. A British firm is investigating the possibilities for harnessing natural steam geysers to provide power. Several new power-lines went into operation this year and the Canadian-owned distribution system, CAESS, will construct lines in the central part of the country. El Salvador remains the only country in Central America with enough power to meet all expected needs.

The Government achieved a surplus of US\$16 million in 1956 and further surpluses are expected in 1957. The present Administration expects to pay off the small public debt of US\$4.4 million before the end of its term in 1962. Foreign exchange reserves dropped at the beginning of the year because of slower coffee sales, but they have now recovered; El Salvador continues to have no need for currency or import controls.

The Central Bank imposed some restrictions on credit for non-productive purposes which affected commercial banks and commerce but not agriculture or industry. Commercial credit remains sound but collections are beginning to slow down.

Local banks are establishing small branches in an effort to increase deposits, which are now exempt from inheritance taxes. Confidence in banks is growing as demonstrated by the growth in cheque transactions from US\$194.8 million in 1952 to an estimated US\$400 million in 1956; in this period bank notes in circulation rose only from US\$34 million to about \$38.4 million.

The Minister of Economy invited Henry C. Wallich, an American banking expert, to visit El Salvador and it is understood that he has drafted a banking law. At present banking is subject to very little control and the rapid rate of expansion during the present decade means that the system is now showing signs of strain.

Trade Opportunities Grow

El Salvador's foreign trade continues to expand and imports from Canada increased from \$1.8 million in 1955 to \$2.3 million in 1956. Total imports rose from US\$92 million to US\$105 million for the same period. Canada's exports to this market in the first quarter of 1957 are almost double those of the corresponding period in 1956. Sales of wheat flour are lower but there are important increases in leather, newsprint, copper wire and refined petroleum products. Periodic tanker shipments of products from the recently expanded oil refineries in the Vancouver area to El Salvador is an interesting 1957 development. Sales of Canadian wheat are also going well for the first time in many years. There are still excellent opportunities for asbestos fibre, commercial fishing equipment, lumber, automobiles, trucks, tires, canned fish, fertilizers, insecticides, pharmaceuticals and some chemicals. Further expansion in sales of Canadian tanned cowhide for shoe uppers is confidently expected.

El Salvador offers a very competitive dollar market with no exchange or import restrictions and the Canadian exporter needs good agents to represent him. Personal visits by Canadian businessmen are strongly recommended. Interested exporters should contact the Canadian Government Trade Commissioner at Guatemala City for further details. ●

Guatemala

Now Canada's leading customer in Central America, this expanding market offers further opportunity for Canadian exporters, especially those shipping leather, newsprint, asbestos, machinery and many consumer goods.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

THE GUATEMALAN ECONOMY has expanded at a record rate in the last two years and this trend continued in the first half of 1957. Wholesale and retail sales gained in the first six months compared with last year, although consumer goods moved more slowly after the July assassination of the President. Capital goods were unaffected and moved freely. Businessmen now appear to have regained their confidence in the country's stability and progress, although the future is difficult to assess.

Increasing inflation poses a problem but good crops, projects to improve transportation facilities, private investment in mining, oil exploration and industry, and a building boom have fostered the feeling that Guatemala will continue its record rate of expansion. Sales of Canadian products have benefited from this belief, with an increase of 26 per cent in the first seven months of 1957 over the same period of 1956.

Export Crops Earn Exchange

Record coffee exports of 1.4 million quintals (about 140 million lb.) this year from the 1956-57 crop are expected to earn about US\$90 million in foreign exchange. The 1957-58 crop promises well but coffee prices are falling and may be 15 per cent below 1956-57 by the time the crop is marketed.

In 1956, 5.5 million stems of bananas were sold abroad, bringing US\$9.2 million; this year Guatemala may ship 5.8 million stems. Exports from the 1956-57 cotton crop are expected to bring in US\$4.7 million, about the same as in 1955-56, although the probable 47,000-bale crop will be 2,000 bales above the 1955-56 figure. Lower prices explain the difference. The acreage planted will probably rise in 1957-58.

Other important crops in Guatemala include corn, sugar, wheat and rice; sugar is exported in small quantities and about 4,500 short tons may be available to be sold abroad in 1957-58. The wheat and rice crops usually have to be supplemented by imports. The Government plans to invest 84,000 quetzals



A Guatemalan woman harvests coffee, the source of 75 per cent or more of the country's foreign exchange earnings. Coffee exports reached a record 140 million pounds last year, valued at US\$90 million.

to increase tourist revenue and hopes some of its new industry may also earn foreign exchange. But a weakness in the economy is its dependence on one product, coffee, for most of its foreign earnings; discovery of commercial quantities of petroleum seems to be the best hope of correcting the situation.

During 1956, savings accounts balances rose 136 per cent. Two foreign banks have increased their capital and one has opened several new branches. Two new banks with Guatemalan capital also plan to open this year.

Communications Are Improving

The new main highways, which should be largely completed by the middle of next year, have already increased inter-city bus services and are cutting into passenger travel on both the railway and the government-owned airline. However, international passenger and cargo air service has been extended. Aerovias Guest (Mexico) began a twice-weekly stop on its Mexico to Panama run last October and Aviateca, the national airline, and TACA International have made an agreement offering passenger service to Miami, El Salvador and Veracruz, Mexico. Transportes Aereos Nacionales (TAN) of Honduras has started a twice-weekly passenger service to San Pedro Sula.

New ocean freight services to Guatemala began during 1957. The Flota Gran Colombiana has a regular service to Puerto Barrios three times a month, linking Guatemala with the United States, Panama and Colombia. The Italian Line has a monthly service from the Mediterranean to San Jose and other Central American ports on the Pacific.

Conference freight rates on goods from North America have gone up 10 to 15 per cent and it is not expected that protests will be successful as they were last year. The International Railways of Central America has finally lowered freight rates on both its Pacific and Atlantic Divisions to meet the increased competition from trucks on the new roads. The Atlantic Highway is only completed in certain sections, but regular trucking service from the Atlantic is already becoming established.

Congestion in Guatemala City customs warehouses late in May and early in June delayed unloading at Puerto Barrios but since then the authorities have rented additional storage space and this condition should improve.

(US\$84,000) in increasing the production of wheat; however, even the high guaranteed price of \$3.60 per bushel has not been able to raise production very much.

Production of crude rubber for 1957 is estimated at 633 thousand pounds, double the last year's figure and five times the 1954 production. Efforts are being made to raise output, in the hope of filling a large part of the demand from the tire factory now under construction.

Financial Position Better

The gold and foreign exchange reserves of the Banco de Guatemala rose from \$71.2 million in December 1956 to \$79.4 million at the end of June 1957. A small surplus of exports over imports last year contributed to this but most of the gain resulted from United States aid and transfers of funds from the World Bank to build roads.

A trade deficit is expected this year but Guatemala looks to the Inter-American Highway now being built

A German firm is progressing with its contract to install 20,000 new telephones, expected to be in service in 1959. Meanwhile poor telephone service seriously hampers business and other activities. The Government recently asked for tenders on a microwave telecommunication system and a Canadian electronics manufacturer is believed to have tendered. Inauguration of meteorological information service with Belize, B.H., and Mexico City is a new aid for aviation.

Investment Encouraged

The Government has actively encouraged local and foreign private investment and special tax and customs privileges are extended to new industries. Petroleum exploration continues to expand and one U.S. firm has announced it will start drilling in the Alta Verapaz district. Another company has inquired about building a refinery near the Atlantic coast port of Santo Tomas.

Mining activities in Guatemala have increased considerably and the Government has received 900 applications for prospecting permits. Zinc and lead are the two most important minerals; zinc output increased from 6,500 metric tons in 1951 to 23,000 tons in 1955 and lead production from 3,300 to 9,000 tons. Canadian mining firms have shown interest and one has studied the possibilities for mining bauxite in Guatemala.

The Guatemalan affiliate of a large U.S. tire firm has started construction of a factory which it expects to have in operation in 1958. Plans are for this factory to fill the demand for tires and tubes, estimated at 12 thousand a year for each, for all Central America; it will use mostly domestic crude rubber.

Other recent industrial developments include plants to make glazed tile, soluble coffee, cement and fish products. A local subsidiary of a U.S. power company has installed seven mobile generating units of 11,000 kw. capacity to ease the critical shortage of electricity in Guatemala City.

Foreign Trade Prospers

The foreign trade picture is an encouraging one. In 1956 imports reached \$115 million in value, exports, excluding bananas, totalled \$112 million, a record for both. The U.S. continues to be the principal supplier, although West Germany and Japan have increased their exports. Canada's share rose from \$2 million in 1955 to \$3 million in 1956; in the first seven months of 1957 Canada shipped \$1.9 million worth of goods to Guatemala—an increase of \$400 thousand over the amount exported in the same period last year.

This is a long-range market for wheat, in spite of the Government's efforts to make Guatemala self-sufficient in this commodity. However the Government

has provided special financing facilities for local millers if they buy U.S. wheat through a revolving fund set up by the U.S. International Co-operation Administration. Canadian wheat sales to this market rose in 1956 but the new engagement with the U.S. will make further increases impossible.

Price increases in Colombian leathers should create excellent opportunities for Canadian tanneries to expand sales, especially of the medium grades. Newsprint, asbestos, machinery and many consumer goods also continue to offer opportunities for Canadian exporters in this vigorously expanding market, where there are no exchange or import controls except on a few products, such as beer and textiles, which are made in the country. ●

Haiti

Unrest in country plus small coffee crop and drop in sisal prices has clouded economic picture; tourist trade has slumped and exports and imports have fallen. But conditions now appear to be improving and sales of Canadian goods should pick up in the next few months.

FULGENCE CHARPENTIER,
Chargé d'Affaires, a.i., Port-au-Prince.

POLITICAL DIFFICULTIES are not conducive to economic stability and this statement has held true in Haiti during the last nine months. Six changes of government have taken place since December 1956 and a military junta finally took over power until the holding of a general election on September 22nd.

All this unrest has resulted in one of the most acute economic crises Haiti has known since the beginning of the century. Trade has been seriously affected by a business slump and if stability does not return shortly, some merchants will have to close their doors. The coffee crop was the smallest in the last 25 years, sisal prices in the world market dropped, and the sugar industry suffered from a series of strikes. The local textile mill and soap plant were closed for one month.

In June, however, a military triumvirate with General Kebreau at the helm took over and since then has

cut expenditures drastically, created new avenues of employment, and has tried to prevent the export of capital through private banks. This latter decree is still under discussion. Its main effect is to restrict to 20 per cent the amount of the banks' total deposits which may be invested outside. The full extent of the measures adopted by the Government to improve the financial situation is not yet known, but it is hoped that, with the new administration, conditions will improve.

Trade Slumps

The situation described above has seriously affected foreign trade. Imports have dropped 30 per cent and exports over 50 per cent in the last seven months. The most recent official statistics are for November 1956 but customs duties on exports and imports for the period October 1956-April 1957 show a considerable fall in comparison with the preceding year. These figures are:

	<i>Imports</i>	<i>Exports</i>
October/56 to April/57...	43,296,751 gourdes*	12,583,130 gourdes
October/55 to April/56...	50,051,142 gourdes	21,419,906 gourdes

*One gourde=\$0.20 U.S.

The principal exports of Haiti are coffee (which usually accounts for more than 60 per cent of total exports) sisal, sugar, goat skins, castor oil, cocoa and bananas. The more important imports are foodstuffs, newsprint, dry goods, building materials, motor vehicles and gasoline.

Local businessmen are still hampered by adverse conditions and the Department of Finance has been asked for a three-month extension on income tax payments. Certain types of business, such as automotive and heavy equipment dealers, have experienced a decline of more than 75 per cent in their sales. The sale of the new coffee crop, which appears to be good, will probably inject new life and should ease the situation by creating greater purchasing power.

Financial Situation Explained

All outstanding balances on budgetary credits in the departments of government as of May 31, 1957, have been cancelled and the Public Treasury has benefited by 20 million gourdes. The administration intends to keep expenditures at a minimum.

Revenues from taxation totalled 102 million gourdes for the period October 1956 to April 1957, compared with 110.9 million for the same period in 1955-56. Export duties fell from 21.4 million gourdes to 12.5 million.

On March 30, 1957, the public debt stood at 309.9 million gourdes, as against 323.2 million on November

30, 1956. The Government is expected to scale down the national debt by amortizing at regular intervals the state loans and other federal responsibilities. Haiti has not received any new loan recently.

Tourist Travel Drops Off

The tourist trade has been hard hit by the political uncertainties prevailing since December 1956. After the revolution of May 25th, some over-sensational press reports crippled this trade and it will take time to counteract this bad publicity. As catering to tourists was one of the main industries, the country received a hard blow; during the last five months, tourists have dropped from 38,515 to 22,843. Currently there are signs of real improvement and the hotelkeepers and allied trades are displaying greater activity.

Agricultural Programs

About the middle of the year, the Institut Agricole undertook an extensive program to develop the cocoa industry, which is being carried out under the supervision of an expert recommended by the Imperial College of Tropical Agriculture, Trinidad. He is helping to replant the regions destroyed by Hurricane Hazel in 1954 and satisfactory progress is being made. Attempts are also going forward to rebuild the once profitable banana business.

Relations with Canada

Trading conditions appear to be improving, especially for Canadian companies. In April of this year the first shipment of bauxite to Canada was made by the Reynolds Mining Co. and these should continue at regular intervals. Deep in the hills of Haiti, Consolidated Halliwell Limited, another Canadian company, is developing what appears to be the most important concentration of copper deposits yet located in the Republic. Construction of a \$5 million flour mill has been completed and although operations have not started, the first wheat deliveries have been received.

Canadian traders should find excellent opportunities here for increasing trade, provided their prices are competitive. Apart from the customs tariff, which is protective in only a few cases such as soap, there are no import or exchange restrictions in this market. Canada ranks as Haiti's second supplier, immediately after the United States. A regular shipping service from Haiti to Canada provided by Saguenay Terminals Ltd. of Montreal will no doubt improve trading relations between the two countries further.

One excellent way to increase trade is personal contact. Businessmen who pay a visit to Haiti, especially those selling foodstuffs, newsprint, dry goods, and building materials, should be able to boost their sales by making their products better known. ●

Honduras

Canada's share of market still small but sales have doubled since trade agreement of 1955. Earnings from farm exports and development projects help to maintain imports.

R. M. DAWSON,
Assistant Trade Commissioner, Guatemala City.

HONDURAS' EXPORTS TO CANADA, mainly bananas, were valued at nearly \$7 million last year and we thus became that country's second largest market. But we supply less than 2 per cent of the Republic's purchases abroad. Honduras should offer scope for higher Canadian sales; the United States supplies 71 per cent of her imports, in competition with West Germany closely followed by Japan which supplied 5.3 per cent.

Prospects for this year are not easy to predict but business activity in the first quarter of 1957 exceeded expectations. However, retail and wholesale sales slowed down in the second quarter, when they normally rise with the harvesting of crops. The slowdown in commercial activity stemmed in large part from partial mobilization last spring when a frontier dispute broke out with Nicaragua over some unsettled but potentially oil-bearing land on the Caribbean coast. This dispute is now being considered in the World Court.

The present Government recently eased its tight credit policy considerably but, despite its attempts to channel investment into productive enterprise, real estate continues to draw the attention of most investors. Negotiations between the Government and several large foreign investors interested in petroleum, timber and iron ore have been broken off.

Banana Crop Smaller

The banana industry, which brings in about 45 per cent of the foreign exchange, continues to be plagued with problems. Labour unrest was widespread in the first part of the year, a number of small strikes occurred in January, culminating in a major walkout against one firm in April. Heavy storms in the latter part of May levelled 3.5 million stems. This loss struck the nation's chief exchange earner at peak season and reduced anticipated 1957 exports of 15 million stems to 11.5 million (12.7 million were exported last year).

Panama disease has resulted in the abandonment of banana production around the port of Tela. Some

unemployment in the banana areas has sent job seekers to Puerto Cortes and other cities, including the capital.

Coffee production is estimated at 260 thousand quintals (about 26 million pounds), somewhat larger than last year's crop. However, bountiful crops in other countries will likely bring lower prices and reduce returns to \$12 million, compared with \$13.5 million in 1956.

Other crops have fared well. Production of cotton rose to 15.6 million pounds from only 3.5 million pounds in 1955. A cotton ginning plant is now being developed; formerly processing was done in El Salvador. Last year corn production for local consumption increased 25 per cent over the preceding crop year and is expected to rise considerably again this year.

Transportation Needs Attention

Lack of inland transportation and poor communications generally hamper economic development of the country. Government programs are attempting to remedy the situation but Honduras has only about 1,500 miles of relatively poor dirt roads. Railroads operate over short distances between Puerto Cortes and Potrerillos in the Department of Cortes and from some banana plantations to ports on the north coast.

The World Bank granted a loan of \$4.2 million for highway construction and maintenance in 1955 and the United States Government in 1956 contributed \$1.2 million as its share to help build the Inter-American Highway. Earlier this year, the Export-Import Bank made a loan to Honduras of \$1.6 million to finance its share of the highway.

Development Projects Under Way

U.S. Export-Import Bank financing is backing projects to build a cement plant in Honduras and erect a million-dollar fully automatic sugar refinery in the San Pedro Sula area. Plans to build an international airport are being studied, paving of all the main streets of the city has begun, and a milk-powder factory is a possibility.

A private development company has plans to redevelop the Aguon Valley, wiped out as a banana plantation in 1935 by Panama disease. The hope is to raise grain, fruit and cattle on more than 130 thousand acres of cleared land. Later, development could be extended to the deep harbour of Puerto Castilla, building warehouses, a loading pier and a factory to process and can fruit, and eventually converting it into a free port.

A four-stage scheme to develop hydro-electric power at Rio Lindo and plans to revise the electricity distribution system in Tegucigalpa have now been submitted to the Government and to the World Bank. The

power project will eventually produce 25,000 kw. at an over-all cost of \$17 million.

Honduras may have as much as 50 million tons of iron ore with an iron content of 50 to 60 per cent but known deposits are largely inaccessible. Little oil has yet been found in the country but exploration is under way in the Mosquitia area, part of which lies in the territory which was the subject of the dispute with Nicaragua.

Trade Prospects

On February 16th Honduras signed a Free Trade treaty with El Salvador. It was ratified on April 11th and is to last for one year from that date. Under its terms custom duty is removed from, or modified for, many types of goods exchanged between the two countries, but each retains a protective rate of duty applied on imports from all countries of certain goods also made domestically—for example, Honduras on cotton shirts and El Salvador on shoes.

Japan has emerged as a formidable competitor here; it has more than doubled its shipments in the past three years by offering goods of fairly low quality but priced attractively. Canada takes 11 per cent of Honduran exports and is the country's second largest market, but supplies less than 2 per cent of her imports. But even considering the size of U.S. shipments (71 per cent of all Honduran imports in 1956) and growing exports from some other countries, Canadian exporters have room to expand sales.

When Canada and Honduras signed a most-favoured-nation trade agreement in July of last year it was expected that trade between the two countries would expand. The agreement placed Canadian exports on an equal footing with U.S. products for the first time. Honduran products have also benefited from the reduced rates of the Canadian most-favoured-nation tariff instead of the former general tariff applied. Recent figures seem to bear out the hope that trade would increase.

In 1956 Canadian exports rose to \$868 thousand from \$588 thousand in 1955; in the first six months of this year, Canadian sales to Honduras more than doubled the value of the 1955 half-year totals. Canadian imports of bananas in 1956, in response to the new agreement, raised our total imports from Honduras by \$5.3 million over 1955.

Upper leather of the low qualities (valued at \$286 thousand last year) is by far the most important Canadian product exported to Honduras and 1957 sales of leather for shoe uppers are expected to top the 1956 record. Next in importance are flour, whole milk powder, and machinery and parts; sale of tires, pharmaceuticals, calcium and sodium compounds and sardines have also been appreciable.

Shipping from Eastern Canada is a problem for some products. We do not have direct connections to the north coast region on the Caribbean, where a large part of the population lives. Shipment through New York or transshipment is necessary and this makes it more difficult to compete with merchandise from U.S. Gulf ports. Transportation overland to Tegucigalpa from the Caribbean is too expensive. Western Honduras is best reached from Pacific coast ports; Vancouver is in a better position to serve this small part of the Honduras market. ●

Jamaica

Industrial development is proceeding at good pace and offers opportunities, particularly for sales of industrial machinery and equipment, raw materials, and building supplies. Canadian sales down in first half of year with drop in flour purchases, but should rise if market is exploited.

M. S. STRONG,
Assistant Trade Commissioner, Kingston.

IN 1956 JAMAICA made impressive progress with her program of building up industry. The gross domestic product was valued at £165 million, an 11 per cent increase over 1955. Greater activity in bauxite mining, rapid industrial expansion, a more active building industry, and ready markets for agricultural products promise an even larger increase in output for 1957.

Sugar Crop Larger

It is estimated that production of sugar in 1957 will reach 360 thousand tons compared with last year's 356,309. Decreased output in a number of sugar-exporting countries in the British Commonwealth has resulted in Jamaica being called upon to supply an extra 29,786 tons this year under the British Commonwealth Sugar Agreement. In fact, the island's entire 1957 export output will be sold within the agreement and this means larger gross earnings for the industry.

The price paid to growers of cane in 1957 was 61/- per ton compared with 52/4d. in 1955. Since 1940 the price of sugar has risen 280.6 per cent but the

price paid by manufacturers for canes has increased by 377.4 per cent. This situation results from the increased efficiency of the sugar factories, which have spent millions of pounds on new plant and equipment.

The prolonged drought which ravaged both major and minor Jamaican crops during the summer months is causing anxiety about the 1958 crop. It is said that most sugar-producing countries, under the stimulus supplied by the boom free market prices earlier in the year, put extra acreage in sugar.

Banana Shipments Increase

Shipments of bananas to the United Kingdom in the first seven months of 1957 totalled 7,031,537 stems, an increase of 604,563 stems over the same period of the previous year. It was expected that 1957 exports would total 14 million stems—a postwar record. However, strikes by banana loaders and wharf workers and drought in some of the most important banana-growing areas have affected shipments and total exports for the year may not reach that figure. In July the greenboat price for Jamaican bananas on the United Kingdom market was £83.5.0 per ton—an all-time high. Local growers received 11/- per count bunch, also a record for the industry.



A skilled selector with 33 years' experience colour grades cigars in a Jamaican factory. Traditional industries such as this carry on while the Government encourages new ones.

At the beginning of the year the Banana Insurance Board raised the compensation rate for hurricane or windstorm damage by £5 to £30 per acre. Damages must be assessed at not less than one-quarter blown down or otherwise destroyed before benefits are paid.

Cocoa Growing Encouraged

Under cultivation at present are an estimated 12,000 acres of scattered cocoa trees; production totals about 3,000 tons a year at prices of from 100/- to 125/- per 100 lb. to growers. It is intended to increase the area under cultivation by an additional 50,000 acres by 1966-67 and production to 15,000 tons. The British Secretary of State has approved a grant of £177,375 from the Colonial Development and Welfare funds towards the cost of a revised cocoa expansion scheme over the period ending March 31, 1960; this represents 75 per cent of the cost of planting material.

Citrus Crop Up

The one million boxes of sweet oranges produced in 1956/1957 constituted an increase of approximately 20,000 boxes over the previous crop year; returns to the industry were also higher. The 1957/58 crop has not yet been estimated. However, with new groves coming into production, it is expected that there will be a further increase which will largely supply the constantly growing domestic market.

The price paid by the Ministry of Food in the United Kingdom for concentrated orange juice supplied under a ten-year contract has been raised by one shilling and threepence to 35/9d. per gallon.

Bauxite Industry Growing

The bauxite companies have continued to buy land at high prices to ensure a plentiful supply of ore. One of the companies is completing new storage buildings and wharf facilities at a cost of some £10 million, to allow it to ship an additional 50 thousand tons of ore a week. The Canadian organization is actively engaged in a £12 million expansion program on a new site which will result in an increased annual production of 200 thousand tons of alumina.

Early in the year the Jamaican Government concluded an agreement with the three bauxite companies. Under this, their tonnage and income tax, which formerly totalled 2/8d. a ton giving a revenue of £350 thousand a year, would be increased to 14/- per ton and boost revenue from this industry to £1 million per year. It is estimated that, with increased facilities to export ore and silica, revenue from this source by 1960 should reach £7 million a year.

Two new bauxite companies have recently been granted prospecting and mining rights and have already begun work in the field.

Jamaican Exports and Imports

	EXPORTS		IMPORTS	
	1956	(January/May) 1957	1956	(January/May) 1957
Food.....	£12,519,176	£11,882,310	£ 3,831,259	£ 4,533,826
Beverages and tobacco.....	724,115	780,300	404,982	486,556
Crude materials, inedible, except fuel.....	3,688,437	7,159,401	743,005	1,090,196
Mineral fuels, lubricants and related materials.....	17	43	2,108,999	2,704,312
Animal and vegetable oils and fats.....	307	282	198,980	162,920
Chemicals.....	233,832	200,678	2,017,545	2,222,523
Manufactured goods (of leather, wood, paper, textile, glass, metal, etc.).....	181,427	116,431	6,193,738	7,089,374
Machinery and transport equipment.....	227	153	6,251,122	5,989,409
Miscellaneous manufactured items (furniture, clothing, footwear).....	39,663	45,893	1,490,331	1,558,430
Miscellaneous transactions and commodities.....	110,143	131,857	44,464	53,971
Totals.....	£17,497,344	£20,317,348	£23,284,425	£25,791,517

Industrial Expansion Encouraged

Jamaica's increasing industrial expansion is reflected in its imports of capital equipment which in 1956 rose by 65 per cent over 1955 and accounted for more than one-quarter of all imports. Consumption of cement rose by 25 per cent last year and electrical power used by 31 per cent. The latter made necessary the revision of plans to permit a 43 per cent expansion of productive capacity in three years.

National capital investment in 1956 is estimated at approximately £30 million, an increase of nearly 50 per cent over the previous year. The number of registered factories has increased from 558 in 1946 to 741 in 1956. During the same period the total number of factory workers rose from 17,707 to 28,135.

The Industrial Development Corporation, a government organization, has continued to foster the development of industry. To further its efforts to attract overseas capital, a branch office was opened in New York and another may be set up in the United Kingdom. Under its program to erect factories on behalf of the investor on a rental or time-payment basis, the Corporation completed three new factories during 1957.

The number of tourists visiting the island continues to increase and reached an all-time high of 160,881 in 1956; the amount they spent was estimated at \$22 million. Total capital cost of the new tourist hotels now under construction is set at \$15 million to \$20 million.

Trade with Canada

Jamaican imports and exports both increased considerably for the period January/May 1957, compared with a similar period in the previous year, as the

table shows. Canadian sales to Jamaica for the first six months of 1957, however, fell by \$693,536 compared with the same period of 1956 and reached \$7,833,495. This decrease reflected in part the high exchange rate for the Canadian as compared with the U.S. dollar; in many cases this wipes out the preferential tariff advantage. The largest losses were in flour (\$186,068), structural steel (\$129,250), pickled fish (\$97,416), pickled pork (\$74,515) and tobacco (\$71,515).

The decline in Canadian flour sales to Jamaica resulted from a reduction in total flour imports because of a heavy carryover from 1956 and an abundance of bananas and yams at low prices in the early months of 1957.

Since supplies of the 1957 production of pickled fish became available for export from Canada and local price control was removed, substantial quantities of this commodity have arrived on the market.

Dollar Supply Increased

For the current year, Jamaica's dollar supply has been increased by \$6 million. The increase is to be used primarily to meet the greater demand for agricultural and industrial equipment.

In addition to goods purchased from Canada under the Canada/B.W.I. Trade Liberalization Plan, the Trade Administrator issues special import licences for dollar goods which are considered essential to the economy. Included in this category are agricultural and industrial machinery and equipment, raw materials for manufacturing industries, and building materials, furnishings and equipment for tourist hotels. Canadian exporters can obtain a share of this additional business by offering goods that are comparable in quality and price with those from other dollar countries. ●

Mexico

With industry making impressive gains, agricultural crops (except corn) reaching new highs, and mining holding its own, Mexico is booming. Canadian sales rose 20 per cent in first half of 1957 over same period of 1956, to make this our best Latin American market.

C. J. Van TIGHM,
Commercial Counsellor, Mexico City.

IN SPITE OF CONCERN OVER THE DROP in world market prices for lead and zinc, Mexican financial authorities have publicly expressed satisfaction about the general economic situation. Industrial production has continued to gain and agriculture has experienced one of its best years. Although the indexes for wholesale prices and the cost of living have risen, inflation has been kept under control and is not a serious problem. The balance of trade for the first eight months has been unfavourable, but monetary reserves, at \$407 million on August 30, 1957, compare well with the \$410 million of August 30, 1956.

National production has made an impressive advance in recent years. Goods and services produced in 1955 totalled 84,000 million pesos, an increase of 9.7 per cent over 1954. (The Mexican peso is worth 8 cents U.S.) A similar increase occurred in 1956 when the total of goods and services produced reached 94,000 million pesos, a real rise of 7 per cent after allowing for price adjustments. Production has been going up at twice the rate of growth of population and this trend has continued in 1957. A comparison of the first six months of 1957 with the same period of 1956 shows the following increases:

	(in per cent)
Iron ingots	11
Steel ingots	17
Railroad cars	22
Cement	9
Chemical products	7
Fertilizers	15
Paper	19
Cotton textiles	5
Rubber products	4
Sugar	37
Other food products	30

Agricultural Production Rises

With the exception of corn, agricultural production has pushed up to new levels. The improvement resulted from a number of factors—improved credits, guaranteed prices, better cultivation techniques, greater use of fertilizer and insecticides, increased irrigation,

agricultural insurance, and more use of agricultural machinery. The record is impressive, as the following summary shows:

- *Beans*—480 thousand tons, 30,000 tons more than in 1955-56. This will satisfy domestic requirements and leave a reserve of 120 thousand tons.

- *Wheat*—1.36 million tons, the largest crop in the history of Mexico and 160 thousand tons more than the goal established last year. Domestic needs total about 900 thousand tons, leaving a reserve of 460 thousand.

- *Sugar*—1.01 million tons, an increase of 225 thousand from 1955-56. Consumption in Mexico is approximately 900 thousand tons and her export quota is 95,000 tons, which leaves a reserve of 15,000 tons.

- *Cotton*—2.02 million bales of 230 kilos, 220 thousand tons more than last year. Mexico is now in fifth place as a world producer. Government authorities anticipate no difficulty in marketing the crop.

- *Coffee*—1.62 million bags of 60 kilos, 170 thousand tons more than in 1955-56, the largest crop on record. Exports have increased correspondingly and are expected to reach 1.4 million bags, an increase of 200 thousand bags over 1955-56. Foreign exchange receipts will rise by some 200 million pesos as a result.

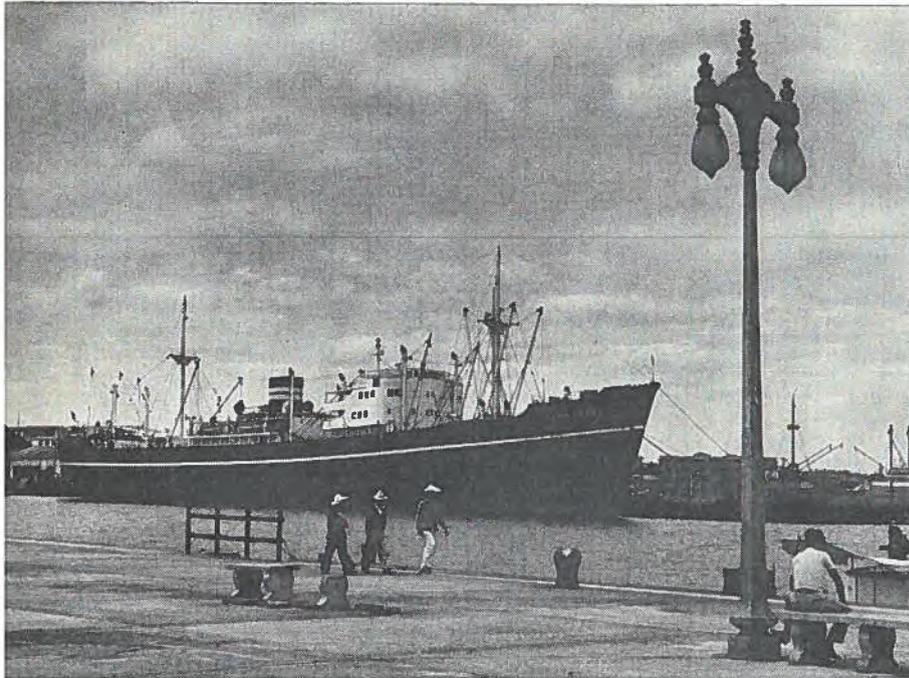
- *Vegetable Oils*—1.2 million tons, an increase of 47,000 tons from 1955-56.

- *Henequen*—400 thousand bales more than last year.

- *Corn*—4.5 million tons, 500 thousand lower than the target set. Lack of rain kept production down and consumption went up because of population growth, increase in poultry and cattle-raising, and the development of industries using corn. Information released by the Minister of Agriculture shows that the requirements of industry increased from 90,000 tons in 1953 to over 600 thousand tons this year. To meet the demand, 353 thousand tons have been imported to date.

Poultry-Raising Campaign Successful

The campaign to make the country self-sufficient in poultry has been so successful that imports are no longer required. With the exception of baby chicks for breeding purposes, the import of all poultry and poultry products is now prohibited. The increase in poultry flocks and egg production has resulted in a considerable saving of foreign exchange. President Ruiz Cortines in his State of the Union address on September 1 stated that imports of eggs had been reduced by 120 million pesos. At the same time there are some 79 million eggs in storage.



Ship discharges cargo at busy Veracruz, Mexico's principal port 264 miles by rail from Mexico City. Numerous important wholesale houses are located in this city. Canadian shipments to Mexico have risen 20 per cent in value to \$26.6 million in the first seven months of this year.

Private mining interests and the Mexican Government are apprehensive about the future of lead and zinc, which account for nearly 50 per cent of Mexico's total mineral output. The Government has stated that exports from this country to the United States, the principal market, would be cut drastically if the threatened increase in import duties in that country were put into effect. The industry has already been hurt by the drop in world prices resulting from the suspension of purchases by the U.S. Government.

In spite of deterioration in lead and zinc prices, the value of mining production to date has been on a par with 1956. Increases in the production of antimony, coal, tin, iron, silver, lead and tungsten have been offset by decreases in arsenic, bismuth, cadmium, copper, mercury, molybdenum, gold and zinc.

Level of Business Maintained

Although credit is tight and businessmen would like to see a relaxation in the Government's regulations on the commercial banks' ability to extend credit, the volume of business transacted has been satisfactory. The index of sales in commercial establishments prepared by the Ministry of Economy shows that in the first four months of the year, they were maintained at practically the same level as in 1956. The average index for the period January to April was 612.5 compared with the average index of 619.7 for 1956—a drop of approximately 1 per cent. On the other hand, the volume of freight handled by the National Railways has increased 15.6 per cent during the first

five months of this year, compared with the corresponding period in 1956. New construction has continued at a slightly higher level than in 1956, particularly for commercial buildings which increased 8 per cent in number and 40 per cent in value over the average for 1956.

Balance of Payments and Monetary Reserves

Payment of interest and dividends, amortization and repayment of foreign credits left a deficit of \$97,249,000 in the balance of payments on June 30. Although exact figures covering trade and net movements of capital during July and August have not been released, it is apparent from the information given by President Ruiz Cortines during his State of the Union speech on September 1 that the situation has improved in these two months as anticipated. The President disclosed that monetary reserves on August 30, 1957, were \$407 million, \$62 million less than on December 31, 1956, but only \$3 million less than on August 30, 1956. This demonstrates the strength of the economy and the stability of the currency.

Monetary reserves serve as a valuable economic barometer and it is of interest to note the movements that have taken place in the past three years. At the time of devaluation in April 1954, Mexico had reserves amounting to \$157 million; by June of the same year these had dropped to \$98 million but they recovered by December of 1954 to \$196 million. A year later they stood at \$396 million and by the end of 1956 totalled \$469 million.

Trade Balance Unfavourable

Because cotton, the leading export, does not usually start to move until the second half of the year, the trade balance for the first half is invariably unfavourable. Record imports have in turn brought about a record trade deficit for the first six months. Trade figures show imports at \$569,823,000 and exports at \$333,347,000, resulting in a trade imbalance of \$236,476,000. However, as usual, tourist expenditures, border transactions and remittances by Mexican labour in the U.S. have reduced the deficit to \$92,591,000.

Canadian exports to Mexico have risen in response to the booming business situation. Shipments for the first seven months of this year to this open dollar market were valued at \$26.6 million, nearly a 20 per cent increase over the corresponding period in 1956. Principal items included were newsprint, pulp, cellulose products, railway rails, machinery, aluminum, drugs and chemicals. There is an increasing demand for raw and semi-processed products for Mexico's growing manufacturing industries. More and more Canadian business visitors are visiting Mexico to explore opportunities at first hand: Canadian Pacific Airlines now offers a direct service from Toronto to Mexico City three times a week.

On the import side, shipments of Mexican goods to Canada have decreased, mainly because of United States Department of Agriculture sales of sizable raw cotton stocks at lower than prevailing Mexican prices. Canadian importers purchased some \$28 million worth of raw cotton in Mexico last year and have a high respect for its quality; quantity purchases will no doubt be resumed when prices again become favourable. Other items of continuing interest are tomatoes, peanuts, coffee and vegetable fibre. Imports of these are all running above last year's rates. Mining developments are now being reflected in important purchases of gypsum, fluorspar, mercury and lead.

Short-Term Prospects

Apart from the unforeseen effects of any new U.S. import duty on lead and zinc, the present satisfactory conditions should continue in the immediate future. The foreign trade position is expected to improve in the next few months, with cotton moving into export channels. Shipments will be lower than in 1956 because there was no large carryover from last year; nevertheless, they should be satisfactory bearing in mind the bigger crop this year. At the same time, with new direct air services to New York and Chicago being inaugurated by Mexican and U.S. carriers, revenue from the tourist trade should increase in the latter part of the year. Imports of corn in the remaining months will draw on the foreign exchange reserves but this should be more than offset by the increased exports of cotton and larger receipts from tourists. ●

Nicaragua

Forecasts promise better crops this season and returns from exports should rise. Fall in foreign exchange reserves plus credit contraction have cut spending on imports; Canada's sales have fallen slightly but prospects in certain lines good.

R. M. DAWSON,

Assistant Trade Commissioner, Guatemala City.

CONDITIONS IN NICARAGUA have gradually returned to normal, after suffering from the effects of a poor crop and from the unrest caused by the assassination of the President. The current low foreign exchange reserves and the contraction in credit will, however, mean less money available for non-essential imports.

The foreign exchange reserves became dangerously low in the latter part of 1956, mainly because of the smaller cotton and coffee crops, coupled with continued high imports. During 1956 Nicaragua increased its loans from the International Monetary Fund from US\$2 million to US\$7.5 million, and from the International Bank for Reconstruction and Development from US\$800 thousand to US\$3 million.

This past year, IMF representatives were invited to visit Nicaragua to study the economic situation and make recommendations for avoiding further depletion of the gold and dollar reserves. The visit resulted in curtailment of imports and the restriction of bank credit. Rediscount operations with the Banco Nacional de Nicaragua were held down to 200 million cordobas (7 cordobas=US\$1.00) from May on, and rediscount limits for all private banks were imposed.

Crop Picture Brightens

Meantime, the agricultural situation is improving. Recent estimates for the 1956-57 cotton crop set it at 180 thousand or 190 thousand bales, with almost 50,000 bales still unsold. Cotton is harvested in the winter months. At that time the apparent lack of interest by foreign buyers caused concern among growers. To assist producers, the Government offered a small subsidy to exporters, granting them a more favourable exchange rate in terms of dollars if and when the price of cotton fell. Although the size of this year's cotton crop did not approach initial expectations, income is expected to be between US\$26 million and US\$27 million, compared with US\$23.5 million realized from last year's crop of 160 thousand bales.

Early estimates placed the coffee crop at 500 thousand quintals (1 quintal=101.4 pounds) but unseasonal rains from December through February reduced the estimate to about 435 thousand quintals. Price declines in the spring resulted in sluggish sales.

Total revenue from cotton and coffee exports for 1957 is expected to reach US\$50 million compared with US\$45 million in 1956. Last November Nicaragua lifted prohibitions on the export of rice, beans, corn and wheat; these were in force for nearly a year because of poor crop returns. The 1956-57 harvest was bountiful and foreign sales have resulted.

Industrial Development Progresses

Power development continues. The IBRD has authorized a loan of US\$1.6 million to finance completion of a 30,000-kilowatt electric power plant; this loan supplements a credit of US\$7.1 million granted in July 1955. The increased electricity will be used to improve service within Managua and extend it to the entire west coast.

At last report, Managua's new abattoir and refrigeration plant, with a capacity of 40 steers and 75 hogs a day, was nearing completion. A U.S. firm received a further loan to assist it in constructing a refrigeration plant on the Atlantic Coast for the freezing of shrimps and other seafood for both local consumption and export. A cigarette factory is nearing completion. A soft drink plant, one of the most modern in Central America, was opened last March. There are also a number of projects in the planning stages—a cannery, fertilizer plant, brewery, and a \$575 thousand milk pasteurization plant. As in most Central American countries, however, Nicaragua's major investment continues to be in residential and commercial construction.

Exports Down, Imports Steady

Nicaraguan exports in 1956 fell off \$15 million from the previous year to \$65 million; imports remained steady at \$70 million. The balance of trade, including gold shipments, which in 1955 showed a \$10.5 million surplus, had a deficit of \$3.6 million in 1956. Shipments of gold have over the past three years averaged 11.5 per cent of Nicaragua's exports. The United States continues to be the largest supplier, shipping in 1956 goods worth US\$38.7 million, roughly 60 per cent of total imports.

Canada's exports to the Nicaraguan market declined in the past year from \$1.8 million in 1955 to \$1.4 million in 1956 and the trend is continuing into this year. Flour exports, which have dropped markedly in the past two years, fell from \$145 thousand in the first four months of 1956 to \$42,000 for the first four months of 1957. The premium on the Canadian dollar has restricted sales somewhat but the

United States agricultural surplus disposal program has been a more important factor. Flour shipments, which fell by \$250 thousand last year, will in all likelihood drop as much or more in 1957. Canada's main exports to Nicaragua, in order of importance, are flour, leather, copper wire, heavy tires, drugs and chemicals, soda and sodium compounds, miscellaneous machinery, and newsprint and paper products. Prominent additions to the list during 1957 have been iron and steel bars and transformers.

Outlook Is Good

Of interest to Canadian exporters is the fact that Nicaragua is continuing to require the registration of all imports in advance with the Banco Nacional. The registration must be accompanied by a deposit ranging from 50 to 100 per cent of the C.I.F. value (basic essentials are exempt) and this is refunded on actual import of the goods. An exporter can ship under these terms with confidence, since he is virtually assured of prompt payment. Nicaragua's high international credit rating is evidence of this.

Nicaragua is an open dollar market with no import or exchange restrictions other than this deposit requirement which applies equally to imports from all countries. In addition, Canadian exports receive full most-favoured-nation tariff treatment in Nicaragua by virtue of the Trade Agreement between Canada and Nicaragua, supplemented by provisions of GATT, of which both countries are members.

It must be stressed, though, that this is definitely a price, not a quality, market. Most of the Canadian products being sold here are essentials. If Canadian exporters continue to offer competitive prices, their share of the Nicaraguan market should be maintained; with continued attention certain products, such as side leather, should be in even greater demand.

Trade Commissioner Appointed to Los Angeles

The Trade Commissioner Service has announced the appointment to Los Angeles as Consul and Trade Commissioner of Mr. T. M. Burns. Formerly Commercial Secretary at the Office of the High Commissioner for Canada in London, Mr. Burns is attached to the Canadian Consulate General, 510 West Sixth Street, Los Angeles 14.

The great expansion of industrial and commercial activity throughout the Pacific coast states, and the Los Angeles area in particular, and the resulting increase in marketing opportunities for a broad range of Canadian products has led to this appointment of a Canadian trade representative in Los Angeles.

Panama

Record revenue from the Canal, plus growing output from agriculture, industry and the fisheries, has brought prosperity. Imports have risen, with Canadian sales up 15 per cent and prospects good for further increases.

H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

PANAMA'S ECONOMY has moved ahead during the past year and the outlook for future expansion is promising. A booming construction industry, a thriving shrimp fishery, growing agricultural output, rising retail sales, and more tourists have all contributed to the prevailing activity.

The new Panama Canal Treaty in particular has stimulated business this year. It obliges all Zone employees of Panamanian citizenship to cease buying their food and supplies in Zone commissaries and to patronize the shops of the Republic. These 13,000 wage-earners make good money and their purchases will continue to stimulate the import and retail trade of Panama. Canadian sales of salt cod, sardines, salmon, flour and other consumer lines will continue to benefit from this development.

All foreign countries except Belgium increased their exports to Panama in the first quarter of this year over 1956; Canada's sales went up 36 per cent, a rate of increase exceeded only by Hong Kong, according to Panamanian statistics.

Panama Canal Plans Expansion

The long-term growth in tonnage shipped through the Panama Canal has continued. In May 1957 a record 4,650,492 tons passed through the Canal and US\$3,638,492 was collected in tolls. For the fiscal year ended June 30th a record number of 8,579 ocean-going merchant ships totalling some 50 million tons passed through the Canal. Use of the Canal's present facilities is now approaching the maximum and various projects are under study to increase the present facilities. In addition, it is expected that within the next decade the U.S. Congress will approve funds for the construction of a third set of locks, parallel with the present ones but wider and deeper. Looking even farther ahead, a research institute has been asked to make a long-range forecast of Canal shipping to the end of this century. Meanwhile, US\$82 million has been included in the U.S. budget for the Panama Canal Co. for 1957. Tolls are expected to bring in

US\$37 million, plus the profit from sales of commodities in commissaries, etc., of US\$15 million.

Foreign Trade Prospers

The import trade of Panama is the best measure of its prosperity because a high degree of the business activity derives from the import and sale of foreign merchandise. There are no import or exchange controls in Panama, with only a few exceptions. Imports increased from US\$75.7 million in 1955 to US\$83.1 million in 1956 and all supplying countries (except West Germany) shared in this increase. Canadian sales rose by 15 per cent, which places her in the position of fifth supplier after the United States, the United Kingdom, West Germany and Belgium, according to Panamanian statistics. However, if Canadian statistics are used, Canada is in third position. This difference arises because much cargo of Canadian origin is credited to the United States because it passes through U.S. ports.

The distribution of Panama's import trade by commodities indicates the trade opportunities:

Manufactured products including metal manufactures	.....\$59,717,000
Foodstuffs	.....10,984,000
Industrial raw materials	.....9,969,000
Beverages	.....2,094,000
Minerals and pressed metals	.....236,000
Live animals	.....120,000
	<hr/>
	\$83,120,000

The export trade of Panama is relatively unimportant but has been making steady progress since the last war. Bad weather and disease in 1956 cut sales of bananas, the leading export, to 7.5 million stems worth \$11 million, compared with 8.3 million stems in 1955. Canada recently has bought more bananas than all other countries combined—\$7.5 million worth in 1956.

The expanding frozen shrimp industry continued to prosper and exports increased to \$4.4 million from the previous year's \$2.7 million. Cocoa and coffee exports, which are much less important, were also lower in 1956. Total exports reached \$17.2 million in 1956 against \$19.3 million in the previous year.

Important Development Projects

During 1957 the U.S. Export-Import Bank granted \$12.8 million to the Panamanian Government to enable it to complete its section of the Inter-American Highway from the Costa Rican frontier to the Panama City area. This Panama section is the most important remaining obstacle to a modern thruway system from Canada to Panama City.

One of the two large \$35 million petroleum refining companies (the Panama Refining Co.), which are being established in Panama near the Caribbean end of the Canal, began clearing a site and construction is expected to be well under way next year. The

other (the Panama Refining & Petro-Chemical Co.), also financed by an international group, finally signed a contract with the Panamanian Government in May to construct a refinery at a site located at Portobelo but building will probably not begin before 1959.

The Government has received ICA help in signing a contract with an engineering company to investigate the hydro-electric resources of the Republic. The company is required to submit its report by June 1958 outlining Panama's electric power requirements over the next twenty years and indicating the best sources of supply. At present, an American-owned power distribution company provides most of the electric current in the country from its thermal plants in Panama and Colon. This company has signed a new agreement with the Government to provide for its participation in any new power project.

Interest in the subsoil resources of Panama continues. A California oil company is initiating exploration of a large concession in the western part of the country and oil exploration is active in two other locations. A large mining company is building a road to open up its manganese deposits in Colon Province. Two U.S. aluminum companies have filed four-year mining rights for bauxite. Exploration rights for iron ore were filed in the Province of Herrera and a copper deposit near Tole is being drilled to determine its extent.

Colon Free Zone Facilitates Trade

Panama's unique geographical position lends itself to entrepot trade and this has expanded since the establishment a few years ago of the Colon Free Zone at the Caribbean end of the Canal. In some 25 well-kept warehouses, goods may be assembled or bottled, repacked, and distributed to Central and South American countries. Many U.S., European, Japanese and Australian firms are taking increasing advantage of these special facilities which are now handling goods totalling about \$40 million a year, but so far only one Canadian firm is using these unique services to reduce freight costs to these markets. Air transport companies see the opportunities and offer very low cargo rates, particularly northward to Central American markets. Even automobiles are now being shipped from the Free Zone by air as far as Guatemala. Costs are reported to be low in the Zone warehouses and the Panama authorities thus far have seen the advantage of keeping taxes low also to attract more foreign companies. Canadian companies would be well advised to write to the Free Zone authorities for details of the services offered.

Canadian Trade Opportunities

The outstanding item in Canadian export trade with Panama is used ships transferred to Panamanian regis-

try, which have jumped from \$1.1 million in the first six months of 1956 to \$18.8 million in the same period this year. Other Canadian exports increased from \$1.2 million to \$2 million in this period, mainly because of larger shipments of cellulose acetate to the Colon Free Zone for onward shipment to South American acetate yarn plants. Apart from this, there have been significant increases in Canadian canned soups, salt cod, sardines, brewing malt, whisky, calfskins, fishing nets and twine, toilet paper, washing machines, radio receivers, tires, new automobiles, semi-fabricated aluminum, copper tubing, and electric motors.

Most of these commodities give promise of further development in the Panama market. Canadian firms which are not yet represented by a local agent should send details of their products to the Canadian Government Trade Commissioner in Guatemala City, who will recommend suitable Panamanian representatives.

Coming to Canada on Business

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

► from Israel

ZVI ISAKSON, YEHUDI CHORIN and ISAAC ROKACH will come to Canada on a short economic mission on behalf of the Citrus Marketing Board of Israel in the latter part of October. Their forwarding address in Canada will be c/o Rex Brokerage Inc., 1665 Trudel Ave., Montreal 3, Que.

► from the United Kingdom

F. H. GARDNER, managing director, Pentland Instrument Co. Ltd., Oxford, will visit Toronto and Ottawa during the last week in October and the first week of November. He would like to meet people interested in his company's "E.M.O." anaesthetic equipment. Businessmen may reach him through the United Kingdom Trade Commissioner in Toronto or Ottawa.



Commodity Notes

Australia

URANIUM—Uranium production at Radium Hill, South Australia, is expected to be worth £3 million this financial year, the South Australian Premier said recently. A new ore system has been located about a quarter of a mile south of the Radium Hill mine and has been uncovered on the surface for more than 400 feet. Assays have not been completed but the ore registered as highly radioactive—Melbourne, Sept. 25.

AUTOMOBILES—The Australian motor industry increased its export earnings from \$4 million in 1955 to \$10 million last year. General Motors—Holden's Limited is now exporting vehicles to 16 countries and it is expected that Kenya, Tanganyika, Uganda, and Zanzibar will soon be receiving Holdens following the appointment of distributors. New Zealand has been the strongest market, but there has been brisk demand from Singapore, Malaya, Thailand, Fiji, and Hong Kong. Demonstration shipments of Holdens have been sent to South Africa, Southern Rhodesia, and Aden, and distributors are being appointed in the Cook Islands, Tahiti, and Samoa. In 1956, 2,193 Holdens were exported, and the 1957 figures are expected to be much higher—Sydney, Sept. 27.

TELEPHONE EQUIPMENT—An Australian firm which is already exporting its equipment to more than 16 countries has recently won a \$200 thousand order to supply multi-channel telephone equipment to a California company. The Australian firm has developed special signalling and dialing facilities which will be incorporated in the telephone equipment for the U.S. company's network—Sydney, Sept. 27.

PLASTIC COVERS—A banana-growing organization in the British West Indies recently placed a trial order for 6,000 banana bunch covers made from Australian plastic.

The New South Wales Department of Agriculture developed the practice of covering bananas. Overseas growers are showing a keen interest in the Department's experiments which have demonstrated

that covering improves the size, quality and appearance of the fruit. Field trials are being conducted to discover the best colours and types of plastics and the specific effects of covering the ripening fruit—Sydney, Sept. 27.

Brazil

COTTON—The cotton trade has been passing through a bad period. After two harvests badly damaged by heavy, out-of-season rains, an even smaller crop is expected this year. Last year the yield for all the Southern States was only 220 thousand tons of ginned cotton. This year, estimates run from 130 thousand to 160 thousand tons—São Paulo, Sept. 28.

SUGAR—Brazil's sugar industry has made considerable progress in recent years. Output of refined (factory) sugar increased from 23 million bags (of 60 kilos) in 1950 to 38 million bags in 1956 and may reach 43 million bags in 1957-58. Consumption for the current season has been estimated at around 36 million bags and because Brazil's sugar prices are competitive, exportable supplies should be disposed of without great difficulty. The State of São Paulo is currently Brazil's largest producer of sugar-cane—São Paulo, Sept. 28.

Ceylon

TEA—Production of Ceylon's major money-earner, tea, set a record of 229.7 million pounds in the first six months of this year. The previous record was set in 1955 when production totalled 207 million pounds. Exports up to the end of June amounted to 187.5 million pounds, also a new record—Colombo, Sept. 22.

India

BLACK PEPPER—The all-India final estimate of black pepper output for 1956-57 puts the area at 233,600 acres and production at 31,600 tons, compared with the partially revised estimate of 232,500 acres and 32,100 tons for 1955-56. Thus, despite this

increase in area, there has been an over-all decline in the black pepper crop of 1.6 per cent—Bombay, Sept. 23.

New Zealand

LUMBER—The annual report of the Director of Forestry states that New Zealand's lumber exports for 1957 will not reach the record level of 1955. There is a chance, however, that exports of sawn radiata pine, which make up about 90 per cent of the total, will equal the 1956 figure of 31.4 million board feet, or 7.3 million board feet less than in 1955.

Nearly all timber exports go to Australia and it was hoped that 1956 would see at least 50 million board feet sold there. The New Zealand industry feels that this goal was not attained largely because of a general decline in Australian demand and because radiata pine is still regarded as a marginal timber for uses other than boxmaking. Moreover, Australian-grown pine species are becoming increasingly competitive—Wellington, Sept. 30.

Norway

NITROGEN—The Norwegian electro-chemical company, Norsk Hydro A/S, estimates its output of nitrogen in the year 1957-58 at some 230 thousand tons, about the same as last year. Nearly the whole of the 1957-58 production has already been sold. Production of heavy water has also increased and has been sold ahead until 1960—Oslo, Oct. 3.

Pakistan

JUTE—There are not many changes in the new jute policy announced recently by the Government of Pakistan. The export duty on jute remains unchanged and no minimum export price has been fixed because prices are now well above last year's minimum. However, if prices weaken, the Government may establish a minimum export price and permit no exports below this—Karachi, Sept. 21.

Peru

OIL—The Compañía Peruana de Petróleo "El Oriente", a Peruvian company associated with German interests, brought in its second producing oil well on its concession in the jungle area of east central Peru in mid-July. This well is similar to the company's first which was brought in in March: both have an estimated production of 500 barrels a day and the oil is said to be of good quality. They are situated 6 km. east from Contamana on the Ucayalo river below Pucallpa. Both wells have been plugged back while three more wells are drilled in the same general area to prove the field. After-

wards pipelines will be laid. The first producing field in the Peruvian Amazon was Ganzo Azul, located about 200 air-miles south of the present find; this field was developed in 1938. "El Oriente" is one of the pioneers of the Peruvian jungle area—Lima, Sept. 30.

COFFEE—Peruvian production of coffee in 1956 exceeded 170 thousand bags of 80 kilograms each. Although this figure appears relatively small, it is interesting to note that in 1947 Peru produced 40,000 bags of coffee but by 1952 production had risen to 75,000 bags. Results with this crop, particularly in northern and eastern Peru where the climate is most favourable, have been satisfactory and more and more land is being devoted to coffee cultivation—Lima, Sept. 30.

Portugal

CORK—Portugal's exports of cork during the first six months of this year have varied only slightly compared with the same period last year—volume increased by 4 per cent, and total value fell by 2 per cent.

There has been a rise in volume for the raw material and cork manufactures and a fall in exports of semi-manufactured goods. On the other hand, all show a slight decrease in value—Lisbon, Oct. 1.

Rhodesia and Nyasaland

TRUCKS—One of Britain's big five in the motor industry, the Rootes Group, will in the near future start assembling trucks in Salisbury from completely knocked-down parts imported from the factory at Coventry. The first models to be assembled here will be trucks from 15 cwt. up to seven tons. Once the project starts, the first locally-assembled vehicles are expected to be ready early next year. This should eventually bring down the selling price of these vehicles because freight rates for C.K.d. vehicles are lower than for fully-assembled ones. It has been rumoured that firms like General Motors and Ford are interested in local assembly but to date the Rootes Group is the only one which has made plans to start on any scale—Salisbury, Sept. 24.

Sweden

TIMBER—Swedish export sales of timber products have been satisfactory during the summer. At the end of July, Sweden had placed about 815 thousand standards on the export market, and by the end of August 850 thousand. Exports of sawn and planed timber at July 31 totalled 953 thousand standards, compared with 462 thousand standards at the same time last year—Stockholm, Oct. 4.

IRON AND STEEL—Exports of iron ore during the first six months of 1957 reached 7,805,000 tons compared with 7,512,000 in the same period last year, according to the Ironworks Association. Total exports of pig iron increased from 16,100 to 21,300 tons.

Exports of iron and steel for manufacturing purposes, including solid materials, increased from 162,800 to 175,700 tons, and of certain manufactured iron and steel products from 32,100 to 38,200 tons.

Production of pig iron has gone up from 666,800 to 752,600 tons, and of sponge iron from 63,800 to 71,700 tons. Thus, total production of ingots has increased from 1,215,500 to 1,324,400 tons. Output of iron and steel for manufacturing purposes, including solid materials sold to other than ironworks, has risen by 84,900 tons—Stockholm, Oct. 4.

NEW TELEPHONE—The Swedish telephone company, L. M. Ericsson, recently introduced a new type of automatic telephone instrument. The "Ericofon" is attractively shaped and available in a number of different colours. The instrument contains all equipment necessary for the connection of a call and for conversation and weighs slightly less than a pound. There is no visible dial and no separate handset—the whole apparatus is taken in the hand and the dial is placed underneath. At the end of a conversation the "Ericofon" is put down on the table and a button placed in the middle of the dial automatically disconnects the call—Stockholm, Oct. 4.

United Kingdom

BISCUITS—The sale of biscuits in the United Kingdom, an important consumer at all times, has been rising steadily and the demand for chocolate biscuits is especially strong. There are about 250 manufacturers but 40 of them are responsible for 90 per cent of the production. Some leading manufacturers turn out as much as 85 per cent in packaged form, but probably half total production is still sold loose, because bulk biscuits cost a penny or so less a pound. There has been a tendency for manufacturers to concentrate on fewer varieties: one leading manufacturer which formerly produced about 300 lines is now making only 50. Exports are rising and increased in value from £5,393,000 in 1955 to £5,438,000 in 1956. During the first half of 1957, they rose to £2,538,000 compared with £2,313,000 in the first half of 1956—London, Oct. 7.

PLASTICS—Output of plastic goods in the United Kingdom is expected to reach 400 thousand tons in 1957, an increase of about 16 per cent over last year's record. Exports are running at a rate of about £30 million for the year. Sales of polyethylene increased 40 per cent last year and are

still rising. The market for polyvinyl chloride has also risen markedly; a great deal of the increase took place in flooring materials, tablecloths, curtains, and garden hose. Output of polystyrene is advancing steadily. A new synthetic rubber factory with a capacity of 400 tons is about to start production—London, Oct. 7.

West Germany

MACHINE TOOLS—Business has risen steadily for the machine industry in the German Federal Republic during the past eight years. Since the end of 1949 the number of employees has grown from 420 thousand to approximately 820 thousand. From 1950 to 1956 the value of production rose from DM 5,000 million to DM 16,400 million, and the value of exports from DM 1,300 million to DM 5,900 million.

In world markets West Germany is second only to the United States as an exporter of machinery, although the latter is still far in the lead. With a share of 19.9 per cent, the Federal Republic accounts for approximately one-fifth of the world's total machine exports, closely followed by Great Britain with 18.1 per cent. However, both countries together do not quite reach the U.S. figure of 38.6 per cent—Bonn, Oct. 4.

Christmas Tree Standards Established

Standards for Christmas trees established by the U.S. Agricultural Marketing Service and to become effective in thirty days were published in the "Federal Register" of October 1, 1957, Volume 22, Number 90, page 7767. There is one set of standards for all species and the grades are U.S. Premium, U.S. No. 1, and U.S. No. 2. Factors used in delineating these grades include density, taper, balance, foliage, and deformities.

United States Department of Agriculture Fruit and Vegetable Inspectors are currently being trained in Christmas-tree grading and the Department hopes that they will be able to take care of any requests for grade certification after November first. Grading will be done on a permissive or voluntary basis by tree growers or producers and trees may be tagged with USDA grade markings. Department inspectors will be called on only in case of dispute or other unusual circumstances.

The Forest Products Division of the Department of Trade and Commerce has been actively investigating the possibilities of establishing similar grades in Canada. Those interested may obtain further information by writing to the Division at No. 1 Building, Ottawa.



Trade and Tariff Regulations

Colombia

DEPOSIT REQUIREMENT FOR IMPORTS INCREASED—According to a cabled report of October 9 from our Commercial Counsellor in Bogota, the Colombian Government has increased the deposit requirement from 20 to 100 per cent of the F.O.B. value of all permissible imports except for certain foods, drugs, pesticides, fertilizers, agricultural machinery and spares and automobile engine spare parts. The deposit requirement is refundable on import of the goods. This new measure has been introduced in order to curtail further the flow of imports into Colombia and applies equally to goods from all countries.

India

IMPORT TRADE CONTROL POLICY ANNOUNCED

—Cabled advice from the Acting Commercial Secretary, New Delhi, reports that the Indian Import Trade Control Policy for the period October 1957 to March 1958 was announced on October 1. Under it, Open General Licences are still abolished. Licences formerly granted to established importers on 158 items are now abolished. These include:

Tobacco manufactures; woollen fabrics; cycles and accessories; watches; fountain pens; crockery; glassware; cutlery; razor blades; stainless steel wire netting; iron and steel chains; vehicular diesel engines; truck and car batteries; butter; cheese; ghee; canned and bottled ham and bacon; spirits and other fermented liquor; cement; sanitary ware; domestic refrigerators; typewriters; motorcycles and scooters; boot and shoe manufacturing machinery; oil crushing and refining machinery; petroleum drilling equipment; air conditioners; sugar manufacturing machinery; tractors, above T.P. draw bar horse power; cinema machinery; printing and lithographic material; and special vehicles.

Licences will be available to actual users for the following goods:

Hair belting; component parts of power-driven road rollers; tallow; yeast; lead slips; specialized kraft paper; artificial silk yarn and thread; china and porcelain; stove burners; stoves and parts; typewriters and parts for firms engaged in manufacture; motor cycles and scooters for manufacturers; auto attachments; cycle parts; essences containing spirit; petroleum drilling equipment; refrigeration and air conditioning machinery; dairy and poultry farming appliances; acrylic plastic moulding powder; heat sealing and moisture proof grade film paper.

Reduction was made in the quotas for established importers on 122 items. Thirty of these reduced items formerly on Open General Licence include:

Copper; lead ingot; zinc; aluminum; centrifugal pumps; cable accessories; electric motor starters; powdered milk; cinematograph film; cotton yarn and fabrics; photographic instruments; wood and timber; dyeing and tanning substances; diamonds and scientific equipment.

The licence conversion allowed in the last quarter (July-September 1957) is now discontinued. The authorities anticipate imports will be reduced by Rupees 1,000 to 1,500 million as a result of this policy.

Further information will be available when the official text of the new import trade control policy is received.

United States

TARIFF COMMISSION HEARINGS ON LEAD AND ZINC

—The United States Tariff Commission has announced that a public hearing will be held, beginning at 10 a.m. on Tuesday, November 19th, under the "escape clause" provisions of the Trade Agreements Act to determine whether lead and zinc are, as a result of the concessions granted under trade agreements, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industries producing like or directly competitive products.

Interested parties desiring to appear and be heard at the hearing should notify in writing the Secretary of the U.S. Tariff Commission, 8th and E Streets N.W., Washington, D.C., at least five days in advance of the date set for the hearing.

CUSTOMS COURT RULING ON GLUED-UP LUMBER

—The First Division of the United States Customs Court ruled on July 31, 1957, that a shipment of so-called "two piece stock" was dutiable as lumber, rather than as manufactures of wood as claimed by the U.S. Collector of Customs at Seattle.

The Court held that the application of processes whereby two narrow pieces of wood were joined and glued and made into one piece of wide wood, but which did not change the per se character of the wood as lumber, did not constitute such a manufacture of wood as would remove it from the purview of U.S. tariff paragraph 1803(1) as "sawed lumber . . . not further manufactured than planed, and tongued and grooved."

There has not been a notice of appeal against this Court decision by the U.S. Treasury Department within the allotted sixty-day period.

Imports entered under the provision in the U.S. Tariff for lumber are liable for duty at low rates ranging from 25¢ to \$1.50 per 1,000 ft., board measure, whereas imports entered under the provision for manufactures of wood are liable for duty at the higher rate of 16½ per cent ad valorem.



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:

M. B. BURSEY, formerly Commercial Counsellor in Ciudad Trujillo, Dominican Republic:

Toronto—Oct. 28-Nov. 5	Hamilton—Nov. 7
London—Nov. 6	Brantford—Nov. 8

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Ottawa—Oct. 23-30	Quebec—Nov. 29
Toronto—Oct. 31-Nov. 14	Saint John—Dec. 2-3
Hamilton—Nov. 15	St. John's—Dec. 5-6
Montreal—Nov. 18-28	

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.

Tours of Territory

D. S. ARMSTRONG, Commercial Secretary in Cairo, Egypt, expects to begin a tour of his territory on November 15. He will visit Jeddah, Riyadh, Asmara, Aden, Addis Ababa and Khartoum.

C. E. BUTTERWORTH, Consul and Trade Commissioner in São Paulo, Brazil, plans a tour of the State of Paraná, November 1-10, during which he will visit Curitiba, Parangua, Monte Alegre, Maringá, and Londrina.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut, Lebanon, will visit Kuwait on November 12, 13 and 14, Bahrain 15-17, and Baghdad 18-21.

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. Armstrong can be reached at his office in Cairo, Mr. Butterworth at São Paulo, and Mr. Rousseau at Beirut.

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 1.0319.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent October 15	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official .....	.05384	18.57	(1)
		Free .....	.02457	40.70	
Austria	Schilling ...	.....	.03727	26.83	
Australia	Pound .....	.....	2.1700	.4608	
Belgium, Belgian Empire and Luxembourg	Franc .....	.....	.01929	51.84	
Bolivia	Boliviano ..	Official .....	.0001146	8726.0	
British West Indies	Dollar .....	.....	.5651	1.77	(2)
	Pound .....	.....	2.7125	.3687	(3)
British Honduras ..	Dollar .....	.....	.6781	1.47	
Brazil	Cruzeiro	General Category	n.a.	n.a.	(4)
		Special Category	n.a.	n.a.	
		Official buying .....	.0526	18.95	
Burma	Kyat .....	.....	.2035	4.91	
Ceylon	Rupee .....	.....	.2034	4.92	
Chile	Peso	Free .....	.001614	619.58	(5)
Colombia	Peso	*Certificate .....	.1893	5.28	
Costa Rica	Colon	Official .....	.1726	5.79	
		Controlled free .....	.1460	6.85	
Cuba	Peso .....	.....	.9691	1.03	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1346	7.43	
Denmark	Krone .....	.....	.1403	7.13	
Dominican Republic	Peso .....	.....	.9691	1.03	
Ecuador	Sucre	Official .....	.06461	15.48	
		Free .....	.05427	18.43	
Egypt	Pound	Official	2.7827	.3594	(6)
El Salvador	Colon .....	.....	.3876	2.58	
Fiji	Pound .....	.....	2.4437	.4092	
Finland	Markka .....	.....	.003028	330.25	
France, Monaco and North Africa	Franc .....	.....	.002308	433.28	(7)
French Colonies in Africa	Franc .....	.....	.004616	216.64	(8)
French Pacific	Franc .....	.....	.01269	78.80	(9)
Germany	D Mark .....	.....	.2307	4.33	
Ghana	Pound .....	.....	2.7125	.3687	
Greece	Drachma .....	.....	.03230	30.96	
Guatemala	Quetzal .....	.....	.9691	1.03	
Haiti	Gourde .....	.....	.1938	5.16	
Honduras	Lempira .....	.....	.4845	2.06	
Hong Kong	Dollar	Free* .....	.1628	6.14	*Sept. 27
		Official .....	.1695	5.90	
Iceland	Krona	Official .....	.05950	16.81	(6)
India	Rupee .....	.....	.2034	4.92	
Iran	Rial	Certificate .....	.0128	78.17	
Iraq	Dinar .....	.....	2.7134	.3685	
Ireland	Pound .....	.....	2.7125	.3687	
Israel	Pound .....	.....	.5384	1.86	
Italy	Lira .....	.....	.001556	642.67	
Japan	Yen .....	.....	.002692	371.47	
Lebanon	Pound	Free .....	.3073	3.25	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent October 15	Units per Canadian dollar	Notes (See below)
Mexico	Peso .....	.....	.07753	12.90	
Netherlands	Florin .....	.....	.2543	3.93	
Netherlands Antilles	Florin .....	.....	.5124	1.95	
New Zealand	Pound .....	.....	2.7125	.3687	
Nicaragua	Cordoba	Effective buying .....	.1468	6.81	
		Official selling .....	.1375	7.28	
Norway	Krone .....	.....	.1357	7.37	
Pakistan	Rupee .....	.....	.2034	4.92	
Panama	Balboa .....	.....	.9691	1.03	
Paraguay	Guarani	Official .....	.01615	61.92	(6) (10)
Peru	Sol	Certificate .....	.05100	19.61	
Philippines	Peso .....	.....	.4845	2.06	
Portugal & Colonies	Escudo .....	.....	.03382	29.57	(11)
Singapore & Malaya	Straits dollar	.....	.3165	3.16	
Spain & Dependencies	Peseta	Controlled free .....	.02307	43.35	(6)
Sweden	Krona .....	.....	.1873	5.34	
Switzerland	Franc .....	.....	.2262	4.42	
Syria	Pound	Free* .....	.2707	3.69	
Thailand	Baht	Free .....	.04702	21.27	(6)
Turkey	Lira .....	.....	.3461	2.89	(6)
Union of South Africa	Pound .....	.....	2.7125	.3687	
United Kingdom ..	Pound .....	.....	2.7125	.368663	
United States	Dollar .....	.....	.9690625	1.031925	
Uruguay	Peso	Free .....	.2306	4.34	(6)
		Basic buying .....	.6382	1.57	
		Principal selling .....	.4615	2.17	(12)
Venezuela	Bolivar .....	.....	.2893	3.46	
Yugoslavia	Dinar .....	.....	.003230	309.60	(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: Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
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.



General Notes

Australia

BRITISH CARS—The British Motor Corporation has announced that it will make a popular-priced family car designed solely for the Australian market. It will be possible to produce the new car at the rate of 1,000 per week at the company's new \$26 million factory in Sydney, which is expected to employ 7,000 men when it reaches capacity production in 18 months—Sydney, Sept. 30.

Netherlands

DUTCH FISHING IN IRELAND—The Dutch firm of Wijnbelt & Co., Woudrichem, has concluded a contract with the Electricity Supply Board in Dublin for the exclusive sale of all fish, except salmon, caught in the River Shannon and its tributaries. The company intends to increase eel fishing in the Shannon River basin, and trial fishing has indicated the presence of pike and perch and other marketable varieties. The Dutch firm has established a branch plant and office at Limerick which will catch, process and export the fish to the Netherlands and other European markets. The possibility of establishing a fish-preserving plant in the same area is being studied. It is the intention to make daily shipments by rail to Shannon airport and thence by air to European markets, permitting the head office in Holland to make deliveries within 24 hours of receipt of orders—The Hague, Oct. 4.

Northern Ireland

TRADE REPRESENTATIVE FOR NEW YORK—The Northern Ireland Government is to establish a permanent representative in New York to help American industrialists interested in locating plants in Northern Ireland. The officer, who will be attached to the office of the United Kingdom Consul General and located in the Consulate, will act in conjunction with the Northern Ireland Development Council and its U.S. committee. It is expected that he will take up his duties early in 1958, when he will be able to follow up any contacts made by Sir Francis Evans who is to make a two-month tour of the United

States on behalf of the Northern Ireland Development Council—Belfast, Oct. 8.

Rhodesia and Nyasaland

TRADE SURPLUS SMALLER—From January to June this year the value of exports (including gold) from the Federation fell £7,750 thousand from the first six months of 1956 to £87,410 thousand; the cost of imports rose £5,500 thousand to £83,070 thousand. Thus the balance of trade for the first half of this year, at £4,340 thousand, was less than one-quarter of last year's surplus at the end of June. Main reason for the decline in exports was the sharp drop in the price of copper.

The trade balance for the half-year is the smallest since the Federation came into being. At the end of June 1954, during the first complete year of Federation, the surplus totalled more than £11,000 thousand; in 1955 the first six months' total fell to just under £10,000 thousand; last year it reached a record £17,500 thousand—Salisbury, Sept. 25.

Turks Island

EXPORTS RISE—Exports of salt, sisal, dried and frozen conch and lobster from Turks Island in 1956 were valued at £52,207, an increase of 8½ per cent over those in 1955 and 55 per cent higher than in 1953. Salt continues to be the chief export—Kingston, Sept. 22.

United Kingdom

STANDARD OF LIVING—A recent blue book, *National Income and Expenditure 1957*, indicates that between 1948 and 1956 consumer expenditure increased by 16 per cent in real terms. This means an average rise of 2 per cent a year in the standard of living. Some outstanding increases are in private motoring and cycling, 200 per cent; radio and electrical goods, 63 per cent; furniture and furnishings, 45 per cent; drugstore items, 43 per cent; alcoholic beverages, 43 per cent; clothing, 18 per cent, and food, 17 per cent—London, Oct. 9.