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cover These Japanese women are plucking tea leaves in a tea garden in Shizuoka Prefecture. Though only 15 per cent of the land in Japan is arable, it is intensively cultivated and agriculture employs about 45 per cent of Japan's people. These facts, and others important in sizing up this unusual and lucrative market, are set out in the articles on pages two and five.

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CANADA

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JAPAN

the country and its traders

What goods do the Japanese chiefly import and export —and why? How is trade carried on in this bustling, overcrowded country? Questions like this rate careful study because Japan, our fourth largest market, bought $139 million worth of Canadian goods last year.

J. L. MUTTER, *Commercial Counsellor, Tokyo.*

JAPAN, made up of a group of islands, lies in the Pacific Ocean on the eastern flank of the Asiatic Mainland. The four main islands—Hokkaido, Honshu, Shikoku and Kyushu—together with some thousand smaller islands and islets, have a total area of 141,529 square miles, or considerably less than half that of British Columbia.

The climate is mild and temperate, not unlike that of British Columbia, and the four seasons are clearly marked. Except in the northern island of Hokkaido, snow is largely confined to the mountainous districts and winter temperatures seldom fall much below freezing point. Spring lasts through April and May. June is usually wet and July and August can be uncomfortably hot and humid. To many people, the most pleasant months are those of autumn and early winter which bring bright crisp days.

Arable Land Overcrowded

With approximately 90 million people, Japan is outranked in population only by China, India, the Soviet Union and the United States. Belgium and the Netherlands are more densely populated, but on the basis of persons per square mile of arable land, Japan has no equal. The country is mountainous and extensive plains are few. Because only about 15 per cent of the land is arable, each square mile of cultivated land supports about 4,200 people. Five cities—Osaka, Kobe, Nagoya, Yokohama and Kyoto—have populations of from one to three million, and Tokyo, with nine million, is rated today as the world's largest city.

The Japanese coastline is nearly twice as long as that of the United States and the large number of gulfs and bays which indent the shores facing the Pacific Ocean provide numerous ports and harbours; two, Yokohama and Kobe, can handle the largest ships afloat.

Nearly 45 per cent of the Japanese live and work on farms, and although the nation is highly industrialized, agriculture—favoured by a temperate climate, plentiful rainfall and a comparatively long growing season—is still the mainstay of the economy. On the whole, farms are small and the use of large-size farm machinery is limited, but farming techniques are advanced and land productivity is high.

Food Imports Still Needed

Rice, the staple food of the Japanese people, is easily the most important agricultural product. Over half the farmland is devoted to this grain and the yield is two or three times as much per acre as in the other principal rice-growing countries in Asia. Even so, to feed her huge population Japan still has to import three to four million tons of cereals a year and in recent years, foodstuffs have accounted for as much as 25 per cent of total imports.

Two-thirds of Japan's land area is covered by forests. These provide lumber, still the predominant building material, fuel in the form of charcoal, and a substantial share of the raw material required by the pulp, paper and other forest products industries.

The fishing industry, both deep-sea and coastal, is of major importance because the Japanese are the world's greatest fish eaters (102 grams per capita per day) and rely upon the harvest of the sea to augment food supplies.

Resources for Industry

Some thirty minerals are indispensable as raw materials for Japanese industry but only twelve of these occur in sufficient quantity to meet minimum domestic requirements. These are lead, zinc, arsenic, bismuth, pyrite, sulphur, limestone, gypsum, barytes, silica stone, feldspar and dolomite. Domestic coal is mainly of a low-grade bituminous type with limited

industrial use. Consequently, industry in Japan relies heavily upon imported minerals.

With its mountainous terrain and heavy rainfall, Japan possesses abundant hydro power resources. Hitherto these, supplemented by thermal power plants, have been able to meet the demand. But because this demand has more than doubled since prewar, the harnessing of waterpower potential continues apace and there is wide and increasing interest on the part of both government and industry in the possibilities of atomic energy. Research and development in this field is still in its initial stages. (The Japan Atomic Energy Commission was established on January 1, 1956.) Numerous private companies are engaged in the work in co-operation with the Commission and a research reactor at Tokai, Ibaragi Prefecture, has recently come into operation.

Industrial Progress Impressive

Japan's progress in manufacturing has been rapid and remarkable and today it is one of the world's leading industrial nations. Before the war the accent was on light industry, especially textiles. Immediately after 1945, the rehabilitation of war-damaged and obsolete facilities brought about a marked change in the industrial structure, as the textile industry lost its former relative importance and the heavy and chemical industries moved ahead. In the middle '30s, the textile industry produced about 37 per cent by value of all industrial production and provided over 50 per cent of total exports. Twenty years later, the corresponding figures were 18 and 37 per cent.

Despite its dependence on imported raw materials, the metal industry has become one of Japan's most important. In 1956, for example, the iron and steel industry produced 6 million tons of pig iron, 11.1 million tons of steel ingot, and 8.2 million tons of hot-rolled steel. These figures, in aggregate, represent about 50 per cent of total metal output; non-ferrous metal ingot (lead, zinc, aluminum, nickel and titanium) accounts for 8 per cent and rolled copper for 12 per cent. Parallel gains have been made in the machinery industry; its production volume is now about double prewar and it plays a prominent role in Japan's progress. Among the products that figure prominently in the export returns of this industry are ships (Japan led the world in 1956 in tonnage launched and exported); textile machinery; railway rolling stock; electrical, agricultural and construction machinery; motor vehicles; sewing machines; optical instruments and cameras.

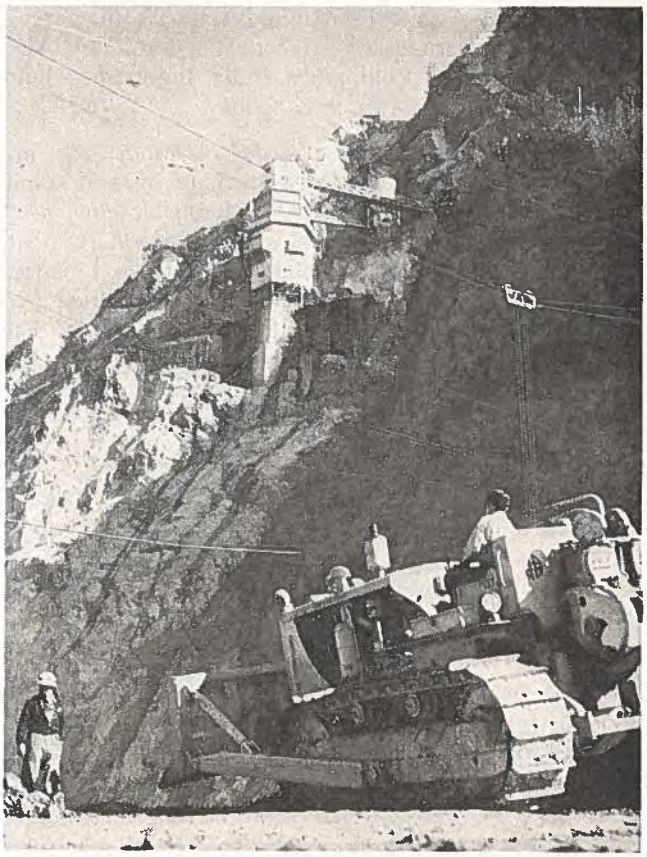
The chemical and petrochemical industries, also dependent on foreign raw materials as well as on foreign techniques and know-how, have expanded also, and turn out chemical fertilizers, soda, synthetic dyestuffs, resins and plastics, organic compounds, oil and fat products, paints, industrial explosives, medicines and agricultural chemicals.

As a highly industrialized country with a small land area, a huge population and insufficient natural resources, Japan must import vast quantities of foodstuffs and raw materials. These imports can only be paid for by exports of fully and semi-manufactured goods. To Japan, a flourishing foreign trade is vital.

Traditionally, Japan's balance-of-payments position is an unfavourable one (although strenuous efforts are being made to increase exports), with the gap filled by invisible transactions such as the earnings of the merchant fleet and, in more recent years, by special procurements of the United States Armed Forces. In 1957 total trade reached $7,135 million, of which $2,852 million represents exports and $4,283 million imports.

Trade Pattern Analyzed

Domestic food supplies must be augmented by imports of rice, wheat, barley and sugar worth some $500 to $600 million a year. To keep the wheels of Japanese industry turning, all the raw cotton and raw wool, nearly all of the bauxite and nickel ore, 94 per cent of the petroleum, 80 per cent of the salt, 76 per cent of



The many mountainous areas and the heavy rainfall mean that Japan has large resources of hydro power to be developed. This picture shows the Sakuma Dam under construction.

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J. L. MUTTER recently arrived from Tokyo and is visiting business centres throughout Canada to meet businessmen who are interested in the important Japanese market. Mr. Mutter has served as Commercial Counsellor in Japan since 1955 and is familiar with both the opportunities for and the problems of trading with Japan. He began his tour in Vancouver on May 20 and is now travelling through Ontario; details of his itinerary appear on page 24.

Appointed to the Trade Commissioner Service in 1928, Mr. Mutter has served in South Africa, Singapore, Cuba, Chile, Scotland and Norway.

the iron ore and 43 per cent of the coking coal the country needs must be imported.

About 78 per cent of all imports originate in North America and Asia. The United States is the largest single source (about 30 per cent), followed by Australia, Canada, the Philippines, India, Indonesia, Mainland China, and the United Kingdom.

Leading exports, roughly in order of importance, are cotton fabrics, ships, iron and steel, rayon and staple fibre fabrics, marine products, made-up clothing, non-ferrous metal products, chinaware, plywood, cement, toys and raw silk. The principal markets for Japanese exports are Asia (42 per cent), North America (26 per cent), Africa, Europe and South America. The most important individual market is the United States.

Trade with Canada Increases

Since 1954, Canada-Japan trade has developed rapidly within the framework of the trade agreement signed in that year. Under the agreement, each country extends most-favoured-nation treatment to imports from the other, and Canada is also assured of non-discriminatory treatment in respect of several major exports. Last year Japan imported from Canada merchandise to the value of $139 million ($128 million in 1956) representing almost entirely bulk foodstuffs such as wheat (for which Japan is Canada's third best customer) and barley, and materials for industry such as wood pulp, iron ore, lead, scrap metal, asbestos, tallow, flaxseed, hides and skins. This basic pattern is unlikely to change appreciably. Exports to Canada were valued at $61 million ($60 million in 1956) and the principal products were gas, water and oilwell casings, textiles made-up and in the piece, toys, plywood, and canned salmon.

Trade Practices and Controls

Most business with Japan, both import and export, is government controlled and is done on letter of credit, subject to import or export licence. When the credit is established Canadian exporters should ship exactly in accordance with its terms. Canadian importers, on the other hand, should arrange for the inspection of orders from Japan that are paid for before shipment. Few Japanese manufacturers do their own importing or exporting; they prefer to leave these operations to the numerous trading companies, large and small. These organizations play a leading role in Japan's international commerce by acting as buying and selling agents, financing small manufacturers, and providing inspection and other services. In most cases, Canadian firms will find it not only necessary but advantageous to work through them.

Foreign Exchange Budget

In principle, foreign exchange is allocated by the Ministry of International Trade and Industry to import commodities called for in the foreign exchange budget which is announced at half-yearly intervals, normally on April 1 and October 1. This budget is divided into appropriations for the import of specified goods under the Foreign Exchange Allocation System and those for imports under the Automatic Approval System. For the former, import licences are issued by the bank, after a foreign exchange allocation has been obtained from the Ministry of International Trade and Industry; for the latter, licences are granted automatically by the exchange banks to any applicant, as long as part of the budget remains uncommitted.

Outlook Fair

The foreign exchange budget for April-September 1958 announced a month ago undoubtedly reflects considerable uncertainty over future developments in world trade, though the market for wheat and barley may increase. Other features of this budget, and the allocations, are set out in the article "Japan Announces Import Budget" in the May 24, 1958, issue of *Foreign Trade.*

Index to *Foreign Trade*

The index to Volume 108 (July-December 1957) of "Foreign Trade" is now ready. If you would like a copy, write to the Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.

as the businessman sees it

Exploring the Japanese Market

Two weeks spent in Japan last December gave Leo E. Ryan, president of Monsanto Canada Ltd., an insight into Japanese business and businessmen. Here he passes on to fellow exporters some of the things he learned about this complex market.

LEO E. RYAN, *President, Monsanto Canada Ltd., as told to O. Mary Hill.*

WHEN Leo E. Ryan, president of Monsanto Canada Ltd., landed in Japan last December, he was seeing the Far East for the first time. As the current president of the Canadian Exporters Association, he was also putting into practice one of the CEA's favourite admonitions—if you want to sell in foreign markets, visit them yourself.

Japan and Monsanto were already well acquainted; the Canadian company had been selling to Japanese firms for some time and had agents there. In addition, Monsanto Kasei, a partnership between the parent company in the United States and the Mitsubishi interests, was turning out certain chemicals for the Japanese market. But the visit of a company president, coming all the way from Canada to talk with the firm's customers about their needs and problems, carried great weight with the Japanese, always conscious of "face". This, Mr. Ryan pointed out when he returned to Canada, is a fact that other Canadian exporters might bear in mind.

The Japanese Tempo

His round of business calls during the two weeks that he spent in Japan took Mr. Ryan to Tokyo, Yokohama, Osaka, Nagoya, Kyoto, Nagasaki, and Yokkaichi. Very early he discovered that the pace of business in Japan differs from that in Canada. The Japanese consider that "getting down to brass tacks" too quickly is downright rude. "Never drank so much tea in my life," says Mr. Ryan. In large offices or small, the ritual never varied. Before talking business, Japanese executives and their Canadian visitors sat around a small table (never a desk), sipped tea, and exchanged formal greetings. The Canadian who goes to Japan has to curb his North American impatience and suit his tempo to theirs. The friendliness of his reception and the atmosphere of goodwill certainly repays him for the effort.

It is not only these formalities that slow up business: there is also the language problem. In Tokyo, many of the leading businessmen and their senior employees speak English. In other towns and cities, the visitors may have to carry on conversation through an interpreter—a time-consuming process. When this goes on all day it can be tiring, as Mr. Ryan discovered. He stresses, however, that unfamiliarity with Japanese should not frighten the prospective visitor away. The Canadian Embassy will see that he gets a competent interpreter when he needs one.

Trading Houses Important

One of the chief benefits of a business trip to Japan, the CEA president emphasizes, is the gaining of an insight into buying and selling practices there. Most Japanese manufacturers do not maintain their own export or import departments; instead, they engage an export-import trading house to do their buying and selling for them. There are literally thousands of such houses, some small and some very large. It is with them that the Canadian exporter customarily does business, either directly or through a commission agent. In addition, the Japanese distribution set-up is a complicated one, and at each stage of the progress from manufacturer to ultimate consumer, commissions must be paid. A good agent is thoroughly acquainted with the proper procedures. He can also advise on the extension of credit. This can be a difficult decision in Japan, where there are thousands of small businesses about which it may be hard to obtain credit information, especially at a distance.

Some Canadian firms, Mr. Ryan found, send over salesmen from Canada and maintain them in Japan. This usually proves to be an expensive proposition, partly because the alien who lives in Japan must pay income tax at the rather high Japanese rates.

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Even a brief stay in a foreign country gives the traveller some insight into the problems of its people. In his conversations with Japanese businessmen either in their offices or, more informally, at a geisha house—the Japanese form of business entertaining—Mr. Ryan learned a good deal about their attitude towards the West, trade-wise. Japanese firms want desperately to sell more goods to North America, because they need dollars. But they see lions in the path. Quoting too-low prices may bring accusations of dumping. Too much sales success in certain lines may lead to exclusion from the market or the suggestion of a voluntary limitation of shipments. As a result, Japanese businessmen suffer from a feeling of frustration. They are also concerned about their small sales in a nearby market, once one of their best—Mainland China.

Mr. Ryan admits that he went to Japan with certain ideas firmly in mind. Many of these he had to revise. One was that the Japanese manufacturer is essentially imitative and unlikely to create new processes or designs. Actually, he found a good deal of inventiveness among the firms that he visited. In one plant he observed a process more efficient than the one used in Canadian factories for the same purpose. He was also struck by the amount and variety of machinery that the Japanese turn out, some of types calling for intricate machining.

First Steps Explained

For those who wish to enter the Japanese market, Mr. Ryan has some suggestions, the fruit of this brief yet intensive personal experience.

1. Consult the Canadian Trade Commissioner in Tokyo about the market in Japan for your product and ask him to assess its possibilities for you.

2. If the market potential is promising, visit Japan yourself, combining it with a trip to other Far Eastern markets to justify the expense. Let the Trade Commissioner help you with your itinerary and appointments. Don't let the language problem deter you.

3. While you are in Japan, make contacts with export-import trading houses that may buy your product. Investigate suitable agents, and try to gain some understanding of the complex distribution system.

4. Be willing to allow credit terms of up to six months if necessary; selling on letter of credit only is becoming difficult in Japan.

5. Plan to spend some money on advertising. The Japanese are a highly literate people and much of the advertising is well prepared and presented.

6. Be prepared to meet aggressive competition in most lines, particularly from Germany, the United Kingdom, and Italy. ●

Thailand Turns Out Paper

THAILAND'S small paper industry may soon become a buyer of Canadian wood pulp. Most of the country's paper needs are met by imports but there are two small paper factories, both government-owned. Some two tons a day of wrapping and blotting paper are produced near Bangkok from waste paper. About 75 miles from the capital at Kanchanaburi, on the Mekorn River, 10 to 15 tons of writing paper per day are made from bamboo and native wood.

The scrap plant uses a 40″ U.S.-made Fourdrinier machine installed in 1921. The site was bombed during the war and has not been completely rebuilt; the digester was destroyed and never replaced. There are no bleaching tanks; the chlorine solution is added to the beater.

A Thai workman moistens by hand scrap paper that has first been sorted; he will then drop it into the grinder.

The larger writing-paper plant now produces pulp composed of two-thirds bamboo and one-third softwood by a chemical process, using sodium hydroxide in the digester. The plant makes its own chlorine for bleaching in 40 Vorce cells from salt obtained from the nearby Indian Ocean. The machine is a 110-inch German-made Fourdrinier which was installed about twenty years ago. The chlorine cells and four of the eight beaters were obtained from Japan five years ago. The plant's pulp-making capacity is not large enough to keep the machine working full time and some wood pulp may be imported.

In the first eleven months of 1957 Thailand imported 43,395 tons of paper, including 16,605 tons of newsprint. Canada supplied 332.1 tons of newsprint in 1957—200 tons more than in 1956 but 48 tons short of 1955 sales.

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

Markets for Plastic Raw Materials

TURKEY—*Shortage of foreign exchange holding back expansion of the plastics industry and curtailing imports of plastic raw materials.*

TURKEY'S plastics industry today consists of about 113 plants and workshops of varying sizes. Foreign exchange difficulties of recent years have seriously curtailed growth in this field; no plastic raw materials are being made in the country nor are there plans to undertake manufacture in the future. Imports of these materials are held at between 1,800 and 2,000 metric tons a year.

The list of finished articles produced in the country by the four conventional processes—compression, injection, extrusion and coating—includes:

1. Phenolic products: electrical items, medicinal tubes, and bottle stoppers.
2. Polystyrene products: combs, toothbrushes, medicine containers, kitchen utensils, glasses, buttons, packing boxes, etc.
3. Polyvinyl chloride: belts, table oilcloth, cables, artificial leather, linoleum, hoses.
4. Celluloid sheets: ping-pong balls, toys, school requisites.
5. Casein sheets: buttons.
6. Cellulose acetate: spectacle frames.

Where Supplies Are Procured

Plastic raw materials reach Turkey from the United States and Canada using ICA procurements, and licences to import these materials are also granted to those European countries that have trade agreements with Turkey. Of the European suppliers, the most important are:

Badische Anilin und Soda Fabrik A.G., Germany
Dynamit Actien-Gesellschaft, Germany
Farbenfabriken Bayer A.G., Germany
Montecatini, Italy
Imperial Chemical Industries Ltd., England

IMPORT OF PLASTIC RAW MATERIALS

	1956	*1957 (9 mos.)*
	(in metric tons)	
Poly-condensation products (modified or not)	500	283
Polymerization products (polyethylene and derivatives, PVA, PVC, etc.)	926	1,253
By-products of cellulose (various esters of cellulose)	332	50
Derivatives of albuminoid raw materials (casein, gelatine)	26	46
Byproducts of natural resins and gums	13	0.5
Total	1,797	1,632.5

During the past three years, Turkey's main sources of plastic raw materials and semi-processed products have been West Germany, the United Kingdom, and the United States, in that order. Less important suppliers include Czechoslovakia, Israel, Italy, Poland, the Netherlands, East Germany and Hungary. The table to the left gives details of imports during 1956 and the first nine months of 1957.

Canadian Sales Small

All plastic raw materials are purchased by the state purchasing organization—Yas Meyve ve Sabze Tarim Satis Kooperatifleri Birligi, Seyhan Apt., Cumhuriyet Caddesi, Istanbul—cable address: Mesebe Istanbul. It grants licences according to Turkey's needs and the funds available, on the basis of offers submitted by the Turkish agents of foreign suppliers. Canada's share of this business has so far been small, with sales limited to $58,010 worth of synthetic resins in 1956, and dropping off completely in 1957. In the first two months of 1958, $29,925 worth of polystyrene and $9,741 worth of other synthetic resins went to Turkey from Canada.

—A. B. BRODIE,
Commercial Secretary, Athens.

ISRAEL—*Growing plastics industry is absorbing about 1,500 tons of primary plastics per year. Canadian exporters must meet stiff competition from U.S. and European suppliers.*

THE plastics industry in Israel has progressed satisfactorily in recent years with government support and grants and technical assistance from United Nations and U.S. Government agencies. Starting with 15 small plants in 1948 when the State was established, the country today has over 70 plants of various sizes. Products of all types are turned out, using compression and injection moulding, extrusion, coating and calendering processes. Ten of the plants have a substantial output and the whole industry employs some 500 workers. Total production is valued at about $3 million a year, with exports (mainly of finished plastics) accounting for nearly 10 per cent of output.

The Israeli plastics industry's annual requirements of various primary plastics have been estimated at some 1,500 tons, made up as follows:

Thermoplastics	*Tons*
Polyvinyl chloride (PVC)	450
Polyethylene	250
Polystyrene	200
Polyvinyl acetate (PVA)	150
Cellulose acetate and cellulose acetate butyrate	35
Cellulose nitrate	25
Nylon	20
Acrylic	12
Thermosetting	
Phenol formaldehyde	200
Urea formaldehyde	100
Melamine formaldehyde	50
Casein formaldehyde	12

The table below illustrates how Israel's imports of plastic materials have been increasing in recent years:

Serial No.	*Commodity*	*1955*	*1956*	*1957 (9 mos.)*
		(in metric tons)		
726	Moulding powders	917	1,085	1,183
240b	Urea resins, chlorinated rubber, polyvinyl resins, chemical cellulose compounds, cyclohexanone resins and paraffin resins	432	588	421
591/36	Plasticizers	236	282	367
240a	Gums and resins, n.e.s.	215	221	323
708a	Casein	211	186	137
714	Phenol formaldehyde, casein and similar hard plastics in blocks, rods, wire, slabs and tubes	80	159	150
714a	Sheeting of soft plastic materials	47	68	63
714c	Decorative laminated plastic sheets	41	78	38
700	Celluloid sheets, rods, wire, slabs and tubes	19	22	22
591/37	Polymers (triacetin)	6	9	3
714b	Plastic manufactures, n.e.s.	$218,570	$252,247	$322,183

Industry Makes Primary Plastics

The Israeli plastics industry now carries out polymerization and all stages to fabrication. Two manufacturers produce the polymer polyvinyl acetate (PVA) from imported vinyl acetate monomer. Phenol formaldehyde is synthesized from its imported components, phenol and formaldehyde, and polyvinyl chloride (PVC) (of electrical and general-purpose grade) is compounded from virgin resins and plasticizers (mostly dioctyl phthalate), fillers and stabilizers. Reinforced polyester resins have reportedly been produced on a trial basis. Israel hopes, in the near future, to make polyethylene and polyvinyl chloride (PVC) by using chlorine and the gases ethylene and acetylene. A number of stabilizers, including calcium stearate and the filler precipitated calcium carbonate, are now manufactured locally.

The following are the only available figures on the output of plastic raw materials:

	Annual Production (tons)
Phenolic moulding compounds	1,000*
Phenolic and urea resins	250
Polyvinyl acetate dispersions	390

*Unofficial figure.

During 1956, over $80 thousand worth (130 tons) of phenol-formaldehyde moulding powders were exported to Greece, Turkey, Finland and Brazil. Sales of polyvinyl acetate dispersions, plastic-coated textiles and other finished plastic products were made to a number of countries.

Canadian Sales Opportunities

Israel buys plastic raw materials mainly from the United States, Britain and West Germany, plus smaller quantities from a number of European countries and Japan. Imports from North America are financed, largely on letter of credit, from U.S. ICA allocations, receipts from bond sales, and contributions of American and other Jewry. Supplies from Japan and some European countries come in under bilateral trade agreements; those from West Germany are financed with reparation funds. Purchasing in North America is done largely through the Israeli Government Supply Mission in New York (whose Canadian purchasing agency is the Canada-Israel Corporation, 493 Sherbrooke Street West, Montreal). The Canadian-Israel Trading Co. Ltd., 1231 St. Catherine Street West, Montreal 25, (Can-Pal) (affiliate of Ampal in New York) purchases bulk requirements for the Histadrut-Federation of Israel Labour-Co-operative sector industries. Buying for private industry in Israel is done through individual agencies and the purchasing organization of the Israel Manufacturers' Association (The Israel Plastics Union), 13 Montefiore Street, Tel-Aviv. The single-column Israeli customs tariff offers no advantage to any particular foreign supplier and Canadian goods are accorded the same treatment as those from other countries.

Canadian producers of plastic raw materials must, however, spend a good deal of time and effort if they wish to increase their present share of this market in the face of serious competition from European and U.S. suppliers. It is encouraging to note, however, that a small volume of Canadian polystyrene and other plastic raw materials has found its way to the Israeli market in recent years. The DBS statistics show these exports as:

	1955		*1956*		*1957*	
	Qty.	*Value $*	*Qty.*	*Value $*	*Qty.*	*Value $*
Synthetic resins (lb.)	....	....	20,000	6,510	....	....
Synthetic resin manufactures	....	4,059	....	14,963	....	13,378
Polystyrene (cwt.)	....	....	366	10,626	....	....

The Israeli plastics industry has quadrupled production in under ten years to meet the demands of a growing population. This increase will likely continue, though on a reduced scale, over the next two years.

—C. SWIFT,
Office of the Commercial Secretary, Athens.

Uruguay Encounters Trading Problems

Sluggish sales of wool and upsurge in imports led to big trade deficit last year and a financial crisis, still unresolved. Trade with dollar countries remains severely restricted.

BLAIR BIRKETT,
Commercial Counsellor, Montevideo.

PRELIMINARY figures reveal the serious reversal in the terms of trade that took place in Uruguay during 1957 and which was directly responsible for the financial crisis that the country is now experiencing.

In comparison with 1956, when a small but encouraging favourable balance of US$5.2 million* was achieved, imports increased in value from $205.2 million to $226.4 million and exports fell from $211.0 to $128.2 million. Thus Uruguay saw a trade surplus of $5 million change into a trade deficit of over $98 million.

The sharp drop in exports—the main reason for the large deficit—resulted from the failure to dispose of the greater part of the wool clip during the last quarter of the year. The country traditionally depends on wool sales to at least square the account and, with the proceeds from other exports, to provide the money to finance the new year's imports and foreign debt charges. Excessive imports also contributed to the deficit. The decree of August 3, 1956, which operated satisfactorily that year by achieving its object—the keeping of import values in line with export earnings—worked in reverse during 1957.

Wool Exports Tumble

Last year the value of raw wool exports reached only $43.3 million, a decrease of over 50 per cent from 1956. Other important products with a loss in sales were wool tops, down from $37.4 million to $20.4 million; wheat, from $25.8 to $7.9 million; rice, from $4 million to $780 thousand, and chilled beef, from $15.7 to $11.9 million. Linseed oil and salted hides made small export gains. Canned meat exports rose from $913 thousand to $9.6 million, reflecting the slaughter of animals in poor condition following the serious drought in the early months of the year.

The direction of exports remained much the same as in 1956. The Netherlands retained its position as Uruguay's best customer, taking 23.4 per cent of total exports by value. Next came the United Kingdom (replacing the United States) with 16 per cent, the United States with 9.7 per cent, West Germany 7 per cent, Brazil 6.9 per cent, Italy 6.3 per cent, etc. Russia in 1957 accounted for only 1.4 per cent, but this figure should increase considerably during 1958 because of substantial purchases of wool during the first quarter.

One of the main avenues in Montevideo, Uruguay's capital, founded in 1726. Today it has a population of over 850 thousand and dominates the country's import and export trade.

*All values are in U.S. dollars.

Uruguay's purchases abroad in 1957 followed the trend of recent years, with emphasis again on raw materials and other essentials. Very little comes within the category of non-essentials or luxuries as can be seen in the table below.

	US $'000	*%*
Raw materials	93,855	41.45
Machinery	26,635	11.76
Petroleum products	16,016	7.07
Construction materials	17,943	7.92
Motor vehicles	27,139	11.99
Foodstuffs in general	11,297	4 99
Electrical supplies	3,484	1.54
Dry goods	2,145	0.95
Hardware	3,764	1.66
Others	24,164	10.67
Total	226,442	100.00

The most important raw materials imported into Uruguay last year were: unrefined sugar (US$13.8 million), tobacco ($5.5 million), newsprint ($5.4 million), iron sheets ($3.8 million), raw cotton ($3.8 million), and galvanized sheets ($3.3 million).

Figures covering imports of manufactured and semi-manufactured goods are not yet available. They form a comparatively small part of the whole when the volume of construction materials, fuels, foodstuffs, etc., is added to raw materials.

The traditional suppliers to the Uruguayan market maintained their positions of importance: the United States led with 24.6 per cent of all imports, followed by Brazil 10.8, the United Kingdom 10.4, Western Germany 10.1, Belgium 3.9, Venezuela 3.8, Sweden 3.5, Italy 2.6, Switzerland 2.1, Canada 1.8, and Peru 1.8.

Canada's trade with Uruguay followed closely the pattern described in the report from this office published in *Foreign Trade,* November 23, 1957. According to the Uruguayan statistics, there was an appreciable increase in value over 1956—from US$3,535,000 to US$4,122,000. Canadian figures show sales to Uruguay in 1957 valued at $3.8 million and purchases from Uruguay at $609 thousand.

Crisis Continues

The serious financial situation, both internally and externally, that developed towards the end of last year still defies solution. The foreign trade account, as expected, showed a large deficit of nearly $100 million at December 31. Since the re-opening of the exchange market in November the problem of financing even the most essential imports (those that could not be postponed) and meeting debt obligations abroad has taxed the ingenuity of the control authorities. Resort was made to the use of any credits available under Uruguay's several trade and payments agreements and new agreements have been concluded with Russia, Rumania, Yugoslavia, Argentina and Israel. Even gold has been shipped to New York to settle commitments.

From the meagre supply of foreign exchange slowly accruing from sales of wool, $28 million was made available until February 28, 1958, to buy limited quantities of materials, foodstuffs, drugs, fuels, etc., vital to the health and economy of the country. Another $40 million has been earmarked to continue this very restricted trading until June 30. The basis on which permits to import have been and are still being granted is as follows:

All sources of supply are put in two groups:

1. West Germany, Brazil, Bulgaria, Czechoslovakia, Spain, France, Greece, Hungary, Poland and Yugoslavia.

2. All other sources.

Only products regarded as vital are licensed for import and where possible they must be drawn from countries in group one and paid for in agreement dollars. Obtaining such products from sources in group two is considered only when it is conclusively proved that they are not available from any source in group one and that only convenient exchange is required. Payment is then made 180 days after date of shipment.

A considerable reorientation, therefore, in the direction of the imports—and, to some extent, in exports to establish credit balances—has occurred. For instance, a large part of the asbestos fibre formerly drawn from Canada now comes from South Africa, aluminum ingot from Sweden and Russia, newsprint from Scandinavia, etc. Dollars are shorter than ever. One result is that Venezuela, the usual supplier of fuel oil, is likely to give way to Russia and Rumania.

Outlook Is Clouded

To correct the large trading deficit, Uruguay faces a long and difficult period of hand-to-mouth financing with little relief in sight. Many of her smaller industries are languishing because of insufficient raw materials. The $14 million promised last year for second and third category goods—so important to the merchants —is not likely to materialize this year. Thus inflation is accelerated.

Hope is well founded that the wool clip will finally be sold, but to date out of 200 thousand bales only 68,472 have been exported (108,936 at this time last year). The latest estimates of the wheat and linseed production show that the wheat harvest has suffered and is expected to yield only 600 thousand tons; linseed has also been badly affected and production is not likely to reach more than 62,000 tons. On the other hand, with good pasture conditions cattle are thriving, which augurs well for an improvement in the meat trade. ●

Commodity Notes

Aircraft

AUSTRALIA—One of the few aircraft in the world to be designed specially for agricultural work—the Fletcher FU24 *Utility*—was recently introduced into Australia. A new Australian company intends to operate a fleet of them in New South Wales for aerial farming. The plane incorporates all the principal requirements for aerial agricultural work: adequate payload per flight, low stalling speed, short take-off, good rate of climb, and manoeuvrability. It is widely used in New Zealand and it is reported that even with a load of up to one ton of lime the plane is airborne in under 300 yards—Melbourne.

Aircraft Landing Sight

AUSTRALIA—To overcome difficulties experienced by pilots in accurately and safely judging airport approaches, the Australian Department of Civil Aviation is developing a windshield-mounted instrument at the government aircraft factories. The instrument is designed to operate on a similar principle to the gyro-gunsight used on modern fighters. A small image of an aircraft will move on a scale through which the pilot can see the runway and align the aircraft accurately with it—Melbourne.

Caustic Soda

INDIA—Calico Mills' caustic soda plant in Bombay was expected to begin production by the end of April or early May. Krebs and Company has supplied the machinery and technical assistance. The plant is said to have a capacity of ten tons a day and its total cost is estimated at about Rs.50 lakhs ($1 million). It will produce rayon-grade caustic soda (the finest quality) by the electrolytic process and, it is reported, will also make P.V.C. by using the chlorine made available from the production of caustic soda—Bombay.

Chemicals

CEYLON—The Paranthan Chemicals Corporation factory, the only one of its kind in Ceylon and a government-sponsored firm, had a successful test run at the beginning of March 1958. It is stated that the factory is capable of producing 5 tons of caustic soda, 4.4 tons of chlorine and 0.125 tons of hydrogen a day. The caustic soda is to be used in the soap, paper and textile industries, the chlorine by local authorities for sterilizing water, and in the paper and textile industries for bleaching and the manufacture of bleaching agents. The hydrogen produced is to be released into the air for the time being, but will be used later to make lauryl alcohol. At the moment, Ceylon imports over a million rupees' worth of caustic soda and chlorine a year—Colombo.

Flowers

GREECE—Greece's initial efforts to find an outlet for cut flowers have been encouraging. During the past winter over 30,000 carnations were flown to Western European capitals with excellent results. With air freight taking up about one-third of the laid-down wholesale price, Greek carnations were sold to Vienna florists at six cents each.

The Agricultural Bank of Greece is granting technical and financial assistance to the growers so that markets in other foreign countries, including Canada, can be explored. The growers are confident that Greece's brilliantly coloured carnations will attract new buyers and they are anxious to receive inquiries from Canadian florists—Athens.

Herring

NETHERLANDS—In 1957 the supply of salted herring in the Netherlands amounted to 756.4 thousand crans (one cran=37.5 gallons), compared with 799.9 thousand crans in 1956. On the other hand, exports of salted herring showed an increase, totalling 48,404 tons valued at fl.31 million, compared with 46,799 tons valued at fl.28.5 million in 1956. Belgium was the largest buyer (11,392 tons), followed by Russia (10,000), East Germany (8,474) and West Germany (8,420).

In 1957, 40,667 tons of fresh herring were marketed, compared with 41,960 tons in 1956. Of this quantity, 4,000 tons went to the fishmeal industry compared with 1,900 tons in 1956. Fresh herring exports in 1957 reached 18,737 tons, valued at fl.8.2

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million, compared with 18,755 tons valued at fl.8 million in 1956. Exports to West Germany amounted to 9,172 tons, to Belgium 5,590 tons and to Czechoslovakia 1,539 tons. Exports of fish preserves decreased from 12,488 tons in 1956 to 11,262 tons in 1957—The Hague.

Kraft Paper Machine

FINLAND—A new machine for making bag kraft paper has recently been installed by United Paper Mills in Finland. It was delivered by the Wärtsila firm and has a daily capacity of about 180 tons of 80-gramme bag paper. Its maximum speed is 420 metres per minute, its width 4,400 millimetres, and its annual production is about 48,000 tons—Stockholm.

Land Cruiser

AUSTRALIA—The first Australian-assembled utility vehicle, the *Toyota Land Cruiser,* has come off the line at Geelong, Victoria. The price of this four-wheel-drive vehicle has been fixed at A£1,305 (without sales tax from which primary producers are exempt). It is bigger and more powerful than any similar vehicle on the Australian market, and is nearer in size to the wartime Dodge weapon-carrier than to a jeep—Melbourne.

Petroleum

PERU—Exploration for oil in Peru has been confined to the costal region, to the Continental Shelf and to the jungles of the Amazon basin adjacent to western Brazil. However, it will now be extended to the Sierra or highlands region as the result of a 10,000-acre concession recently granted in that area —Lima.

Plastic

MAINLAND CHINA—A special type of plastic has been produced on a trial basis in Nanking, according to press reports. The plastic is made by laminating glass fibre and phenol formaldehyde resin into a product which is light, tough, refractory, a non-conductor of electricity and resistant to heat, acid and high pressures. Reports indicate that the plastic will be produced in quantity for use in products such as casings and parts for chemical and electrical instruments, furniture, moulds and building materials —Hong Kong.

Sponges

GREECE—Greece's 160 sponge-fishing craft harvested over 130 tons during 1957 (118 tons in 1956) earning close to $2 million in exports. The United States, France and West Germany, in that order, continue to be the principal markets. Despite the widespread use of plastic sponges in recent years, the Greek sponges have held their ground both in industry and in the home, giving a livelihood to Greece's 1,600 sponge fishermen—Athens.

Steel Pipe

VENEZUELA—Steel pipe was produced in Venezuela for the first time on April 20 when the national steel plant in eastern Venezuela made a trial run. The first pipes made were eight inches in diameter, (the type used by oil companies). Government officials have announced that production on an industrial scale will begin in the near future—Caracas.

Synthetic Rubber

WEST GERMANY—Farbenfabriken Bayer A.G. has increased its production capacity to 12-15,000 tons of chloroprene synthetic rubber a year. This type of rubber is suitable for the manufacture of oil-, heat-, and wear-resistant rubber articles—Bonn.

Television Sets

SWEDEN—One hundred thousand television sets were sold in Sweden during 1957, and the forecast for 1958 is 175 thousand. The large revenue from licences for these sets will mean that Swedish TV's five year plan will be completed in two years and that Sundsvall in north Sweden will have television by the middle of 1959. By then, half of Sweden's population will have access to the television network —Stockholm.

Vitamin B 12

MAINLAND CHINA—A pharmaceutical plant in Shanghai is reported to be starting production of Vitamin B 12. According to a press report, waste broth from the production of aureomycin will be used and the plant will have a daily output of 60-90,000 ampoules—Hong Kong.

Tours of Territory

M. B. BURSEY, Commercial Counsellor in Accra, Ghana, will begin a tour of Nigeria on June 11.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Kuala Lumpur for three days during June.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bursey at Accra, and Mr. Steers at Singapore.

how and what to sell in

French West Africa

A visit to this developing region of Africa a short time ago gave the author a chance to size up the market and its possibilities for Canadian exporters. Here are his conclusions—plus a look at trading problems and how to tackle them.

J. H. BAILEY, *Commercial Secretary, Paris.*

A glance at the map and an examination of the import statistics of the eight large territories that make up French West Africa gives a first impression that this part of Africa should offer Canadian traders some splendid opportunities. The total area of 1.8 million square miles—over eight times the size of France and half the size of Canada—supports a population of 19 million. Imports of these territories totalled approximately $370 million in 1956, of which $11 million came from the United States and only $36,000 from Canada. But after visiting this region in February and studying at first hand the possibilities for Canadian businessmen, I came to the conclusion that there are some trade opportunities but they are rather restricted.

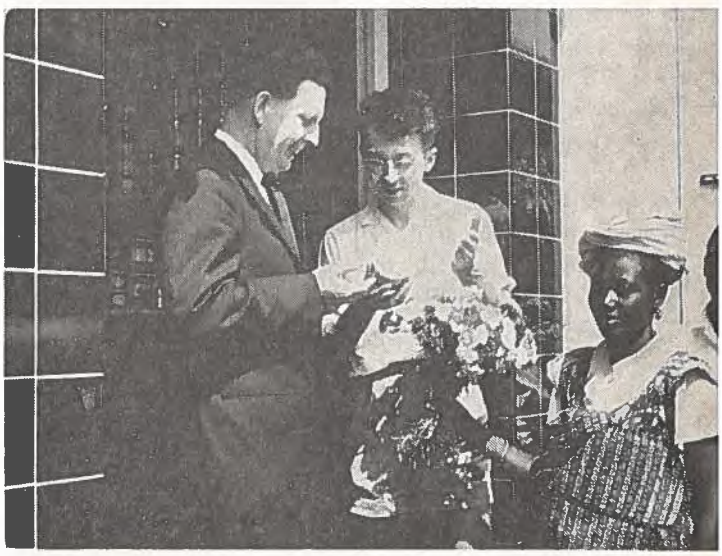
Consumer Goods Market Limited

The population and income figures show at once the narrow limits of the market for consumer goods. Only about 5 per cent (90,000) of the population are of non-African descent and it is this limited group, plus another estimated 200 thousand of the higher-income groups of Africans, that provides the main market for goods that Canada could supply. These groups with relatively high purchasing power are concentrated in the major ports and administrative centres of the territories: Saint-Louis, Dakar, Conakry, Abidjan, Cotonou and Porto Novo on the coast of Bamako, Ouagadougou and Niamey in the interior. The rest of the population is predominantly rural; only one in 50 lives in urban communities and it is estimated that the average annual income of the small farmer amounts to less than forty dollars.

In consumer goods, Canadian exporters face stiff competition from France, other European manufacturing nations, and Japan, particularly in ordinary "trade goods" such as textiles, wearing apparel, most foods and beverages, pots and pans, and bric-a-brac. The only Canadian consumer product that I noted on store shelves was canned salmon. Gasoline and oil, which might be classed as consumer items, are the major North American products sold in this area. I saw the familiar trademarks of several of the major U.S. oil companies in large cities and small jungle villages, and imports of these products from the United States have soared well over the million-dollar mark for the last few years.

Appliances in Demand

In more durable consumer goods (such as air conditioners, refrigerators, stoves, washing machines, toasters, mixers, outboard motors, office machines, portable coolers and fans), the United States has a large—in fact, in the case of air conditioners, probably the largest—share of the market. The major brands of appliances well known in Canada and in the United States are on display in the main stores and used in



The author of this report discusses the merits of Canadian canned salmon with a retailer in Dakar, while a Senegalese woman, eye on the camera, tries to make a sale on her own.

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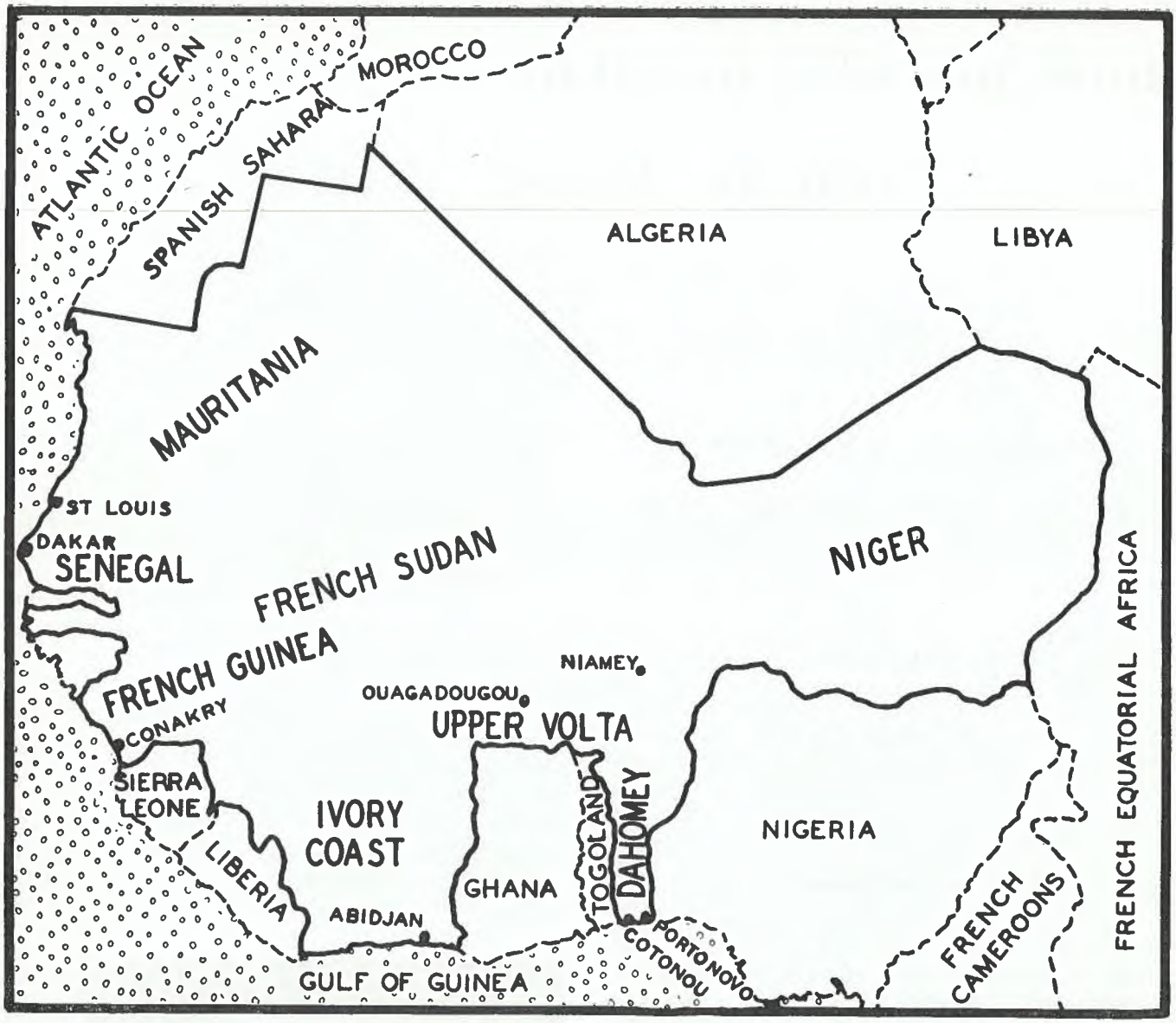


the homes and offices of the European population. One of the more popular items in this class of goods is air conditioners and $600 thousand worth were imported last year from the United States. With most of the major merchandising houses already tied up with exclusive distributorships for American products, independent Canadian firms that wish to enter this appliance market in Africa would have to make a special effort. Before writing to any importers of such goods (their names are available through the Commercial Counsellor in Paris), the Canadian manufacturer should be prepared to assist the French agent in establishing service facilities and a parts depot in Dakar or one of the other major centres. With the extremes of climate in Africa, it is essential that air conditioners and refrigerators be given immediate service in case of breakdowns. The latter are frequent because motors are operating constantly under severe conditions.

Marketing Techniques

The large trading houses, with head offices often located in Paris, carry on their major operations in the port cities of Dakar, Conakry, Abidjan and Cotonou. In general, importers act as their own wholesalers and in many instances operate a retail business as well. They usually carry a wide range of products of the type found in a country general store (cotton goods, kerosene, food, hardware items, etc.). These are sold to meet the needs of the small peasant farmer. Many of these stores, however, also have separate departments selling appliances, cameras, sporting goods,

and household furnishings. These large importing houses also act as manufacturers' agents.

Imports on behalf of the Government of equipment for development projects are handled through contracts with private firms. There are, however, government-sponsored co-operatives being developed in the area. So far they have not proved very successful in local distribution, although they are gaining in importance in handling exports and hence, because of the foreign exchange they are earning, may be of growing value as an avenue for Canadian export sales.

Domestic trade is generally done on a cash basis, although the small traders grant credit to farmers to carry them over until the end of the harvest season.

With small traders, Canadian exporters' terms should be cash with orders; for larger firms, many of whom enjoy excellent credit ratings, the terms are generally an irrevocable letter of credit or documents against payment at the time of shipment. Local firms, large and small, told me that they prefer quotations C.I.F. rather than F.O.B. If the latter is used, however, they suggest that the probable freight charges be indicated.

Capital Equipment Needed

The best opportunities for Canadian manufacturers lie in the field of capital goods, particularly special machines and equipment. For this class of goods, the import licensing system is not quite so severe as for consumer goods. During the last few years, although Canadian sales of this type of equipment have been negligible, the United States has shipped capital goods valued as follows to French West Africa:

	1956
Electrical machinery	$ 864,000
Engines, including turbines	327,100
Construction machinery	2,636,000
Miscellaneous industrial machines	1,125,500
Office machinery	27,500
Printing machinery	29,100
Agricultural machinery	263,200
Tractors and parts	2,061,400
Trucks and parts	3,307,000
Railway equipment	77,500

Although government public works projects may decline this year because of the difficult position of the French Treasury, this fall-off in public investment should be offset to a great extent by the large investments of capital by private industry. The major development is taking place in French Guinea where large bauxite and alumina projects are already under way, with completion scheduled for the early 1960's. (For details on these projects, and the names of the principal investors, please see the article "Bauxite and Aluminum Projects in Africa" which will appear in an early issue—Editor.)

The foreign exchange regulations in effect in French West Africa resemble in most respects those in Metropolitan France. Generally licences are granted only for goods considered essential to the development of the country and not obtainable from the franc-zone countries. Purchases may also be made with E.F.A.C. funds—that part (25 per cent) of the proceeds of exports that traders are allowed to use for imports they require. Importers in Africa apply through the local Chamber of Commerce or appropriate administrative authority for their dollar import licences.

For capital goods such as heavy construction equipment, transport materials and electrical apparatus, these licences may be obtained at the official rate of exchange after both local and Metropolitan authorities have approved the application. As mentioned above, the importer must prove that this equipment is not available from France and, in addition, that he is paying the lowest possible prices. The rough terrain in Africa, plus the fact that earthmoving equipment and other heavy-duty machines are often used on jobs at great distances from service facilities, mean that importers have a preference for North American equipment which is designed and built to operate under such conditions. Large numbers of bulldozers, road scrapers, and other earthmoving equipment have been imported from the United States.

In the case of E.F.A.C. funds, the Government announces from time to time lists of eligible goods and the maximum quotas allowed. Many appliances and some food products fall into this group. The effective rate currently stands at 215 francs CFA to the dollar, and relatively high transportation costs, together with import duties and internal taxes, make the ultimate retail price of imported goods extremely high, particularly in view of the low purchasing power of most of the population. One Canadian product, for example, was selling for the equivalent of $20 in Conakry as against $15 in Canada—an increase of 33 per cent.

Long-Term Outlook

The best market prospects in French West Africa for Canadian products for some years to come will be for capital goods for development projects in French Guinea. Although by 1965 the investment program in Guinea will be ended, the purchasing power and tastes of the population are expected to alter by that time and, with foreign exchange earnings from alumina and aluminum exports, there should be opportunities to switch over from capital to consumer exports to this area. After Guinea, the next best markets for consumer goods should be the Ivory Coast and the Dakar area of Senegal. These areas will be continuing markets—the Ivory Coast because of continuing exchange earnings from its large exports of cocoa, coffee, and forest products, and Dakar because of its large population and relatively high incomes.

Assuming French West African integration with the Common Market, Canadian exporters would presumably face the same situation regarding tariffs as they do at present, whereas their competitors from the six countries of the Common Market might ultimately enjoy duty-free entry for their goods. In anticipation of such integration, German companies are carefully studying African markets and establishing agents and sales outlets in the major centres. French firms, aware of this penetration into what they formerly considered a relatively secure market, are also increasingly active. Competition for the available import trade in the rather limited French West African markets will thus become more severe over the next few years. On the other hand, the local businessmen are very much in favour of increasing their trade with Canada and have expressed the hope that more Canadian products will be offered to them. Through aggressive selling, including visits to the territory to follow up on inquiries, Canada should obtain a much larger share of this market than in the past.

India

Paper Industry Expands

Imports of paper and paper products have risen faster than expansion in domestic production over the past five years. Canadian exporters of paper should note that India's consumption is expected to go up by 200 thousand tons to 518 thousand by 1960-61. The planned expansion of the local pulp and paper industry should create an opportunity to sell more papermaking machinery.

JOHN H. NELSON,
Assistant Commercial Secretary, New Delhi.

INDIA'S PAPER INDUSTRY is expanding production but it has not been able to keep up with the increased consumption; larger imports of paper and paper products have been necessary to meet demand. During the last six years consumption has mounted from 209 thousand tons in 1950-51 to 319 thousand tons in 1956-57; imports in the corresponding years reached 91,400 and 121,000 tons. (Imports in 1955-56 were 148 thousand tons and the decline in 1956-57 resulted from tighter import controls.) However, the shortfall in domestic production compared with demand will require continuing imports.

Paper Imports Rising

It is expected that India's consumption of paper will rise to about 518 thousand tons by 1960-61. One measure of the future possibilities for expansion in the demand is the fact that India's per capita consumption of all types of paper at present is less than two pounds a person; in the United States it is 418 pounds per capita and in Canada 313.

Imports of newsprint in 1951-52 totalled 50,600 tons and in 1956-57 some 62,800 tons; purchases of miscellaneous papers rose in the same period from 13,350 to 23,700 tons; writing and printing papers from 12,000 to 15,000 tons; packing and wrapping papers from 11,200 to 19,600 tons; and paperboard from 4,000 to 4,200 tons. Nine thousand five hundred tons of newsprint valued at $1.2 million was the only paper product shipped by Canada to India last year, although we also sold 9,000 thousand tons of dissolving sulphite pulp valued at $1.5 million.

Pulp and Paper Industry Expands

To meet the growing demand for paper and paper products, India already has granted licences for 19 existing mills to expand (ten of them will be major expansion projects) and will permit 22 new mills to be set up during the next five years. A number of other applications for new mills await the approval of the licensing authority.

- *Pulp mills*—The Government is encouraging the establishment of mills which make only pulp; at present all paper mills in India are integrated units manufacturing pulp and paper. The need to transport raw materials to these mills is adding to the congestion on the Indian railways. The first step in this plan

has been to approve a chemical pulp plant at Lamsekhong in Central Assam with a capacity of 100 tons a day.

• *Newsprint*—The only newsprint mill in India is located at Nepangar in the State of Madhya Pradesh. It went into production in 1955 and is producing 50 tons of newsprint a day. When it reaches full capacity it should turn out 30,000 tons of newsprint a year. It has also started making its own chemical pulp.

Economic supplies of conifers (such as fir, spruce, and pine) in the lower Himalaya regions are not sufficient to establish a newspaper mill of efficient size. To overcome this shortage in basic raw materials for newsprint, the Government of India has studied the possibility of using sugar-cane bagasse. At present bagasse is used for fuel but this is considered a waste of cellulose raw material. India has announced that a mill using bagasse, with a capacity of 30,000 tons of paper a year, will be built at Shakkarnagar in the State of Andhra by the National Industrial Development Corporation, an institution of the Central Government. A preliminary report has been prepared and the Corporation is now looking for consulting engineers and equipment suppliers in other countries who will provide technical and financial assistance.

• *Rayon-grade pulp*—India has not produced any rayon-grade pulp, although experts have surveyed several areas in South India where a mill might be built. The problem, as with newsprint, is the shortage of suitable conifers such as fir and pine. The Government is now experimenting with alternative raw materials such as eucalyptus, wattle and bamboo to see if they could be used for making rayon pulp. These experiments are still under way and no results are yet available.

• *Special papers*—India does not produce any of the special types of paper such as tissue paper, paper for electrical industries, grease-resisting paper, etc., and needs are met wholly by imports. Demand for these types of paper, however, is not sufficient to warrant the establishment of large mills and imports will probably continue for some time to come.

• *Raw materials*—In addition to sugar-cane bagasse, India can supply other cellulose fibres. The paper industry now uses 300 thousand tons of bamboo a year and estimates suggest that production of available bamboo could be increased to 1.8 million tons on a basis of a four-year felling cycle.

The industry consumes about 50,000 tons of sabai grass a year to make high-class book and printing papers. This product has less need of processing chemicals.

Other sources of cellulose available in India include other grasses, eucalyptus, wattle, and certain agricultural products.

India does not manufacture, to any appreciable extent, machinery for the pulp and paper industry; only a few spare parts are made in the country. However, she plans to start making pressure vessels, digestors, conveyors and other machinery which the paper industry and other industries need. The following figures show the value of paper machinery and equipment imported from 1950-51 to 1956-57 in lakhs of rupees (1 lakh=100 thousand; 1 rupee=approx. $0.20 Can.)

1950-51	225.34
1951-52	172.41
1952-53	144.47
1953-54	143.21
1954-55	109.39
1955-56	187.07
1956-57	270.27

The target for paper production by the end of the Second Five Year Plan in 1960-61 is 450 thousand tons a year. In order to meet this, approximately Rs.15 crores (Can.$30 million) worth of equipment will have to be imported. This amount is exclusive of commitments already made for projects under way. In 1950, Canada shipped paper and pulp mill machinery to India valued at $741 thousand and in 1951 $663 thousand worth; during the five following years sales averaged only $8,000 a year, but in 1957 they rose to $14,331.

There is a possibility that India's present shortage of foreign exchange reserves may cause a shortfall in some of the development targets set for the paper industry in the Second Five Year Plan. However, the Government is encouraging the import of plant and machinery for paper mills on deferred payments. "Turnkey" contracts are favoured, particularly in government-sponsored projects; consulting engineers make advance arrangements with suppliers to provide the imported portion of a project on acceptable deferred payments.

Import Controls Tightened

Currently, India permits the import of wood pulp only by actual users after consultation with the Development Wing of the Ministry of Commerce and Industry. The import of writing and notepaper is banned. Import licences for packing and wrapping paper are granted to large-scale actual users on an *ad hoc* basis. Various types of printing paper are licensed up to 10 per cent of an established importer's quota, and actual users are granted licences for their proven requirements. The Government does not grant quota licences for newsprint; actual users may buy on the basis of their certified actual consumption. Import licences for papermaking machinery are granted to actual users after the licensing authorities have considered the application. •

Trading with Switzerland

Industrious people with money to spend, relatively low tariffs, and no shortage of dollars make Switzerland attractive to Canadian exporters. This market analysis should help them in their sales approach.

B. I. RANKIN, *Commercial Counsellor, Berne.*

WOULD you like to test your product for quality and competitiveness in a sort of export "research laboratory"? Would you like this trial market to turn into a substantial customer for your goods? If so, you should try selling in Switzerland.

Switzerland has all—or nearly all—the prerequisites of a trial market. In addition, the Canadian exporter once established there will find a worthwhile and steady demand in this country of five million, with one of the highest standards of living in the world. A well-presented offer will be carefully considered by reliable Swiss importers. There are no foreign exchange problems and imports are admitted without discrimination and, except for various agricultural products, are almost entirely free from controls.

Despite its small population and size, Switzerland reflects the tastes and buying habits of its neighbours—France, Germany, Austria, and Italy. It is a reasonable assumption that if the Swiss like your goods, the neighbours will also.

The country enjoys an able and stable government. The tariff—even the new draft tariff now under negotiation—is a relatively low one. Duty is assessed by gross weight in most instances and offers should include the weight of packages as well as the weight of the goods. Import documentation is simple.

Swiss communications are among the best in the world. You can set your Swiss watch by the times of departure and arrival of the excellent and frequent trains. The entire country is linked to a direct dial telephone system. It is as simple to speak to a businessman in Zurich from Geneva as if he were next door. The service is inexpensive and allows an agent to transmit information and quotations to customers all over the country in a matter of minutes.

Marketing Channels

Zurich is the commercial, financial and industrial capital of Switzerland, as well as the largest city. Its excellent railroad and road links with all sections of the country make it the principal distribution center for the whole of eastern Switzerland. The second commercial and industrial city is Basel, followed by Geneva and Lausanne. Basel, with 197,200 inhabitants in 1956, and Olten with 16,485 (1950 census) are regarded as distribution centers for northwestern and central Switzerland, and Geneva and Lausanne with 162,400 and 115,400 inhabitants respectively (1956) perform the same function in western Switzerland and the Valais.

Swiss wholesale firms are in almost all cases importers too and many are also engaged in the export business. On the other hand, there are only a few firms exporting exclusively and these are mainly concerned with cheese, textiles, watches, machines, and instruments. The import wholesaler generally specializes in a specific commodity or group of commodities and will very rarely handle non-related items. More and more the wholesale trade has faced competition from co-operatives, manufacturers and others who sell imported merchandise directly to the Swiss consumer. Retail importers, especially of foodstuffs, purchase abroad

goods of greater value than do all wholesalers together. (See also "How the Swiss Buy Consumer Goods", *Foreign Trade* of June 8, 1957.)

Geography Influences Trade

The Swiss economy is based on private enterprise with a minimum of government control. The country is highly industrialized and depends on large exports to support the main segments of the economy. Agriculture is important in all regions but industry and crafts employ about three times as many people. Other important sectors of the Swiss economy are commerce, banking and insurance, the tourist trade, transportation and communications.

Because of its geographic situation, the country early became involved in transit trade through the mountain valleys and passes linking northern and southern Europe. The highly developed Swiss railroads operating a network of about 5,000 kilometers are regular means of European transit trade in all directions.

Switzerland is also an important center for international intermediary trade and there are a number of large and experienced firms engaged in barter and compensation deals with many parts of the world. (See "Switzerland's Role in the International Intermediary Trade", *Foreign Trade* of August 3, 1957.)

Agriculture and Industry

Switzerland is divided into three main parts—the Jura, the Plateau, and the Alps. Only about 76 per cent of the land is considered productive, including forests. Sown acreage amounts to approximately 273 thousand hectares, of which 103 thousand hectares are in bread grains, 65,000 in coarse grains, and 60,000 in potatoes. In 1956, the total surface of vineyards amounted to 13,000 hectares.

Domestic bread grains supply at present approximately 5 per cent of Swiss needs and of the 50 per cent that must be imported about 75 per cent comes from Canada. Potato production meets Swiss requirements, although some seed potatoes are imported. The supply of domestic eggs meets 75 per cent of the consumption and milk and cheese 100 per cent; indeed cheese is an important export.

Swiss government policy is to ensure that farmers obtain a reasonable profit on the sale of their products, but as a result Swiss agricultural products are more expensive than competitive products from abroad, because of higher production costs. Tariff protection for the farmer is likely to continue.

Switzerland has become highly industrialized despite the handicaps of poor mineral resources and expensive transportation of raw materials. The Swiss met these difficulties by developing mainly a processing or "finished products" industry, requiring special skills and precision work. The typical products of Swiss industry therefore either contain a relatively high labour content (such as watches) or a special quality (chocolate, cheese, instruments, chemicals) or they cannot be mass-produced easily (generators, turbines, and textile machines). Industry is, of course, highly dependent on exports and the Swiss economy is very sensitive to international developments which inhibit trade. As examples, in the watch industry exports account for approximately 95 per cent of total annual production and in the chemical industry for about 90 per cent. Classical export industries are the watch, machine, textile, chemical, and to a certain extent the foodstuffs (cheese, chocolate) industries.

How Trade Moves

Switzerland has traditionally been a free trade country and currently more than 90 per cent of Swiss trade has been liberalized. As a free-trade nation with a hard currency, Swiss foreign trade ranges over the whole world, but the two most important trading areas are Europe and North America. In 1957, the OEEC countries of Europe supplied 68.5 per cent of Switzerland's imports and purchased 54.5 per cent of her exports. The United States furnished 14.2 per cent of Swiss imports in 1957 and absorbed 11.3 per cent of her exports. Trade with Latin America has tended to be erratic in recent years, influenced by various currency problems among the Latin republics, but has recently improved. Swiss trade with Eastern Europe and the Soviet Union has been small in recent years, averaging less than 5 per cent in both directions, but exports to South Asia and the Far East have risen. The sale of watches to Mainland China—and to Hong Kong and Singapore—has been important and also the export of capital goods to India and Japan. Trade with Asia has shown an export surplus.

Composition of Trade

The two tables below show the major commodities Switzerland imported in 1956 and 1957 and the major exports for the same periods.

IMPORTS

(in million Swiss francs)

1957		*1956*	
Iron	1,001	Iron	896
Minerals	853	Minerals	733
Machinery	750	Machinery	621
Chemicals	533	Vehicles	513
Vehicles	467	Chemicals	457
Fruits	402	Grain	391
Groceries	370	Groceries	336
Grain	368		

The commodity pattern of Swiss foreign trade is relatively stable. Fluctuations in imports of foodstuffs are due in part to variations in the Swiss harvest; for

BRUCE I. RANKIN, Commercial Counsellor in Berne, Switzerland, for the past two years, returned to Canada in May and has begun a tour during which he looks forward to discussing the Swiss market with interested businessmen. Mr. Rankin began his tour this week in Ontario, and during the next three weeks will visit cities in the West. His itinerary is on page 24. Mr. Rankin joined the Trade Commissioner Service in 1945 and has served in Australia, China, India and Spain.

example, in 1956 imports of grain were relatively high and in 1957 imports of fruit, particularly from Italy, were large because of serious frost damage in the Swiss producing areas. Iron, minerals and machinery have been the leading imports since 1954, reflecting the expansion of Swiss industry and, in the case of machinery, the important capital investment program. The import figures for 1957 are considered to be somewhat inflated because of the heavy inventory build-up following the Suez crisis in late 1956. Among imports virtually every category except non-ferrous metals and vehicles showed a substantial increase over the previous year. In recent months, motor vehicle imports have declined.

EXPORTS

(in million Swiss francs)

1957		*1956*	
Machinery	1,485	Machinery	1,331
Watches	1,214	Watches	1,152
Pharmaceutical products	573	Pharmaceutical products	501
Instruments and apparatus	491	Instruments and apparatus	463
Cotton	365	Cotton manufactures	343
Dyestuffs	319	Silk manufactures	303
Silk manufactures	305	Dyestuffs	300

There have been no significant shifts in the distribution of Swiss foreign trade within the past two years. Immediately after the war the United States assumed the most important role as a supplier and market. After 1951, when the European economy began to function more normally, the European trading partners assumed their traditional position in Swiss trade. The United States nevertheless retained its place as the second most important market and supplier of Switzerland.

Fluctuations in commodity imports from year to year have stemmed from immediate circumstances rather than any long-range modification of the Swiss economy. For example, in 1956 imports of grains were heavy because the local harvest was poor and purchases of wheat from Canada rose. In early 1957 imports of all raw materials, fuels and foodstuffs were accelerated to build up stockpiles because of international political tension. In the long run, both import and export trade have shown a constant rise. Petroleum imports have gone up; machinery imports have increased as Switzerland has extended and modernized its productive plant; more raw materials have been bought to keep up with growing production and more consumer goods imported to meet the demands of the local population. On the export side, world prosperity has accounted for larger sales of watches and the capital investment boom has increased exports of machinery, tools and instruments.

Commercial Policy

Switzerland has been a member of OEEC since 1948, and of the European Payments Union since its inception. She is now acceding to the GATT. The Swiss Government has also established a new draft customs tariff replacing the tariff of 1921 that, in itself, was only a modification of the customs tariff of 1902. The new tariff—which will go into effect after negotiations now being held under the GATT are completed—is based on the Brussels nomenclature. It will again be a specific tariff, expressing most rates of duty by weight. The revision takes into account technological developments by a more systematic classification of goods and provides for increases in the duties on many of them. It thus increases the ad valorem incidence of the tariff which has declined over the years as prices have risen considerably. However, no stepping up in duties is envisaged for various products of importance to Canada, including wheat and certain raw materials, and some reductions from existing duties are also proposed.

Perhaps the greatest commercial policy problem facing the Swiss is the relationship of Switzerland to the emerging Common Market. Switzerland has announced its desire to participate in a broad Free Trade Area arrangement in Europe with which the six countries of the Common Market would be associated and which would be based on purely commercial and economic considerations, compatible with Switzerland's desire for economic autonomy in relation with non-European countries. It is evident from public statements that Swiss industrialists feel that they could benefit from European economic integration, and that they are in favour of a non-restrictive European association. On this basis, the Swiss Government is participating in the negotiations for the establishment of the European Free Trade Area. ●

Scottish Industry: *the new pattern*

Scottish specialization in heavy industry took its toll in depression years. Now diversification promises more economic stability and opportunities to compete in wider fields with other traders.

S. G. TREGASKES, *Commercial Secretary, London.*

A new industrial revolution has been under way in Scotland during the past twenty years. Traditional industries have been supplemented by new ones which have lent greater strength and buoyancy to the economy. The pessimism of the 30's about Scotland's industrial future has given way to confidence that her economic growth, based upon a fuller use of available resources, will continue at an accelerated pace.

Scotland was in the van of industrial development in the eighteenth and nineteenth centuries, specializing in coal mining, metalworking, shipbuilding and engineering. This specialization continued into the twentieth century. There were few attempts in the first three decades to make other products such as automobiles and electrical goods and concentration on the original heavy industries continues to be a feature of the Scottish industrial pattern.

In the 30's it was recognized that Scotland was unduly dependent on these industries which proved sensitive to the widespread economic depression. Though prosperity has returned since 1945, the Scots have not forgotten the dangers inherent in specialization and have been anxious to find varied and more dispersed employment opportunities. Efforts to supply these opportunities have been intensified since the war by Scotland itself, by the United Kingdom Government, and by official and private agencies. These efforts have already yielded notable results.

Industry Diversifies

Traditional Scottish industries have developed and expanded in the postwar years, but new ones have also been introduced. Among the new products are aero engines, fractional horsepower motors, portable pneumatic tools, household electrical appliances, precision engineering products, electronic equipment, thermostatic controls, mechanical handling equipment, razor blades, aluminum holloware, prefabricated houses, bearings, photographic and scientific equipment, office equipment, clocks and agricultural machinery.

A good deal of the new development is the work of firms from other countries, especially North America. Since 1945, 30 new industrial projects established by North American firms have provided employment for nearly 20,000 workers, with the prospect that several thousand more jobs will be forthcoming.

Research Programs Broadened

The industries based on science, such as chemicals and electronic engineering, will be of major importance in future industrial growth. Various measures have already been adopted to ensure that scientists and electronic engineers, and laboratory facilities for these specialists, are available.

A consortium of Scottish firms has been established to co-operate on government contracts for work too complex to be carried out by any one alone. A laboratory has been built by the Ministry of Supply to serve as headquarters for the group.

Typical of Scotland's busy industry is this picture of a loading bay jammed with balers already crated (left), also tractors and combine harvesters awaiting shipment to Australia.

The importance of applied research to industrial development is fully recognized in Scotland, and in recent years there has been a marked expansion of research facilities. Large firms have created or extended their own research departments and faculties of science and technology in Scottish universities have been expanded. New developments at the University of Glasgow include a growing research centre in nuclear physics, a new course in nuclear engineering run jointly by the physics and engineering faculties, and a chair of aerodynamics. One of the United Kingdom's two major postgraduate courses in electronic engineering has been instituted at the University of Edinburgh, and provision has been made for a chair of chemical technology.

Extensions have been and are being made to Glasgow's Royal College of Science and Technology, one of the United Kingdom's three largest technological training centres. The largest new United Kingdom government laboratory built since the war for civil research—the Mechanical Engineering Research Laboratory of the Department of Scientific and Industrial Research—is located in the new town of East Kilbride. Branches of the Department's fuel, building and road research laboratories have also been established in Scotland.

Power Supplies Increased

Power supplies for industry have been greatly expanded in recent years. Electricity generating capacity has risen between 1949 and 1955 from 1,197 to 1,956 megawatts, or 63 per cent.

Much of the country's future electricity needs will be provided by nuclear power stations. At Hunterston in Ayrshire, work is proceeding on such a station; the first half is scheduled for completion in 1961 and the second half in 1962. This station will have a total net output of 300 megawatts and will cost an estimated £35-£40 million.

At Dounreay, near Thurso in Caithness, construction is well advanced on an experimental fast-breeder reactor, with a generating plant with a capacity of 15 megawatts. It is due to go into operation soon. At Chapel Cross near Annan in Dumfrieshire two stations are being built, each with two reactors, for combined plutonium and electricity production. The first three tests are to begin in 1959 and 150 megawatts will be available for commercial and industrial use.

Scottish firms are playing an active part in atomic energy projects. At Dounreay, the fabrication and erection of the dome which encloses the reactor is in the hands of a Motherwell firm, which is also a member of the group building the station at Hunterston. Perth engineers are undertaking all the electrical work at Dounreay, and a Renfrew firm is supplying plant for the station at Calder Hall in England and for the station at Annan.

The same energy is apparent in other economic fields. Government, official and private organizations are encouraging the development of the agricultural, fishing, forestry and tourist industries and notable advances have been made. The improvement in employment conditions in these rural industries and prospects for higher standards of living are helping to counterbalance the heavy concentration of industry in the Lowlands and give greater stability to the economy as a whole.

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 the United Kingdom

M. W. KAYE, director of Gate Electronics Ltd., Tudor Grove, London, E.9, will be visiting Canada in July to study the market for his firm's industrial, commercial and domestic electronic equipment. Products include tape recorders and decks, battery-operated transistorized record players, communal aerials for frequency modulation radio and television, transistorized batch counters and tachometers.

Mr. Kaye will be in Toronto during the week beginning July 14. Interested businessmen may get in touch with him through Measurement Engineering Co. Ltd., Arnprior, Ontario, or through the office of the United Kingdom Trade Commissioner in Toronto.

S. C. MOTT, managing director of Arlo Limited, Arlo House, London, N.W.1, which manufactures and designs fancy advertising giftware, will visit Toronto from July 30 to August 16. He would like to meet leading manufacturers or any firms interested in giftware. Businessmen will be able to reach him either through the United Kingdom Trade Commissioner in Toronto or at the Royal York Hotel.

R. J. RICHARDSON, director of Brown Lenox & Co. Ltd., Pontypridd, Glamorgan, South Wales, will visit Canada from July 2-15. His company manufactures ships' cables and mooring equipment and Mr. Richardson would like to meet potential customers and agents. Interested businessmen may get in touch with him through the United Kingdom Trade Commissioners in Toronto, Ottawa, or Montreal.

The Middle East

Drought Strikes Cereal Crops

Most grain-growing Arab states, hard hit by current crop failures, will likely have to seek supplies from other countries to meet domestic needs.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE drought which most Middle East countries are suffering this year is extremely serious and it is forecast that cereal-exporting countries such as Syria and Iraq will have barely enough grain to meet domestic consumption and may even have to import some. The rains, plentiful at the end of 1957 and in January 1958, stopped almost entirely in February and March. Reports on rainfall in Iraq are typical of the whole area: they show that it has not been entirely the lack of rain which has created the present situation, but rather the timing of it. Crops in Iraq, Jordan, and to some extent the Lebanon have also been attacked by locusts.

Syria

In the Syrian province of the United Arab Republic, the drought has caused tremendous damage. Wheat and barley, the two principal cereals which, with cotton, are the main sources of foreign exchange, have suffered badly. The barley crop in normal years is about 525 thousand tons, of which the greater part (400 thousand tons) is exported. This year the crop is so bad that not even the 125 thousand tons for local needs will be available and some will have to be imported.

The wheat situation, though very serious, is not as bad as the outlook for barley and it is hoped that 40 to 50 per cent of the crop will be saved. Although it is too early to know whether or not the present crop will meet local needs, some grain merchants believe that Syria will have to buy wheat abroad. The Government of the Syrian Province has cancelled all wheat and barley export permits for the new crop but will honour all export contracts for last year's crop. The export permit ban includes Egypt, the sister province of the United Arab Republic, but feeling here is that if Egypt needs the grain, shipments will be authorized.

The importance of the crop failure to Syria can better be shown by the fact that last year cereal exports were valued at S£150 million, 28 per cent of total exports.

Lebanon

This country is a net importer of wheat and although the crop is expected to be only 50 per cent of normal, the poor harvest does not have the same impact as in Syria. Usually Lebanon produces from 45,000 to 60,000 tons of wheat and imports about 180 thousand tons; in 1958, imports will total about 200 thousand tons. Durum wheat is normally bought from Syria and purchases amount to approximately 70,000 tons a year.

Buying from neighboring Syria has many advantages for Lebanon and the short supply of Syrian wheat this year will affect the Lebanese market.

Apart from Syria, Lebanon has no traditional regular suppliers and purchases are made where they prove most economical. A few thousand tons of higher quality flour for making European-type bread are imported each year from both Canada and the United States.

The disappearance of Syria as a supplier this year means that Lebanon will have to find a new source of supply for about 70,000 tons of durum-type wheat. This shortage may be covered by the United States' offer of exactly that amount which forms part of U.S. financial aid to Lebanon.

Iraq

Like Syria, Iraq's main agricultural products are cereals, principally wheat and barley, of which the latter is normally the more important. The country is ordinarily a net exporter of barley and an importer of wheat. Last year's wheat crop, however, was ample to meet local needs and left about 100 thousand tons for export. The situation this year, though not as bleak as that in Syria, is nevertheless very serious. It is too early to give reliable crop figures but it is expected that only about 60 per cent of both crops will be saved. This year northern Iraq has suffered not

only from severe drought but also from locust devastation. In the central and southern sections, where crops are irrigated, more normal production is anticipated. The Ministry of Supply states that the present crop is expected to be adequate for domestic needs but at the same time, the Ministry has asked for quotations from the Australian Wheat Board in London and also for information on the amount allocated to Iraq this year. This information will be helpful in case of a wheat shortage and will also serve as a price stabilizer if farmers and merchants should hold back stocks for higher prices.

The current crop information has had a strong impact on prices of wheat and barley. An increase of up to 40 per cent has been registered for wheat, while barley prices have risen 30 to 35 per cent.

Jordan

Crops in Jordan have suffered from both drought and locusts and help will be needed from Iraq and other countries to meet local needs. Already measures have been taken by the Iraqi Government to facilitate wheat exports to Jordan and aid is on the way from the United States.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

R. W. BLAKE, formerly Trade Commissioner in Port-of-Spain, Trinidad:

Vancouver—June 16-24
Regina—June 27
Toronto—June 30-July 4

M. P. CARSON, Trade Commissioner in Singapore:

Toronto—June 2-10
Hamilton—June 11
Guelph—June 12
Fergus—June 12
Kincardine—June 13
Goderich—June 13
Windsor—June 16
Brantford—June 17
Welland—June 18
Kingston—June 19
Montreal—June 20-30

W. J. MILLYARD, formerly Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland:

Montreal—June 9-17
Winnipeg—June 19-20
Vancouver—June 23-27

J. L. MUTTER, Commercial Counsellor in Tokyo, Japan:

Hamilton—June 9
Toronto—June 16-20
Ottawa—June 23-July 4
Montreal—July 7-11

B. I. RANKIN, Commercial Counsellor in Berne, Switzerland:

Toronto—June 9-18
Winnipeg—June 19-23
Vancouver—June 24-July 3
Edmonton—July 4

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

Montreal—June 16-27
Winnipeg—July 7-10
Vancouver—July 11-17
Edmonton—July 18-19
Regina—July 21
London—August 4
Brantford—August 5
St. Catharines—August 6
Hamilton—August 7-8
Toronto—August 11-19
Kingston—August 20
Ottawa—August 21-29

M. J. VECHSLER, Consul and Trade Commissioner in Detroit:

Winnipeg—June 9
Regina—June 10
Calgary—June 11
Vancouver—June 13-21
Edmonton—June 23-24

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.

Taiwan Revises Trade Controls

Recent changes in Taiwan's foreign trade policy, explained here, may prove to be first step towards greater freedom of trade. Effect on Canadian sales should be slight.

W. M. MINER,
Assistant Trade Commissioner, Hong Kong.

THE Government of Taiwan recently announced a number of revisions to its foreign exchange controls and foreign trade regulations. These changes are designed to stabilize commodity prices, encourage freer trade, increase exports and promote domestic production.

These revisions appear to be a first step towards simplifying the present somewhat cumbersome system. Under the previous arrangement, the Foreign Exchange and Foreign Trade Control Commission allocated exchange quarterly. Government agencies and public enterprises applied directly to the Commission for permits to use this exchange and the private trade applied to the Bank of Taiwan. When the application was approved, importers themselves arranged transactions with overseas suppliers.

A system of multiple exchange rates was in force to promote certain exports and regulate imports. Exporters received a foreign exchange receipt or certificate which was sold to the Bank of Taiwan at a basic export rate; 80 per cent of the proceeds could be retained for approved imports. Exchange certificates could also be sold to other traders to finance imports. Those who were successful in their applications for import licences obtained the exchange from the Bank of Taiwan at different rates, depending upon the importer and the commodity, or purchased certificates on the free market. A charge of NT (new Taiwan dollar) $6.00 per US$1.00 was officially levied on exchange certificates, plus a defence surtax of NT$3.13 per US$1.00. The scheme was aimed at curtailing luxury imports and encouraging exports and the purchase of machinery and equipment. In practice, the complexities of the system created difficulties that at times tended to discourage trade.

Single Exchange Rate Adopted

Under the revised regulations, the Commission will continue to allocate exchange for specific purposes and screen applications for foreign exchange received from public or private traders. Import budgets will be published quarterly, as in the past. The former multiple rates of exchange have been replaced by a single rate. On April 14, the Bank of Taiwan readjusted its major rates for foreign currencies and the following new rates were announced:

One US dollar to NT$24.58 buying and $24.78 selling.
One pound sterling to NT$68.82 buying, $69.38 selling.
One Hong Kong dollar to NT$4.30 buying, $4.34 selling.
One Straits dollar to NT$8.03 buying, $8.09 selling.
One Deutsche mark to NT$5.85 buying, $5.90 selling.

In addition to the above basic rates, the following certificate charges are to be added:

One US dollar—NT$11.50
One pound sterling—NT$32.20
One Hong Kong dollar—NT$2.01.
One Straits dollar—NT$3.76
One Deutsche mark—NT$2.74.

Exporters will receive foreign exchange settlements at the basic rate of NT$24.78=US$1.00 and will be granted certificates based on the total export value. Certificates may be freely bought and sold on the open market, and the Bank of Taiwan will also trade in these certificates at a reasonable price, to be arrived at through consultation with government authorities. Private importers must continue to obtain foreign exchange certificates to substantiate their applications for import licences. The rate for imports will be approximately NT$36.00=US$1.00, depending on the price paid for the certificates. The defence surtax is now added to the import duty—an additional 20 per cent.

How New System Works

Before these revisions, only licensed traders were permitted to import or export. This system has been abolished and the prerequisite to import now is the holding of an exchange certificate and import licence. However, the list of traders has not yet been amended. Imports of industrial raw materials will no longer be under government allocation, but arranged in the same manner as other import transactions. Government trading agencies which previously enjoyed preferential exchange rates still trade at the old rates which were equal to the new unit rate. Some imports, as before, may continue to be financed with self-provided foreign exchange, but these must be approved within the overall quota.

These amendments were received favourably in Taiwan, particularly by exporters. Importers, faced with an import tax which immediately increased the price of many commodities, are expected to be adversely affected. It is too early to assess the importance of the revisions to Canadian trade but they should not affect total sales of products that are not available in Taiwan. The increased duty may in time, however, reduce total imports through influencing demand and encouraging domestic production. These measures are said to be a first step towards an over-all revision of Taiwan's foreign trade policies in the direction of freer trade.

Trade and Tariff Regulations

Australia

INCOME TAX AGREEMENT WITH CANADA—The Australian Government has introduced a bill to ratify an agreement between Canada and Australia for the abolition of double taxation on incomes from investment flowing between the two countries.

The agreement, which was signed at Mont Tremblant on October 1, 1957, is to come into force upon ratification by both countries and will have effect on incomes derived during the taxation year in which it comes into force. The agreement was ratified by Canada on May 15, 1958, and, upon ratification by Australia, will come into force from July 1, 1958. As regards the Canadian tax, the agreement will affect incomes earned during the taxation year commencing January 1, 1958. As regards Australia, the agreement will affect incomes earned during the income year which begins on July 1, 1958.

The Australian Government has already abolished double taxation on British and U.S. investments in Australia and it is anticipated that the exemption from double taxation will encourage Canadian investment in Australia.

The Associated Chambers of Manufacturers state that almost one-third of the major manufacturing plants in Australia today received part of or all their financing from overseas; 65 per cent of the £A650 million invested in Australia since the war came from Britain, and the flow from North America is increasing. In 1956, foreign companies invested £106 million, of which £63 million came from Britain and almost £32 million from the United States and Canada.

British Guiana

CERTIFICATES OF ORIGIN—Canadian exporters to British Guiana and other British territories in the Caribbean are urged to give careful attention to the preparation of certificates of origin for goods to be entered under the preferential tariff. Some Canadian exporters have shown goods of United States manufacture as goods of Canadian origin. Entries of this nature, even if made inadvertently, involve the importer in difficulties with the Customs authorities. In such cases the entire shipment is liable to seizure and the importer to a fine.

To eliminate unnecessary delays and expense in clearing goods, Canadian exporters are advised to ensure that the invoice and accompanying certificates of value and of origin are completed correctly.

United States

CANADIAN COAL EXEMPT FROM IMPORT TAX—According to Treasury Decision 54,581 of May 1, 1958, coal, coke made from coal, and coal or coke briquettes imported into the United States from Canada and entered for consumption or withdrawn from warehouse for consumption during the period from January 1 to December 31, 1958, will not be subject to the tax of 10 cents per 100 pounds prescribed in section 4,531 of the Internal Revenue Code of 1954.

Canada has always been exempted from this tax by virtue of section 4,532 of the Internal Revenue Code which provides that the tax will not be collected on imports from a country which in the

previous year imported more coal from the United States than the United States imported from it.

The Bureau of Customs has issued a circular letter advising all collectors of customs that, upon compliance with the regulations, they should release imports of Canadian coal, coke, or briquettes without requiring a deposit of 10 cents per 100 pounds.

GLUED-UP STOCK RULED DUTIABLE AS LUMBER—Treasury Decision 54,595 of May 19 is of interest to Canadian exporters of glued-up lumber. The Bureau of Customs has now accepted the principle which was announced by the United States Customs Court in C.D. 1,903 of July 31, 1957, namely, that wood material, lumber, subjected to the processes of Linderman jointing and gluing under pressure, making one wider piece from two narrower pieces, remains lumber within the purview of the United States Tariff Act, if not advanced beyond lumber.

The Bureau has advised that this principle will be applied to glued stock, including jointed and glued stock whether joined by a Linderman joint or similar process, of a length, width, and thickness which is recognized in the trade as lumber if of one-piece material. This principle will apply whether the stock is edge-glued, end-glued, both edge-glued and end-glued, or jointed and glued.

Edge-glued (such as plain or blunt, tongued and grooved, or dovetailed edges) and/or end-glued (such as butt, finger, or scarf-jointed) stock which by reason of size, shape, dimensions, or processing other than jointing and gluing is not recognized in the trade as lumber, including table tops, desk tops, certain core stock, and other products, do not come within the "lumber" principle of C.D. 1,903, according to the Bureau.

Prior to this decision, glued-up stock was considered to be further advanced than lumber and hence ruled dutiable as "manufactures of wood". By virtue of this customs ruling, all glued-up stock which conforms with the above description of lumber will now be dutiable at the low specific rates of duty applicable to one-piece lumber.

Venezuela

DUTIES ON TEXTILES INCREASED—The Venezuelan Government recently announced substantial increases in duties on many textile items, effective May 7, 1958. Included in these changes are cotton yarns and cloths; linen fabrics; lace; wool in prime materials and yarns; synthetic staple fibres, yarns and fabrics; hemps, jute and other ordinary fibres; and mixed cloths, ready-made clothing and other manufactured textile items.

More detailed information may be secured from the International Trade Relations Branch of the Department of Trade and Commerce.

Dutch Buy Canadian Iron Ore

CANADIAN exports of iron ore to the Netherlands in 1958 are expected to rise sharply above any previous year. In 1957, with sales of about 67,000 metric tons, according to Dutch statistics, Canada became Holland's eighth largest supplier. The Royal Netherlands Blast Furnaces and Steel Works, the only Dutch consumer of iron ore, has contracted for the delivery in 1958 of 175 thousand tons of ore from Newfoundland and Labrador. On the basis of last year's deliveries Canada may now move into second place behind Sweden, whose sales to Holland totalled 290 thousand metric tons in 1957. Other large suppliers last year were Spain (160 thousand tons), Sierra Leone (152 thousand), Liberia (134 thousand), Morocco (118 thousand), Algeria (112 thousand, and Brazil (69 thousand).

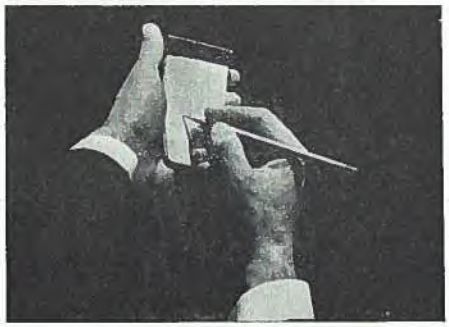
Recognized advantages of Canadian ores are their high grades and the relatively short shipping distances. Disadvantages are the freight risk (North Atlantic freight rates tend to rise faster than those farther south) and the high percentage of fines, which must be screened and sintered before being sent to the blast furnaces. The short seven-month Labrador shipping season means that large stocks must be carried over the winter.

Apart from the Canadian ore consumed in Dutch blast furnaces, large quantities are shipped via the Netherlands to Germany and other European markets. According to Canadian statistics, 490 thousand short tons were exported to Holland in 1956, but Dutch figures show imports of some 84,000 metric tons.

Anticipating the growth of European iron ore imports, a large Dutch firm is developing storage facilities for about two million tons of ore on the Rotterdam Seaway. The largest ore carriers will be able to dock there and from this central point, ore will be shipped all over Europe. A new steel mill and blast furnaces are included in the "Europort" plan for the new harbour complex near Rotterdam.

The Netherlands steel industry continued to expand during 1957. Total steel production rose 12 per cent to approximately 1.2 million tons. In January 1958, the fourth Dutch blast furnace went into operation; with a rated output of 1,400 tons of pig iron a day, it is one of the world's largest. A new oxygen steel furnace going into production shortly will use 90 per cent pig iron.

—B. HORTH,
Assistant Commercial Secretary, The Hague.



General Notes

Angola

TRADE DEFICIT—Angola recorded her first trade deficit in 27 years in 1957; it was attributed mainly to falling world sisal prices and to a below-average year for coffee. Imports of machinery and primary materials for rapidly expanding industries and increasing imports of consumer goods for the growing European population were the main causes of this deficit. Exports were valued at 3.33 million contos last year (one conto=1,000 escudos=Can.$33.84), and imports at 3.5 million contos. About 18.6 per cent of exports went to Portugal and she supplied 45.7 per cent of Angola's imports.

Prospects for the 1958 coffee and bean crops are poor because of drought, Germany (Angola's best customer) has placed import restrictions on fish products, and world sisal prices remain depressed. These developments have led the Government to push on with its policy of reducing imports by modernizing and extending local industries, establishing new ones, and restricting the import of non-essential goods further—Leopoldville.

India

INCREASED JUTE ACREAGE—The area to be cultivated under jute in India during 1958-59 has been fixed at 20.76 lakh acres; this represents an increase of 3.22 lakh acres, or 18.4 per cent over the previous year's acreage. The higher acreage is expected to produce a crop of 51.43 lakh bales, a rise of 10.45 lakh bales or 25.8 per cent over the final estimate of 40.88 for 1957-58 (1 lakh=100,000)—Bombay.

Mainland China

MEAT PACKING PLANT—It is reported from Wuhan that China's largest packinghouse has gone into full operation there. The plant, which is highly mechanized and modern, was built during the First Five Year Plan with aid from the Soviet Union. Capacity is slated to be 8,000 hogs in two eight-hour shifts with refrigeration space for 5,500 tons of meat. All forms of meat will be turned out, the bulk for domestic use, but some frozen pork may be exported. Wuhan is in the centre of the hog-producing province of Hopeh—Hong Kong.

New Zealand

LAMINATION INQUIRY SUGGESTED—To take advantage in New Zealand of laminating processes developed in other countries, the New Zealand Timber Merchants' Federation suggests that a limited liability company be set up to obtain and compile technical information.

As a first step, the Timber Development Committee of the Federation is making inquiries overseas about lamination research, problems and methods. It is hoped that with the development of lamination processes, the structurally weak radiata pine will find much wider use—Wellington.

Pakistan

SPORTS GOODS EXPORTS—Under the auspices of the Sports Goods Exporters Association, the Government of Pakistan has set up an Export Promotion Council for this important handicraft industry which earned over Rs.6 million in foreign exchange in 1956.

The Council will advise the Government on all measures affecting the industry, with particular emphasis on exports. It will suggest standards of quality, investigate complaints, and arbitrate trade disputes. In 1956, Canadian imports of Pakistani sporting goods such as toys, badges and regalia totalled roughly $70,000—Karachi.

Sweden

PULP MILL TO USE BIRCH—Officials of the Rottneros Pulp Mill of Sweden are planning to build a new mill to make paper pulp from birch, using the semi-chemical method. The mill's capacity will be about 30,000 tons a year. A Finnish firm in Tammerfors is also planning to build a new plant to produce semi-chemical pulp using birch as the raw material; the birch will mainly be of a quality not suitable for plywood. The mill is to be built near St. Michel, southeast Finland, where birch supplies are sufficient for the production of 100 thousand tons a year—Stockholm.

foreign trade service abroad

* No Foreign Trade Officer at this post. Bentley's Second Phrase Code is used by Canadian Trade Commissioners

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton Commercial Counsellor for Canada	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* *P.O.* Box 3952 G P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major (absent) Commercial Counsellor for Canada H. S. Hay Acting Commercial Secretary	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Czechoslovakia, Hungary	R. K. Thomson Commercial Secretary for Canada	Opernringhof Opernring 1 VIENNA I	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis Canadian Government Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Bolte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor K. G. Ramsay Commercial Secretary J. R. Roy Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 11-33-88
Brazil	V. L. Chapin Commercial Counsellor C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	C. E. Butterworth Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	W. R. Van Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	P. A. Savard Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Avenida Jimenez No. 7-25 Office 613 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 30-065
Cuba	G. A. Browne Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy 4 Trondhjems Plads COPENHAGEN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Tria 1602
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 451 *Cable:* CANADIAN *Tel.:* 8138

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Dominican Republic—*con.*	J. J. B. Mountain Assistant Commercial Secretary (Fisheries)		
France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor J. H. Bailey Commercial Secretary	Canadian Embassy, 35 Avenue Montaigne, PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor S. G. Barkley Commercial Secretary Commercial Secretary	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Bonn 21971
Germany	E. H. Maguire Consul J. M. T. Thomas Vice Consul	Canadian Consulate 69 Ferdinandstrasse HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
Ghana Gambia, Nigeria, Sierra Leone	M.B. Bursey Commercial Counsellor	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Tel.:* 4824
Greece Israel, Turkey	A. B. Brodie Commercial Secretary L. D. R. Dyke Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	Wm. Van Vliet Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5 Avenida 10-68, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Tel.:* 5590
***Haiti**	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, China, Laos, Vietnam, Macao Taiwan	C. M. Forsyth-Smith Canadian Government Trade Commissioner W. M. Miner Assistant Trade Commissioner T.M. Pope Assistant Trade Commissioner (attached for temporary duty)	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 28336
India	B. A. Macdonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Office of the High Commissioner for Canada 4 Aurangzeb Road NEW DELHI	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 40191
India Calcutta, Madras, Goa	T. F. Harris Canadian Government Trade Commissioner W. J. Collett Assistant Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
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Japan South Korea	J. L. Mutter, (absent) Commercial Counsellor W. G. Pybus Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 48-4116
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary	Canadian Legation Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	C. J. Van Tighem Commercial Counsellor D. B. Laughton Commercial Secretary A. A. Lomas Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	B. C. Butler Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. MacNaught Acting Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	J. C. Depocas Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	H. J. Horne Commercial Secretary J. D. Blackwood Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary L. D. Burke Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines	H. L. E. Priestman Consul General and Trade Commissioner W. J. Jenkins Vice Consul and Assistant Trade Commissioner R. H. Gayner, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	Richard Grew Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	Offices 110-113 Central Africa House Corner First St./Gordon Ave. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571

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Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson (absent) Canadian Government Trade Commissioner W. G. Huxtable Acting Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 30631-2
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	K. F. Noble Canadian Government Trade Commissioner I. V. Macdonald Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio España Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Secretary	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	B. I. Rankin Commercial Counsellor N. W. Boyd Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Secretary	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	H. L. Brown Minister (Commercial) G. H. Rochester Commercial Counsellor (Timber) D. A. B. Marshall Agricultural Counsellor W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	H. A. Gilbert Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	Dr. W. C. Hopper Minister (Commercial) Wm. Jones Commercial Secretary W. A. Stewart Assistant Commercial Secretary G. P. Morin Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen Deputy Consul General (Commercial) Consul and Trade Commissioner H. E. Lemieux Consul and Trade Commissioner	Canadian Consulate General 680 Fifth Ave NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

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United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	F. B. Clark Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	R. F. Renwick Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner J. R. Midwinter Vice Consul and Assistant Trade Commissioner R. A. Bull Vice Consul and Assistant Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	T.M. Burns Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* VAndike 2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	C. T. Charland Vice Consul and Acting Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
*United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor W. G. Brett Assistant Commercial Secretary R. D. Sirrs Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Tobago, Trinidad, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada P. T. Eastham Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner M. S. Strong Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

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 1.034929.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 26	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05368	18.63	(1)
		Free	.02274	43.98	
Austria	Schilling		.03716	26.91	
Australia	Pound		2.1775	.4592	
Bahamas	Pound		2.7219	.3674	
Belgium, Belgian Empire and Luxembourg	Franc		.01938	51.60	
Bermuda	Pound		2.7219	.3674	
Bolivia	Boliviano	Free	.0001089	9182.74	
British Guiana	Dollar		.5671	1.76	
British Honduras	Dollar		.6805	1.47	
Brazil	Cruzeiro	General Category*	.006407	156.09	*May 13 (2)
		Special Category	.003079	324.78	
		Official buying	.05263	19.00	
Burma	Kyat		.2029	4.93	
Ceylon	Rupee		.2041	4.90	
Chile	Peso	Free	.001295	772.20	(3)
Colombia	Peso	Certificate	.1411	7.09	
Costa Rica	Colon	Official	.1721	5.81	
		Controlled free	.1456	6.87	
Cuba	Peso		.9663	1.03487	tax 2%
Czechoslovakia	Koruna		.1342	7.45	
Denmark	Krone		.1399	7.15	
Dominican Republic	Peso		.9663	1.03487	
Ecuador	Sucre	Official	.06442	15.52	
		Free	.05874	17.02	
Egyptian Region, United Arab Rep.	Pound	Official	2.7746	.3604	
		Export Acct. Selling	2.1936	.4559	
El Salvador	Colon		.3865	2.59	
Fiji	Pound		2.4521	.4078	
Finland	Markka		.003020	331.13	
France, Monaco and North Africa	Franc		.002301	434.59	(4)
French colonies in Africa	Franc		.004602	217.30	(5)
French Pacific	Franc		.01266	78.98	(6)
Germany	D Mark		.2306	4.34	
Ghana	Pound		2.7219	.3674	
Greece	Drachma		.03221	31.05	
Guatemala	Quetzal		.9663	1.03487	
Haiti	Gourde		.1933	5.17	
Honduras	Lempira		.4831	2.07	
Hong Kong	Dollar	Free*	.1661	6.02	*May 16
		Official	.1701	5.88	
Iceland	Krona	Official	.05933	16.85	(7)
India	Rupee		.2041	4.90	
Indonesia	Rupiah	Effective buying	.03192	31.33	*May 9 (7)
		Effective selling	.02554	39.16	
Iran	Rial	Certificate	.01276	78.40	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent May 26	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7055	.3696	
Ireland	Pound		2.7219	.3674	
Israel	Pound		.5368	1.86	
Italy	Lira		.001551	644.75	
Japan	Yen		.002684	372.58	
Lebanon	Pound	Free	.3059	3.27	
Mexico	Peso		.07730	12.94	
Netherlands	Florin		.2548	3.92	
Netherlands Antilles	Florin		.5134	1.95	
New Zealand	Pound		2.7219	.3674	
Nicaragua	Cordoba	Effective buying	.1464	6.83	
		Official selling	.1370	7.30	
Norway	Krone		.1353	7.39	
Pakistan	Rupee		.2041	4.90	
Panama	Balboa		.9663	1.03487	
Paraguay	Guarani	Official	.008828	113.28	
Peru	Sol	Certificate	.04229	23.65	
Philippines	Peso		.4831	2.07	
Portugal & Colonies	Escudo		.03372	29.66	(8)
Singapore and Malaya	Straits dollar		.3176	3.15	
Spain and Dependencies	Peseta	Controlled free	.02301	43.46	(7)
Sweden	Krona		.1868	5.35	
Switzerland	Franc		.2255	4.43	
Syrian Region, United Arab Rep.	Pound	Free	.2695	3.71	
Thailand	Baht	Free	.04641	21.55	(7)
Turkey	Lira		.3451	2.90	
Union of South Africa	Pound		2.7219	.3674	
United Kingdom	Pound		2.721875	.367394	
United States	Dollar		.96625	1.034929	
Uruguay	Peso	Free	.1582	6.32	
		Basic buying	.6369	1.57	(7)
		Principal selling	.4608	2.17	
Venezuela	Bolivar		.2884	3.47	
West Indies Fed.	Dollar		.5671	1.76	(9)
	Pound		2.7219	.3674	(10)
Yugoslavia	Dinar		.003221	310.05	(7)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. 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.
3. 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.
4. France: Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
5. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
6. New Caledonia, New Hebrides, Oceania.
7. Additional rates are in effect.
8. Portugal: approximately same rate for Portuguese territories in Africa.
9. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
10. Jamaica.

Flour for Filipinos

Higher prices for rice and movement into cities has meant greater use of wheat flour in the Philippines; Canada ranks after U.S. as a supplier. Local manufacture of flour to begin soon, but rate of imports may not be affected.

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

IMPORTS of wheat flour into the Philippines in 1957 reached a four-year peak of nearly 12 million 50-lb. bags—approximately 300 thousand short tons of flour. This constituted an increase of 30 per cent over 1956 (when some 230 thousand tons were imported) and of 10 per cent over the previous record year, 1955, when imports came close to 270 thousand tons.

The following table gives the latest available figures:

IMPORTS OF WHEAT FLOUR

(in 1,000 bags of 50 lb. each)

1954	*1955*	*1956*	*1957*
8,171	10,766	9,232	11,962
(204,000 tons)	(269,000 tons)	(230,000 tons)	(299,000 tons)

Some 41 per cent (4.9 million bags) of the wheat flour imports into the Philippines in 1957 originated in Canada, 52 per cent (6.3 million bags) in the United States, and the remaining 7 per cent (0.8 million bags) in Australia.

In comparison, Canada supplied 51 per cent of the smaller 1956 total, though the volume was a little less than in 1957. The United States share in 1956 was 44 per cent, and the Australian 4 per cent. In 1955, the percentages were Canada 54 (5.8 million bags), U.S. 44 (4.7 million bags), and Australia 2.

Use of Flour Increasing

Although there is some distortion of the annual import figures between 1954 and 1957—sometimes by reason of heavy year-end imports or the reverse, in an effort to avoid new or disappearing taxes—yet the pattern seems to show a definite movement towards increased imports of wheat flour.

Among the factors favouring larger consumption is the fairly rapid population increase. Moreover, industrial development and the drift towards the cities are placing wheat flour products within closer reach of more people each year.

Rice is the preferred and main staple food of the masses. However, a short local crop has caused prices to harden to a point where consumers are compelled to swing towards other foods, including wheat flour products.

In the meantime, a chronic shortage of foreign exchange has militated against extensive overseas buying, though flour is considered one of the important products which may be imported.

Orders for flour for 1958 delivery were curtailed between December 9, 1957, and February 12, 1958, because of dollar scarcity, but business has since been resumed, generally on a lower level than in 1957.

Flour Mill to Open

A flour mill is being built in Manila; in fact, construction is far advanced and operations are expected to begin in September 1958. The flour will be made from imported wheat because none is grown in the tropical Philippine climate.

This is the first and only flour mill in the country. It is expected to supply 25 per cent of the Philippine market and with the addition of another unit would be able to grind 50 per cent of market needs.

The new mill has a licence to operate as a "new and necessary industry". Under this, it will enjoy full or partial exemption from all taxes for a term of years on a sliding scale, including customs duties on raw material, machinery etc., income tax on profits, and sales taxes on its finished products.

One of the problems facing a flour mill is the disposal of mill feeds. The Filipino group sponsoring the new mill asserts that there are adequate outlets in the Philippines.

The effect of local manufacture of flour on current imports is difficult to estimate. Opinions vary from the view that imports of flour may fall off *pari passu* with local manufacture, to the assertion that the increase in local consumption of flour may provide a market large enough to absorb the output of the local mill and also flour imports of about the same amount as in recent years. ●