Established in 1904

foreign trade

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cover In a walnut-processing plant in Mainland China, an experienced worker weighs and grades the walnut meats. Canadians buy more walnuts than any other edible tree nut, and over two-thirds of the shelled walnuts we use come from China. For a report on six of the edible tree nuts and on crops, processing and prices in the countries from which we draw most of our supplies, see pages two to fifteen.

CANADA

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WHERE

THE NUTS

PECANS WALNUTS ALMONDS BRAZILS CASHEWS FILBERTS PECANS WALNUTS

COME FROM

BRAZIL CHINA INDIA ITALY SPAIN TURKEY UNITED STATES BRAZIL CHINA I

From the Brazilian jungle, the Mediterranean shores, sunny California, tropical India and many other places come the edible nuts that appear on Canadian tables. Importing and processing nuts is an expanding business, with its own problems and hazards.

HIGH on the list of foodstuffs that reach Canada from foreign countries stand the edible nuts. In 1956 Canadians spent over $10 million on imports of walnuts, almonds, cashews, filberts, pecans, Brazil nuts, and a few other less popular varieties. Bakers, candy-makers, nut roasters and retailers helped to boost purchases to nearly 24 million pounds (excluding peanuts). The 1957 total may be higher: for the first nine months of the year the figure reached 17.8 million pounds.

Climate makes it impossible for us to raise these nuts ourselves on a substantial commercial basis and foreign producers have come to look upon Canada as a dependable and rewarding market. In fact, nuts bulk large in our trade with a number of countries: they ranked sixth in value among our imports from Italy in 1956 and tenth among our purchases from Brazil; cashew nuts alone constituted our fifth largest import from India, and walnuts over half the value of our purchases from Mainland China. In many of these areas, the edible nuts are looked upon as useful dollar earners. The United States—particularly California, the Pacific Northwest, and the South—comes first among our suppliers, though amid the thousands of products that we buy from our neighbour, nuts do not figure very largely.

Demand Is Changing

Time was when seasonal buying was the rule in the nut trade. Canadians bought nuts, as they did oranges, almost entirely at Christmas. Many of us still put nuts in the shell on our shopping lists mainly at Christmas and holiday dinners end with the sound of nutcrackers. But the over-all market for nuts, and particularly shelled nuts, has grown and changed with the years. The bakery and confectionery industries have become important customers, especially for walnuts, almonds and filberts but also for pecans. Cashews and Brazil nuts find their way into vacuum-packed tins or salted nut mixtures and chocolate-coated Brazils are a favourite. In 1956 the bakery products industry used 1.34 million pounds of nuts (other than peanuts), worth $805 thousand, and the confectionery industry absorbed 5.3 million pounds of shelled nuts, worth $3.1 million.

Walnuts, once sold mainly in the shell, were the first to become popular in shelled form. Initially, light-coloured halves offered at premium prices dominated the trade. But when prepackaging and mass selling came in, walnuts in quarters and broken pieces began to sell in volume. Price differences based on colour and size (whole meats as opposed to pieces) narrowed. Walnuts still hold the lead in the shelled nut trade.

Nuts cooked in oil, salted, and sold separately or mixed made their appearance in the thirties and quickly caught the buyer's fancy. The trend towards more home entertaining and the higher consumer incomes have helped to keep sales up. Canadian firms produced 3.6 million pounds of salted, roasted nuts (excluding peanuts) in 1955 and 1.8 million pounds of chocolate and candy-coated nuts.

Supply Influences Price

Supplies of edible nuts appearing on the world market vary widely from year to year. Bad weather in the growing season, disease, or insect pests can slash production drastically. In 1956 the severe winter in southern Europe cut down the almond crop in Italy

Canada's Imports of Edible Nuts*

(in thousands of dollars)

	1957 9 mos.	*1956*	*1955*	*1954*
Walnuts				
Shelled	$3,120.3	$3,254.1	$2,414.4	$3,525.8
Not Shelled	313.2	700.3	787.6	783.3
Almonds				
Shelled	643.1	1,832.4	1,258.1	1,312.7
Not Shelled	37.3	293.2	261.1	243.3
Cashews				
Shelled	930.3	1,227.6	1,076.8	782.4
Filberts				
Shelled	392.5	552.5	511.6	497.2
Not Shelled	66.3	450.1	295.6	288.8
Pecans				
Shelled	575.2	642.8	777.6	678.6
Not Shelled	18.0	134.2	92.1	137.0
Brazil Nuts				
Shelled	198.0	301.1	257.1	228.3
Not Shelled	131.7	450.1	295.6	288.8
Other Nuts				
Shelled	90.1	147.5	165.9	124.8
Not Shelled	73.6	168.2	104.5	89.6
Total	6,589.6	10,154.1	8,298.0	8,935.6

*Excluding peanuts, which will be covered in a later issue.

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and Spain. The average export price of Italian shelled and unshelled almonds went up by about 75 per cent because of the short crop and in September 1956 touched a record high. In that same year Turkey had a bumper crop of filberts and, as the year went on, prices weakened and stocks had to be carried over to the next season. In general, large crops tend to depress prices and small crops to push them up. Candy-makers, bakers and other users often cut back their orders as prices rise. The United States has a federal marketing agreement and other programs to keep up quality and allocate the quantity for export according to the size of the crop.

The nut business is highly competitive, with a large element of risk. There are no central commodity markets for nuts where traders can hedge against price fluctuations by buying futures. Most sales of nuts are made through brokers to Canadian importers who may be distributors or users of the nuts in manufacturing processes. Some importers purchase directly from suppliers abroad in producing countries or from entrepôt markets such as New York and London and some European trading centres. New York, however, is by far the principal source of supply for this class of trade. End users of nuts in Canada usually do not buy directly from the foreign exporter. ●

Walnuts

CANADIANS buy more walnuts than any other variety of nut, with the exception of peanuts. In 1956, we spent $3¼ million on imports of shelled walnuts and $700 thousand on walnuts in shell; in fact, our purchases have been rising steadily since 1954. Though the United States is a big walnut producer (the tree was introduced into California some years ago), the largest part of our imports come from across the Pacific—from Mainland China. In the first nine months of 1957, imports from China reached 6 million pounds, out of total imports of 9 million.

For unshelled walnuts, important in the Christmas trade, the United States has become our main supplier, with 1.3 million pounds out of total imports into Canada in 1956 of 2.4 million (500 thousand from Mainland China). The figures for the first nine months of 1957 were 1.4 million pounds (U.S., 1 million).

Third-ranking supplier is Italy, which sold us 753 thousand pounds of shelled and 535 thousand of unshelled walnuts in 1956. In some years, large imports come in from India: for example, 1.5 million pounds of shelled walnuts in 1954 and 1.8 million in the first seven months of 1957. In 1956, Indian imports fell to only 176 thousand pounds.

Lesser suppliers include France and Iran (1.27 million pounds in 1954).

Mainland China

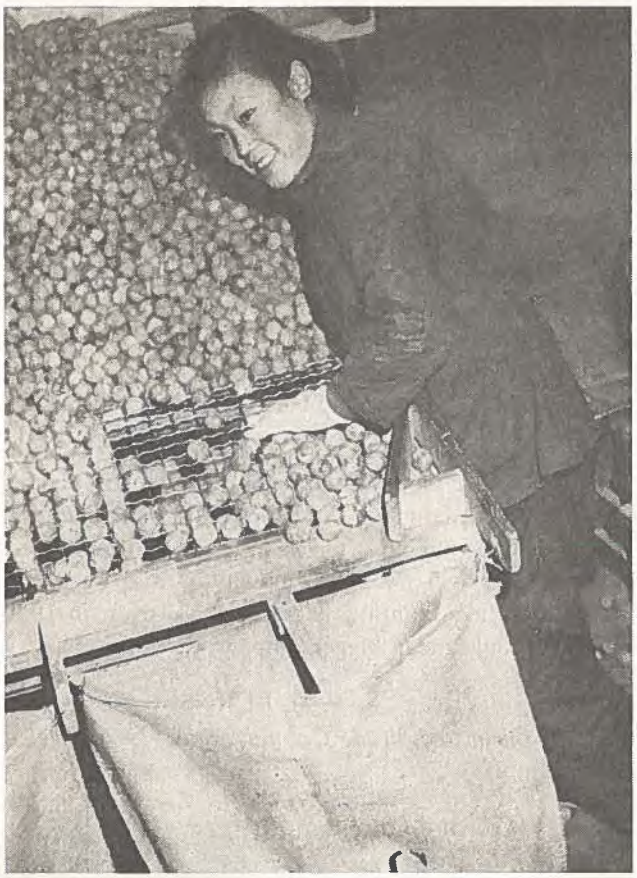
CHINESE walnut meats are well regarded abroad because of the relatively large assortment of grades, their distinctive flavour and sweetness. Main producing areas are the provinces of Hopei, Shansi, Shantung, and Honan, and crops are harvested in September. Processing is carried out efficiently and when export cargoes are prepared, grading, weights and quality are strictly checked by the Chinese Commodity Inspection and Testing Bureau. By far the largest percentage of exports is in the form of walnut meats, although some walnuts in the shell are also sold abroad. Walnut meats are packed in sound seaworthy veneer cases, lined with waxed or parchment paper and strapped with iron wire; net weight per case is 55 pounds. Packing in individual cellophane packs is being considered but this will depend on the probable overseas demand and is still in the investigation stage.

As with other exports, handling and sales are a government monopoly. The China National Native Produce Export Corporation, Tientsin branch, makes most of the sales, although some are negotiated by the head office of this corporation in Peking, usually when government-to-government sales are involved. It is not possible to obtain accurate production or export figures but it is estimated that crops range between 200 thousand to 250 thousand cases a year. It appears certain that the 1957 crop is down some 10 per cent or more from 1956 and the exportable surplus is likely to be reduced accordingly. Increased Chinese domestic demand may even result in a greater fall in exports.

Demand from abroad continues to be strong, possibly in view of poor crops reported in other producing countries—about 50 per cent smaller in India, merchants say. In these circumstances there has been a natural tendency for prices of Chinese walnuts to increase and this may well continue.

Canada Is Leading Buyer

Canada is by far the most important market for Chinese walnuts, taking at least 50 per cent and sometimes as much as 75 per cent of exports. Over the



This young Chinese girl is busy grading walnuts as one step in preparation for shipment abroad. The larger part of the crop is shelled before export, but walnuts in shell are sold too.

past three years, sales to Canada have increased substantially from about 65,000 cases in 1954/55 to 93,000 in 1955/56, and 126 thousand cases in 1956/57. Since Canada is the principal buyer it is expected that this market will receive preferred treatment. Nevertheless, exports to Canada this year may well be smaller—probably about 100 thousand cases. Other important outlets are European countries and Australia.

In the past, by far the greatest proportion of exports to Canada have been made via Hong Kong, through merchants there. However, during the past two years and this season also, sales have been made direct from China to Canadian buyers, rather than through Hong Kong merchants. This year, shipment has also been made directly from Tientsin to Vancouver with no transhipment involved, thus effecting a big saving in freight costs. More shipments are likely to go directly in the future, in view of the direct shipping facilities recently established.

Direct Shipment Possible

The Chinese prefer dealing directly with overseas customers. They point out, however, that orders from overseas buyers are accepted in the order in which they are received, and during a season of short supply it is advisable for Canadian purchasers to place orders as soon as they know their requirements. Otherwise it may not be possible for the Chinese to satisfy the demand for particular grades. Opening prices on walnuts are usually announced early in September and orders accepted immediately for October or later shipment. Orders for any grades placed before the end of November can normally be accepted, but orders for certain grades placed later than November often have to be refused.

Hong Kong Still Important

Despite the efforts of the Chinese to make direct contact with buyers, it seems unlikely that they will be able to eliminate intermediaries in Hong Kong, London and elsewhere entirely—or indeed would wish to do so. Importers in Canada will without question still find these merchants extremely useful contacts, particularly in late season and for grades not obtainable directly from Tientsin. Again, any crop information available is usually first known by Hong Kong merchants, because of their geographic position in relation to the China Mainland. In addition, medium and smaller Canadian buyers may find financing facilities available from Hong Kong merchants of considerable help.

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

Italy

WALNUTS are grown in practically all sections of Italy, although production is concentrated in the districts of Campania (55 per cent of the crop) and Piedmont (11 per cent). Total production usually is larger than that of filberts but because Italians themselves consume large quantities of walnuts, exports are less important.

In 1956, for example, Italy produced 64,790 metric tons of walnuts (with and without shell) and exported 18,486 metric tons; comparable figures for 1955 were 58,940 and 11,306 metric tons. Reliable estimates place the 1957 walnut crop at 49,310 metric tons. On the average, about one-fifth of the crop is sold abroad, mainly to West Germany, the United Kingdom, and the United States.

Canada buys substantial quantities of Italian walnuts but purchases vary widely from year to year; Italian statistics place the value of Canadian purchases in

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1955 at 11 million lire. DBS figures show that Canadians bought 115 thousand pounds of Italian unshelled walnuts in the first nine months of 1957 and 200 thousand pounds of shelled.

Production has increased substantially in recent years, although there has been no special government effort in this direction. Attempts are being made, however, to improve the quality and in many producing areas the growing of the "Sorrento" variety, which is very popular both in Italy and in many of her export markets, has been emphasized. Of recent years, walnut prices have tended to be more stable than those of other nuts but for Sorrentos, prices have risen. Wholesale prices at Milan in late November were: common walnuts, lire 280 thousand to 300 thousand per metric ton, Sorrento walnuts, lire 430 thousand to 450 thousand per metric ton.

Canadian importers who wish further information on supplies and prices of Italian walnuts (and also almonds and filberts) should write to the Office of the Commercial Counsellor, Canadian Embassy, 27 Via G.B. De Rossi, Rome.

—J. G. IRELAND,
Assistant Commercial Secretary, Rome.

United States

THE United States is the world's leading producer of walnuts (though not the leading exporter) and most of the crop comes from the Pacific Coast. California has about 80 per cent of the total commercial walnut acreage and the remaining 20 per cent is in Oregon and the southeast part of Washington. In 1957, California had an estimated 116,700 acres under walnut production and Oregon about 19,600. Back in 1945 and 1946, the United States had about 150 thousand acres planted with walnut trees but since 1954 the figure has ranged from 135 to 138 thousand acres. The crop in 1957 (based on August estimates) will probably total about 72,000 tons.

The marketing of the tree-nut crops in the Pacific Coast states is influenced by two factors. The first is the existence of federal marketing agreements and other programs designed to maintain standards of quality and minimize the effect of occasional production surpluses. The second is the growth of producers' co-operatives and processing organizations.

The California Walnut Growers Exchange, which maintains extensive processing and marketing facilities, markets about 80 per cent of the California crop. The Northwest Nut Growers Association handles more than half of the Oregon and Washington crops. Sales in each case are customarily made through food brokers in the principal U.S. cities, and the same pattern is followed in sales to Canada.

Exports go mainly to Canada, the United Kingdom, and Western Europe; in 1955, out of a total crop of 77,400 tons about 1,807 tons were sold abroad. In the six years 1950-56, annual exports averaged about 3 per cent of the crop. Canada buys mainly walnuts in the shell; about 72 per cent of the 2.4 million pounds of unshelled walnuts we bought in 1956 came from the United States, but only 7 per cent of the shelled walnuts—or some 510 thousand pounds.

Production of nuts does not react quickly to changes in price because of the time that it takes newly planted trees to reach maturity. Statistics show that plantings of walnut trees in California in 1952-54 were relatively low, and this will make it difficult to raise output in the short term. Plantings increased, however, in 1956 and this should mean bigger crops in the long run.

—T. M. BURNS,
Consul and Trade Commissioner, Los Angeles.

—Diamond Walnut Growers, Inc.
On a California walnut ranch the nuts, shaken off the trees by a tractor and swept off the ground and into bins by a vacuum-like piece of machinery, are trucked into the rancher's shed.

Almonds

THE almond tree, a close relative of the peach, bears a fruit not unlike it. When this fruit has ripened, it begins to dry up and cracks open exposing the nut, which later falls to the ground. The almond tree has long flourished in the Mediterranean countries, particularly Spain, Italy and Algeria; Italy has become the world's largest producer. Introduced into California, the almond is extensively grown there and largely supplies domestic demand in the United States.

In 1956, Canada bought over two million pounds of shelled almonds, largely from the United States (1.14 million), Spain (711 thousand), and Portugal (130 thousand). Our purchases of unshelled almonds reached 813 thousand pounds, with 630 thousand coming from the United States and 183 thousand from Italy. For the first nine months of 1957, imports of shelled almonds totalled 1.1 million pounds; chief suppliers were Spain (489 thousand), and the United States (468 thousand).

Italy

FOR many years Italy has been the world's largest producer of almonds, outstripping its nearest competitors, Spain and the United States. It lost its leadership temporarily in 1956, when catastrophic weather conditions resulted in one of the smallest crops in generations. Most of the crop is grown in Southern Italy—about 47 per cent in Sicily and 45 per cent in the Puglia district (which includes the heel of the Italian boot).

Foreign markets are vital to the Italian almond industry because during normal years 50 per cent or more of production is sold abroad. In 1956, production reached only 62,340 metric tons, in shell basis, compared with 112,120 tons in 1955 and 180,100 in 1954. West Germany has for years been the leading market, but Italy also makes fairly steady though smaller sales to Sweden, the Netherlands, Switzerland, and the United Kingdom. Canada's purchases of both shelled and unshelled Italian almonds fluctuate widely from year to year.

Shelled almonds are the only exports of the Italian nut industry which are subject to quality controls set up by the Italian Government. Each exporter must register with the Institute of Foreign Trade and the Institute examines all export shipments and issues a certificate of inspection. Briefly, the requirements are that the almonds must be thoroughly dry and must fall within certain tolerances with respect to weight and contamination. There are also regulations controlling the packing and marking of containers for export.

Prices for shelled almonds rose to an unprecedented lire 1.86 million per metric ton in late September of 1956; they have since declined steadily to what is considered a more normal price of about lire 500 thousand to lire 503 thousand per metric ton (during the late autumn of 1957). Both producers and exporters are looking forward to a period of greater market stability and to winning back some of the export markets lost during the period of inflated prices. The 1957 crop is estimated at 240 thousand metric tons—higher than the 228,800 tons of 1953, the largest production in recent years. Growing conditions have been good in most areas.

Italian growers are not making any particular effort to increase production beyond the average of the postwar years. They are emphasizing instead improvement in quality and greater efficiency in production.

—J. G. IRELAND,
Assistant Commercial Secretary, Rome.

Spain

ALMONDS have long been an important crop in Spain and shelled almonds hold a vital place among Spanish exports. The current almond crop is estimated at 28,000 metric tons, shelled, a considerable increase over the five-year average of 19,000 metric tons. Its quality appears to be good and this shows that the severe frosts of February 1956 apparently did not damage the trees permanently.

The harvesting, shelling and preparation of almonds for export involve a high percentage of hand labour which is still cheap in Spain. Although the plants and equipment used are old-fashioned, the end product—almonds ready for shipment—is excellent. Plans are under way for improving output on the plantations which are found largely in Spain's southern provinces, and for which Valencia is the chief port of export. The port of Reus, in the Barcelona area, is also an important almond export centre, serving a large and growing hinterland.

The trade in almonds is carried on without government restriction, except for the setting of a specific minimum selling price. Exporters receive the full official rate of exchange of 42 pesetas to the U.S. dollar.

The export season is now under way and it is expected that almond shipments abroad will total about 20,000

metric tons. The table below shows how this figure compares with other years:

	Year	Tons (metric)	Gold Pesetas[1]
Shelled Almonds—			
	1952	19,143	51,269,807
	1953	14,257	34,989,374
	1954	13,918	36,363,371
	1955	3,907	14,252,306
	1956	4,285	26,494,759
	Year	*Tons (metric)*	*Gold Pesetas*[1]
Unshelled Almonds—			
	1952	1,023	1,319,899
	1953	1,059	1,152,479
	1954	1,015	1,097,207
	1955	145	150,108
	1956	146	394,971

[1]Value of the gold peseta today is 7.154 paper pesetas. This figure came into force on April 1, 1956. Previously it was 3.577.

Present export prices are considered satisfactory and the season should prove a record one for the growers.

Spanish almonds are sold in several European countries—Finland, France, Britain, Switzerland, Sweden and Germany are all traditional importers—as well as in Canada. However the small crops harvested in 1955 and 1956 enabled Spain's competitors to gain a larger share of these markets and difficulties may arise in selling the large current crop.

—M. T. STEWART,
Commercial Counsellor, Madrid.

United States

PRACTICALLY all of the commercial acreage of almonds in the United States is in California, principally in a 700-mile-long central belt through the state. Between 1929 and 1955, almond acreage increased approximately 30 per cent to 94,000 acres and production rose from 13,500 tons in 1930 to 35,600 tons in 1955, or about 164 per cent. The 1957 crop is currently estimated at slightly over 40,000 tons, compared with the 1952-56 average of 43,000 tons. All these figures are calculated on an in-shell basis, and total crop is defined as the "crop received by handlers."

There are about 6,000 individual almond growers in California. The California Almond Growers Exchange —which was established in 1910 as a growers' co-operative marketing organization—now handles about 70 per cent of the crop and the remaining 30 per cent is sold through independent packers and shellers.

The Federal Marketing Order for almonds is limited to the regulation of the quantity of almonds sold in normal domestic markets, since quality has not been a serious problem in the disposal of annual crops. In the current season, the surplus for export established by the Almond Control Board was 30 per cent under this marketing program.

The harvesting and processing of California almonds is highly mechanized. Because 90 per cent of the demand is for shelled nuts, the California marketing organizations have set up extensive processing plants. The output of these plants, whether for domestic consumption or for export, is subject to a federal-state inspection service. The processing is so precise that the sizing of almond kernels can now be carried out to the degree that 1/40 of an ounce is a material factor.

The almond industry in California is geared primarily to the domestic market, although exports in years of heavy production become more important. In 1955, exports reached 8,600 tons. The largest markets are Western Europe, Canada, Mexico, Central and South America, the West Indies and Japan.

—T. M. BURNS,
Consul and Trade Commissioner, Los Angeles.

—California Almond Growers' Exchange

This picture, taken in an orchard near Sacramento, California, shows the almond trees in full bloom. Almond orchards are concentrated in a 700-mile belt through the centre of the state.

Cashews

THE tree-borne cashew nut is really an appendage at the extreme end of a peduncle called an apple (or pear). When the fruit to which it is attached is ripe, it falls to the ground and the nut is detached. At this stage the cashew is covered with a layer of skin and enclosed in two shells, with a brown oil between. The outer shell is tough and cannot be cracked by machine without danger of breaking the kernels. The nuts are shelled by hand one at a time and roasted in a hot oven for several hours, when the oil is released; the skin is then peeled off the kernels. The broken shells are also roasted to extract oil which is used in insulating varnishes, friction dusts, and aircraft brakes.

Originally the cashew nut tree was discovered in South America by the Portuguese in the 15th and 16th centuries and they brought it to India and East Africa. Today it flourishes along the Malabar coast of southern India and in the coastal areas of Tanganyika and Portuguese East Africa; it is not difficult to grow and can be raised in soil and climate where many other crops fail.

In 1956 Canada bought over $1.2 million worth of shelled cashew nuts, or 2.6 million pounds. Of this, 2.3 million pounds came from India (which has a virtual monopoly of the market), 263 thousand from the United States (probably re-export trade) and 29,000 pounds from British East Africa. Purchases for the first nine months of 1957 totalled 2.1 million pounds, with India again far in the lead with 1.8 million pounds.

India

CASHEWS are grown largely along the Malabar coast and in South India; Quilon and Mangalore are the chief commercial centres for processing. No reliable production data are available, but estimates place output at 55,000 tons for 1956 and over 60,000 tons in 1957, compared with the five-year average of about 59,000 tons.

A three-pronged program involving research, extension of the growing area, and promotion of exports is now being sponsored by the Indian Council of Agricultural Research and the Cashew & Pepper Export Promotion Council. The objective is production of 106 thousand tons of cashew nuts by the end of the Second Five-Year Plan, four years hence. The steps taken by the Government of India and the State Governments include long-term loans to cashew-nut growers, special lease rights, research and technical advice and establishment of nurseries to serve as a permanent source of quality seed at no cost to the growers.

If these schemes succeed, India will become more self-sufficient in cashew supplies. In 1956 she imported about 41,500 tons of cashews from Portuguese East Africa and 20,000 tons from Tanganyika, processed and re-exported them. This gave her a virtual monopoly of the export market.

Growing and Processing

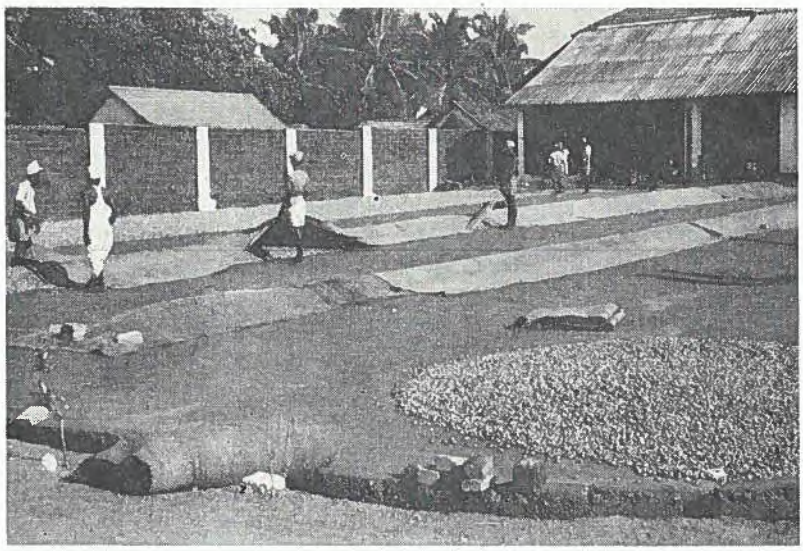
The cashew growing season in India runs from October to September, with a three-month harvest beginning in February. There is no legislation to prevent the harvesting of immature fruit when prices are high, but measures are being considered and some growers already practise this type of conservation. A tree bears for an estimated 20 to 25 years and yields about 30 pounds of raw nuts a year. There are no reliable figures on the number of growers or the number of bearing trees.

The Malabar coast of southern India has about 170 processing plants which employ some 90,000 workers. The nuts are shelled by hand, roasted, peeled, blanched, graded and packed. The roasting operation is a delicate one; temperatures must be controlled to avoid scorching, but high enough for optimum oil extraction. Drum roasting is preferred to the hot-oil-bath process because it results in fewer broken kernels and the nut retains its bright colour. It does, however, yield less oil. The native-grown nuts are processed from February to May and the African imported nuts from May until about October.

Buyers can place a good deal of confidence in the hand grading of kernels in India. The ratio of wholes to pieces for Indian nuts is about 75:25 and for African 70:30. Whole kernels are graded in five sizes of 210's (kernels per pound), 240's, 320's, 410's, 450's. The remainder are sorted into butts (about ¾ whole), splits, pieces, baby bits, scorched kernels and rejections. Price quotations are based on the 320 count, vacuum-packed for export in a four-gallon tin containing 25 pounds net. Two tins are packed in an iron-strapped wooden case, ready for shipment.

Trading Practices

Cashews from the scattered small holdings are usually delivered to dealers in local market centres. Buyers from some processing plants travel around to various villages, but the larger ones usually bargain directly with the growers. There are still a few brokers or



Raw cashew nuts are dried in the sun on concrete at a processing plant in South India. Indian workers have developed great skill in the difficult and time-consuming task of shelling, peeling, roasting and blanching cashews to produce a high-quality, bright-coloured kernel.

collectors who operate on behalf of processors by purchasing from both the village dealers and the growers. In the end, the grower receives approximately 95 per cent of the factory price which has been running at about Rs. 800/- ($160) per long ton. The export price in early November was 51 cents per pound, for November-December shipment.

The usual procedure is for the processor-exporter to cable an offer to his representative in the buyer's country, giving particulars of quality, quantity and price. Such offers are accepted, countered or rejected and any contracts finalized are chiefly on a forward delivery date of about five to six months. The trade quotes on a C. & F. basis with insurance to be arranged by the importer, with the exception of state-controlled economies such as the U.S.S.R. which buys on an F.O.B. basis.

The present supply is somewhat greater than anticipated because of the 12,000 tons of African nuts brought in above the estimated imports and forward delivery prices over the past few months have been falling. The salted cashew market, largely in the dollar area, is making spot purchases but resisting the normal futures transaction. Exporters attribute this resistance to the easy market in low-priced competitive nuts, such as Italian almonds, and the importers' anticipation of the effect on cashew prices of the numerous unsettled labour disputes throughout India's processing industry. The quality of the cashew crop remains good, as in previous years.

Principal Markets

The United States and the United Kingdom have long been the principal outlets for cashew nuts, accounting for nearly 75 per cent of the 30,900 tons India exported in 1955-56. More recently, new markets have been found in the U.S.S.R., East Germany, Switzerland, Sweden and France; over 536 tons valued at $500 thousand went to these countries during the first quarter of 1957. But it is expected that the dollar area and Britain will remain India's principal cashew markets over the next few years. Smaller exports to Canada this year are one indication of the present grey market, a constant source of worry to processors already anxious about labour disputes.

—W. J. COLLETT,
Assistant Trade Commissioner, Bombay.

Cashews from Mozambique

Most of Mozambique's cashew crop—usually about 40,000 tons a year—goes to India where the nuts are hand-shelled and prepared for export markets. Currently the Department of Commerce in Mozambique, in conjunction with a German firm of machinery specialists, is sponsoring research on the mechanical shelling of the nuts to give as satisfactory a product as Indian hand labour achieves. Removing the flint-like outer shell without damaging the kernel has always been a problem and European machinery manufacturers have been trying to develop a machine to do the job. Now Mozambique has produced on a semi-experimental basis small quantities of mechanically shelled nuts for sale at home and abroad and some minor shipments have been made. The Mozambique product still draws some criticism because, though the meats are satisfactory, they are slightly discoloured because of less-than-perfect removal of the inner skin of the outer shell. The Department feels certain that this problem will be overcome and that direct exports of the shelled nuts will expand.

Tanganyika

TANGANYIKA, the largest of the East African territories, has a dollar-earning cash crop from which it literally does not earn a cent. It is the cashew nut. Practically the whole crop is sold to India and it is the Indian merchants who receive the dollars from sales in Canada and the United States, where the cashew has become one of the most popular of edible nuts. In 1956 Tanganyika's shipments to India reached 20,000 tons valued at £882 thousand.

Processing the cashew is a tricky business in which India excels and so far Tanganyika has done little to develop its own processing facilities. There is a small pilot plant in the cashew area along Tanganyika's southern coast but it can only handle about 4,000 tons a year and is now closed because of labour shortages. The Indians excel in the delicate manual operations required.

Now India is making plans to step up its own cashew crop with the objective of cutting imports from East Africa in half by 1960-61 and achieving self-sufficiency ten years later.

The Tanganyika industry realizes only too well that once it loses its Indian market, if it is to survive at all it will have to install its own processing plants. The problem of training Africans to do the manual labour efficiently is not insuperable—as Kenya, the territory adjoining Tanganyika, has proved. There all the operations are performed with local labour and the processed cashews shipped directly to America and Europe. The difficulty lies rather in convincing the African farmers that the cashew is worth the effort of planting and in persuading them to accept the factory work with its higher wages as a regular means of livelihood and not just as an alternative to starvation when their own staple crops fail to yield sufficient food. The owners of the pilot plant have not succeeded in doing this and that is why it is now closed.

One suggested solution is to set up a good-sized plant in Dar es Salaam, the capital of Tanganyika, where there is a labour surplus, rather than in the growing area itself, and use available transport facilities to move the nuts. Such a plant might well attract capital from the more advanced Africans or even be developed as an all-African co-operative. Agricultural co-operatives in other parts of the territory have proved highly successful and there are large numbers of them. The next few years should be decisive ones for Tanganyika's cashew industry.

—W. J. MILLYARD,
Trade Commissioner, Salisbury.

Brazil Nuts

BRAZIL nuts actually do come largely from the jungles of Brazil, where the trees which bear them grow to a height of up to 150 feet. These trees usually cluster together in groups of six or more and the nuts are gathered from about 100 thousand of them each year. The nuts grow inside a large pod which falls when it is ripe; it carries about 12 to 30 nuts. The natives open the tough pods with machetes and, after washing the nuts, take them by canoe to a central point.

About $750 thousand worth of Brazil nuts came to Canada in 1956—or some 626 thousand pounds of shelled nuts and 1.7 million pounds of unshelled. Brazil had the lion's share of this market, selling us 450 thousand pounds of shelled and 1.4 million pounds of unshelled nuts in that year. The only other supplier worth noting is Bolivia, which sold us 151 thousand pounds of shelled Brazils in 1956. Imports in the first nine months of 1957 totalled 468 thousand pounds of shelled Brazil nuts (316 thousand from Brazil and 131 thousand from Bolivia) and 1.1 million pounds in shell, all from Brazil.

Brazil

THE Brazil nut is the seed of the castanha do Pará (chestnut of Pará) tree that grows wild along the upper reaches of the Amazon River; there are no plantations. In the last quarter of the year, when the great river is in full spate, natives of the region ply the dangerous waters in small boats and search the shore for these nuts. In 1956, they collected 40,000 tons, compared with 37,500 tons in 1955 and 31,700 in 1954. Exports from the 1956 crop reached a value of approximately $8 million. Principal buyers were the United States, which took about 50 per cent of all exports, followed by the United Kingdom with 40 per cent, then Canada, Germany and Spain. Canadian imports of the unshelled nuts in 1956 totalled $228 thousand and of the shelled, $203 thousand.

Price Influences

January is the month in which the new crop comes on the market and the price is influenced by the size of the harvest, the supply, and the prevailing prices

50559-4—3

This crop of Brazil nuts, harvested by natives along the Amazon, has come by canoe to a gathering point; the pods will be split open and the 12 to 30 nuts released. Note the skin of a jaguar, shot nearby, curing in the sun in the background.

of other edible nuts popular during the winter season in the Northern Hemisphere. Prices for the 1956/1957 crop averaged about $0.14 per pound medium grade, unshelled nuts, F.O.B. Manaus. Dehydrated unshelled nuts of the same quality cost about one cent more per pound. The F.O.B. price of shelled nuts averaged about 43 cents per pound, medium grade, F.O.B. Manaus. When the new crop comes on the market in January, the so-called nut season is almost over and this is the best time to buy because prices are generally at their lowest. They begin to climb, however, in September which marks the opening of the new season.

Unshelled nuts—or "washed" nuts, as they are called in the trade—are graded according to the number of nuts per pound. Grades are recognized as follows:

Large —30 to 35 nuts per pound.
Large —35 to 40 nuts per pound.
Medium—40 to 45 nuts per pound.
Medium—45 to 52 nuts per pound.

Shelled nuts are also graded on the basis of nuts per pound as follows:

Large — 90 to 100 nuts per pound.
Medium—110 to 125 nuts per pound.
Small —130 to 160 nuts per pound.
Midget —160 and up per pound.

Export Packing and Procedure

As the nuts are collected, they are transported by river to the ports of Manaus and Belem, where they are processed for export. Both of these ports on the Amazon River can accommodate ocean-going vessels and practically all exports go through them. Unshelled nuts are shipped in bulk or sacked. Shelled nuts are packed in hermetically sealed containers of 15 kilograms each, and two such containers are boxed together as a unit for export. The industry is centered in Manaus and Canadian importers who wish to deal directly in this commodity should send their inquiries to the main exporters in that city, rather than to agents or representatives in Rio de Janeiro or São Paulo. Details are available through the office of the Commercial Secretary, Canadian Embassy, Caixa Postal 2164, Rio de Janeiro.

—VINCENT L. CHAPIN,
Commercial Secretary, Rio de Janeiro.

Pecans

THE pecan tree, a species of hickory, grows wild to a large extent, mainly in the southern United States and Northern Mexico, where the warm climate favours growth. When the fruit is ripe the hull opens automatically and separates into four equal sections, freeing the nuts. The fruit matures and the nuts are harvested from September until late in November. Canada buys southern pecans both shelled and unshelled; in 1956, we imported 647 thousand pounds of shelled and 393 thousand of unshelled pecans from the United States; total imports were 653 thousand shelled and 393 thousand in shell. Imports for the first nine months of 1957 totalled 729 thousand pounds of shelled, all from the United States, and 70,000 pounds in shell, entirely from the U.S.

United States

THE principal pecan-producing states are Texas, Georgia, Oklahoma, Alabama, Louisiana and Mississippi, although there is some small production in North Carolina, South Carolina, Arkansas, New Mexico and Florida. Texas leads in the number of pecan trees (approximately 100 million), most of which are native, but Georgia, with comparatively few native pecan trees, usually exceeds Texas in the production of nuts. Most of Georgia's production comes from commercial orchards and an average of 84 per cent of its nuts are "improved" varieties from nursery-grown, transplanted trees or from native trees grafted with buds of commercial varieties.

These improved varieties all produce some type of papershell pecan. However, the hardness or softness of the shell makes little difference in the shelled pecan industry because machines do the hulling. Unshelled pecans are purchased in large amounts only during the Christmas season. The following charts give statistics on the production and prices of crops in the main producing states during the years 1944 to 1955:

PECANS (in shell)

Improved Varieties

	Production			Price for crop of:		
	Average 1944-53	1954	1955[1]	1953	1954	1955[1]
	(M. pounds)			(cents per lb.)		
North Carolina	2,114	860	300	21.0	30.0	44.0
South Carolina	2,850	2,300	140	18.8	31.0	46.0
Georgia	30,941	16,400	8,000	17.5	32.0	42.0
Florida	2,590	1,500	6,400	16.0	34.0	42.0
Alabama	12,806	6,500	6,800	16.0	34.0	42.0
Mississippi	4,026	2,400	4,500	16.5	31.0	38.0
Louisiana	3,264	3,750	2,000	18.0	31.0	35.0
Oklahoma	1,421	1,500	3,300	24.1	34.0	38.5
Texas	4,500	4,100	5,700	25.5	34.0	38.5
New Mexico	2,224	3,790	3,460	25.0	35.0	40.0
United States (all states)	66,392	43,800	42,400	17.8	32.6	40.9

[1]Preliminary.

PECANS (in shell)

Wild and Seedling Varieties

	Production			Price for crop of:		
	Average 1944-53	1954	1955[1]	1953	1954	1955[1]
	(M. pounds)			(cents per lb.)		
Georgia	6,040	3,600	2,000	14.0	25.0	32.0
Florida	1,864	1,060	4,500	13.0	25.0	32.0
Alabama	2,920	1,500	1,200	13.0	25.5	34.0
Mississippi	4,359	2,600	5,500	14.0	23.0	29.0
Arkansas	3,846	1,850	6,150	15.0	23.0	30.0
Louisiana	10,461	6,750	23,000	15.0	23.0	29.0
Oklahoma	17,739	13,000	29,700	15.0	26.5	29.5
Texas	28,165	19,900	32,300	15.5	26.5	29.5
United States (all states)	76,157	50,800	104,460	14.7	25.1	29.6

[1]Preliminary.

Preparation for Market

When the pecan nuts are gathered, they are "cured" for market by placing them in a cool, dry, airy spot on shelves or in bins which permit circulation of air on all sides and from beneath. The nuts are turned over or stirred every three or four days. With the organization of co-operative pecan associations within recent years, the preparing of the nuts and the actual marketing cost less and are more efficient. The production of kernels has been speeded up and made cheaper with the manufacture of automatic cracking machines. So far, the industry has done very little advertising.

The ripe fruit of the pecan tree has split open, revealing the nut inside. After the outer shell is removed, the kernels are cured by exposing them to a good circulation of cool, dry air.

Canada is by far the largest customer for pecans grown in the United States, both shelled and in shell, followed by Sweden, the Netherlands, Saudi Arabia, Venezuela, Canal Zone, Belgian Congo, Japan and others.

Government Marketing Programs

The marketing of domestically produced pecans is regulated under federal marketing agreement and order programs, as authorized under the Agricultural Marketing Act of 1937, as amended. These programs are designed to improve grower returns through the establishment of minimum quality standards and/or volume restrictions which provide for the diversion of the surplus portion of the crop to competitive outlets. Because of comparatively small domestic supplies, there were no volume restrictions on the 1955-56 pecan crop provided standards of quality were met.

The Department of Agriculture has the authority under Section 32 of Public Law 320 to assist in the removal of surpluses by purchase and by diversion and export payments. Since 1935, the Department has spent approximately $20 million for the removal of tree nut surpluses, mostly in the form of export and diversion payments, although some nuts have been purchased for school lunch programs.

—A. A. CARON,
Consul and Trade Commissioner, New Orleans.

50559-4—3½

Filberts

THE filbert tree grows both in the United States and in several parts of Europe, particularly Turkey, Italy and Spain. Turkey has become the leading producer of filberts (or hazelnuts), with about 60 per cent of total world production in a normal year. Next in line comes Italy, followed by Spain and the United States. Turkey is the largest exporter, supplying about 70 per cent of all filberts shipped to foreign markets.

The 1957 world filbert crop, experts estimate, reached 119,300 short tons (in-shell basis), about 5 per cent less than the average 1950-1954 crop. It was, however, 40 per cent less than the record 1956 harvest, largely because of the smaller Turkish crop. Production was fairly normal in Italy, Spain and the United States.

Canadian importers buy shelled filberts (873 thousand pounds in 1956) largely from the United States (385 thousand), Turkey (184 thousand), and Italy (161 thousand). Purchases rose last year; in the first nine months they reached 930 thousand pounds, imported chiefly from Turkey (453 thousand), the United States (223 thousand) and Spain (127 thousand). Filberts in shell (1.8 million pounds in 1956) were brought in chiefly from Italy (1.7 million pounds). In the first three quarters of last year, imports totalled 344 thousand pounds, with 334 thousand coming from Italy.

Italy

IN the Italian nut industry, filberts come second only to almonds. They are grown to some extent in practically all sections of Italy but Campania (particularly around Naples and Salerno) and Sicily together account for almost 80 per cent of national production.

In 1956 Italy's output of filberts (in-shell basis) reached nearly 30,000 metric tons and about 16,000 tons were exported; the 1957 crop was estimated at 36,380 metric tons. In normal years exports represent about 60 per cent of production. The nuts are mainly shipped in the shell and are sold chiefly to Western Europe, particularly West Germany, France and Switzerland. Canadian purchases, although relatively small, have been on the increase in late years.

Over-Production No Problem

During the past few years the acreage planted to filberts has grown, particularly in Sicily, Piedmont and Sardinia, and this trend is continuing. Italian specialists feel that the filbert trade is unlikely to suffer from over-production because of the ever-increasing world demand by the confectionery, perfumery and pharmaceutical industries as a result of the nut's high nutritional value and oil content.

Prices during late autumn of 1957 were somewhat lower than in the same period last year. In late November, for example, wholesale prices at Milan for unshelled filberts ranged from lire 280 thousand to lire 310 thousand per metric ton, compared with the average export price during 1956 of lire 338,640 per metric ton.

—J. G. IRELAND,
Assistant Commercial Secretary, Rome.

United States

FILBERT production in the United States is concentrated in Oregon, principally in the Willamette Valley; the other producing area is in the southwestern end of the State of Washington. The 1957 output was expected to total 11,800 tons on an in-shell basis, or about 6 per cent of total world commercial production; the 1956 crop was a short one. It is not expected that output will rise in the near future because studies have shown that commercial acreage devoted to this crop has been declining in recent years.

The federal marketing order governing filberts is more complex than that for almonds. It lays down minimum standards of size and quality and provides for pack specifications for the entire crop, not just the percentage going to export as in the case of almonds. In the current marketing season, it applies a surplus percentage of 37 per cent for export markets. For purposes of the order, total crop is defined as "crop handled".

Marketing Arrangements

The marketing of filberts is less centralized than that of almonds or walnuts. In recent years, three cooperatives and four large independent packers have handled over 80 per cent of the crop. Most sales are made on an in-shell basis and distribution in the United States and in Canada is again done through food brokers in the principal marketing areas.

Shelled filberts constitute the larger part of exports to Canada; in 1956, the Pacific Coast States supplied 44 per cent of Canadian purchases of the shelled variety and about 9 per cent of the unshelled.

—T. M. BURNS,
Consul and Trade Commissioner, Los Angeles.

Commodity Notes

Aluminum

AUSTRALIA—The Queensland Government has signed an agreement with Commonwealth Aluminium Corporation Pty. Ltd., empowering that company to work the vast bauxite deposits around Weipa, in Northern Queensland. This will cover the conversion of bauxite into alumina and attendant developments. If complete conversion of bauxite to aluminum becomes economically feasible in the area, Comalco's investment could reach £A175 million. A town of 5,000 is envisaged and a port would be built at an estimated cost of £A.2 million. The economic possibility of operating a smelter of a minimum capacity of 30,000 tons a year will be investigated—Sydney, Jan. 30.

Citrus Fruit

GREECE—This year's bumper citrus crop may boost exports for the 1957-1958 season to 35,000 metric tons. Exports of 30,832 metric tons during the 1956-1957 season earned Greece over US$4.5 million. Oranges are the leading citrus export (6,500 tons in the first four months of the 1957-1958 season) followed by lemons (6,000 tons) and tangerines (over 4,500 tons). Exports to both Eastern and Western European countries, as well as to the U.S.S.R., are increasing, and concerted efforts are being made to extend areas of cultivation and to improve growing and marketing methods.

Canadian importers may wish to consider Greece as a source of supply for citrus fruit. The Canadian Commercial Secretary in Greece will be pleased to place any interested firm in touch with responsible Greek exporters—Athens, Jan. 23.

UNITED STATES—Production of oranges in California for the 1957-58 season is estimated at 25.9 million boxes, the smallest output for this state since 1929, due to unfavourable conditions in southern California. The Valencia crop is 41 per cent below the 1946-55 average, and the Navel and miscellaneous group is 33 per cent below normal.

Forecasts for the California lemon harvest are better. The most recent crop estimate is 14.7 million boxes, 91 per cent of the heavy crop in 1956-57, but 13 per cent above average—Los Angeles, Feb. 3.

Motor Vehicles

NEW ZEALAND—The 12 automobile factories in New Zealand assembled nearly 2,000 fewer units in 1956-57 than in 1955-56. Output of cars and commercial vehicles totalled 39,528. Smaller production of commercial vehicles, at 7,411 units, largely accounted for the decline. In the calendar year 1956 New Zealand imported 28,361 unassembled automobiles and 8,922 unassembled commercial units; imports of built-up vehicles were 7,448 and 1,230 respectively. During the first six months of 1957 she imported 17,248 unassembled automobiles and 402 unassembled commercial vehicles—Wellington, Jan. 29.

Paper

SWEDEN—Exports of paper and cardboard during 1957 are estimated at a preliminary figure of one million metric tons—an increase of about 90,000 tons over 1956. Of the export increase, about 40,000 tons was in newsprint and about 50,000 tons in other paper and board. As exports in 1956 showed an increase of 95,000 tons, this preliminary estimate for last year showed a slight reduction in the rate of expansion. Production of paper and cardboard in 1957 is estimated at approximately 1.7 million tons —an increase of 8 per cent over 1956.

Two new newsprint machines to be installed in 1958 will give an additional production capacity of approximately 140 thousand tons in about one year's time when they are properly run in—Stockholm, Jan. 23.

Petroleum

BRAZIL—Brazil's national petroleum corporation, Petrobras, is now supplying 20 per cent of domestic requirements of crude oil and 60 per cent of refined products, the president of Petrobras revealed, announcing a Cr.$22 million budget for 1958. The

corporation expects to attain its 1960 goal of 35 per cent of domestic requirements for crude oil and 100 per cent of refined products. A draft bill authorizing the expenditure of Cr.$900 million, in three annual allocations, for the construction of an oil refinery in Fortaleza, capital of the northern state of Ceara, has been approved by the Finance Committee of the Federal Chamber of Deputies—Rio de Janeiro, Jan. 27.

Petroleum Products

FINLAND—The new oil refinery built at Naantali by the state-controlled company Neste OY will produce (at full capacity), 750 thousand tons of petroleum products every year to a value of about $32 million. This production covers approximately 40 per cent of the domestic demand. Half of the refinery's requirements of crude oil are purchased from the U.S.S.R., under a trade agreement which provides for deliveries to Finland of 1.42 million tons before the end of 1960. This oil is refined for the company's own account. The factory also refines oil for two other companies which supply the remaining 50 per cent of its crude oil requirements—Stockholm, Jan. 25.

Phenol

ARGENTINA—A new factory to produce synthetic phenol being built by Messrs. Fensud, Fabrica Argentina de Fenol y Derivados, S.A. San Nicolas, Province of Buenos Aires, is near completion. Messrs. Bayer A.G. of Leverkusen, Germany and an Argentine firm, Messrs. Compañia Quimica S.A., plan to finance an addition to the plant for the purpose of manufacturing salicylic acid—Buenos Aires, Jan. 25.

Plywood and Veneer

NEW ZEALAND—Plywood and veneer manufactured in New Zealand increased in 1956-57. Plywood made during the year totalled nearly 38 million square feet (3/16" basis), over two million square feet more than the previous year. The production of plywood has expanded by 22.6 per cent in the last three years. Imports in 1956 and 1957 amounted to over four million square feet per year. Canada's share is about 23 per cent.

Veneer production reached 50 million square feet, compared with 40 million square feet last year —Wellington, Jan. 21.

Rubber

BRAZIL—The original home of the rubber tree is turning its eyes to synthetic rubber to meet domestic demand. Brazil must consider building a synthetic rubber plant or go short of rubber, according to Transport Minister Lucio Meira. By 1960, he estimates, 80,000 tons will be needed to put tires on the 160 thousand motor vehicles that will then be produced every year. Current domestic production is 22,000 tons—Rio de Janeiro, Jan. 24.

Steel

AUSTRALIA—A new £4 million mill for the cold-rolling and final processing of stainless steel sheets and strips is to be erected near Port Kembla, N.S.W., by the Commonwealth Steel Company Limited. Expected to be in production by the end of 1959, the initial output will be 8,000 tons per year—the present Australian demand. Eventual capacity will be 15,000 tons per year. Most of the equipment is to be imported from the United Kingdom—Sydney, Jan. 31.

BRAZIL—The new installation at the Belgo-Mineira Steel Company at Monlevade, Minas Gerais, is now doubling the plant's capacity to an annual production of 240 thousand tons of steel. This will increase Brazil's total production by 20 per cent. The second stage of the company's expansion program has already started; the goal is to increase capacity to 500 thousand tons—Rio de Janeiro, Jan. 22.

PORTUGAL—The Minister of Finance has been authorized to give a surety of up to $26.5 million on behalf of the State for the purchase of equipment from abroad by Siderurgia Nacional S.A.R.L. (National Steel Co. Ltd.) for the development of Portugal's new steel industry. The contract for most of the equipment needed in the first phase of the development was awarded to a Belgian-German group for about $38.5 million—Lisbon, Jan. 28.

Tractors

UNITED KINGDOM—Tractor manufacturers increased their exports in 1957 by 25 per cent over 1956. Factories produced approximately 150 thousand units in 1957, of which nearly 112 thousand were destined for export markets. The introduction of new and more powerful models during the year contributed markedly to the recovery on overseas orders. Shipments of tractors and other farm machinery in 1957, at £90 million, were worth about £20 million more than in 1956. Sales in the home market were valued at about £66 million. Total sales of tractors and machinery combined (export and domestic) were worth about £156 million—London, Jan. 23.

PULP AND PAPER

New Zealand Enters Export Trade

New Zealand's vast plantings of radiata pine and other non-native softwoods, now maturing, provide the raw material for her rapidly expanding pulp and paper industry. Before long this country expects to become self-sufficient in most paper products as it is in pulp, and to sell abroad more newsprint than it buys abroad today.

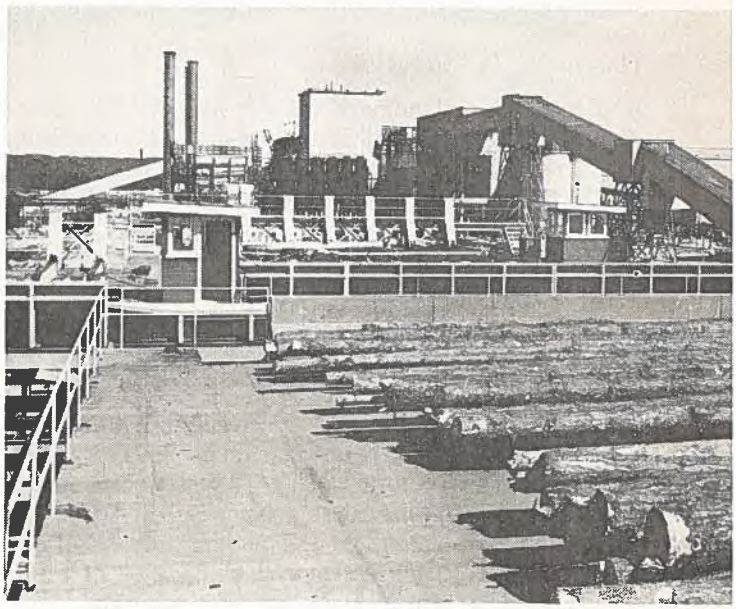
JOHN MacNAUGHT,
Assistant Commercial Secretary, Wellington.

ONLY FIVE YEARS AGO, New Zealand bought 100 thousand tons of imported pulp and paper a year. Since then, local production has risen so rapidly that now purchases abroad are falling, despite steadily increasing demand. By the end of 1956, total imports had fallen to about 60,000 tons a year, consisting almost entirely of newsprint (34,335 tons), and other paper and paper products (23,920 tons). Starting from scratch in 1955, output of newsprint reached 9,000 tons at the end of the 1955-56 fiscal year, shot up to 52,700 tons in the year ended on March 31, 1957, and still is rising. Paper and paperboard have made less spectacular gains but before long New Zealand expects to be self-sufficient in most of these. Already local mills can meet the demand for virtually all types of pulp and still have a good deal left over for export.

Growth of the Industry

The pulp and paper industry consists of five mills which in 1956-57, in addition to the newsprint made by one mill, produced 75,900 tons of mechanical pulp, 115 thousand tons of chemical pulp, 30,800 tons of other paper and 24,700 tons of paperboard. Currently New Zealand consumes close to 128 thousand tons of wood pulp a year, about 50,000 tons of newsprint, and perhaps 76,000 tons of other paper and paper products. Clearly the industry is now meeting a large part of the local demand for pulp and paper. New Zealand has been making paper on a small scale for nearly 80 years and two of the early mills are still operating. However, in the early 1950's a significant development changed the pattern radically. The radiata pine and other softwood species planted thirty years before were reaching maturity and the first pulp and paper scheme came into being—New Zealand Forest Products Limited at Kinleith in the Rotorua-Taupo area on North Island. It began by making mechanical pulp and wallboard and extended its operations to kraft pulp and paper in 1954. The company owns close to 176 thousand acres of forest, planted mainly to radiata pine.

Timber resources are far greater than the present plant can use and the company has launched a scheme to expand output at a cost of A£5 million. First stage will be a A£2 million project to set up a bleaching



The Tasman Pulp and Paper Co. Ltd.'s plant at Kawerau, which produces newsprint and wood pulp, was designed and its construction supervised by Canadians. The photograph looks across pine logs on the measuring table towards the boiler unit, and also the recovery units, digesters and conveyors.

PRODUCTION OF PULP, PAPER AND PAPERBOARD

(in tons)

Year ended 31 March	Pulp		Newsprint	Other Paper	Paper-board
	Mechanical	Chemical			
1953	26,685	—	—	6,895	16,416
1954	27,002	7,413	—	11,645	15,729
1955	29,568	43,204	—	22,494	17,779
1956	37,994	61,395	9,000	28,154	20,225
1957	75,897	115,423	52,700	30,838	24,732

Source: Department of Statistics (N.Z.)

CONSUMPTION OF WOOD PULP

(in tons)

Year Ended 31 March	Sulphite		Sulphate		Semi-chemical Screenings	Mechanical	Total
	Bleached	Un-Bleached	Bleached and Semi-bleached	Un-Bleached			
1953	—	671	744	4,904	1,471	26,685	34,475
1954	34	742	968	6,507	774	27,002	36,027
1955	36	508	1,339	22,665	1,201	29,634	55,383
1956	631	926	3,393	30,430	1,558	37,917	74,885
1957	1,065	702	14,636	32,432	1,586	76,647	127,068

Source: Department of Statistics (N.Z.)

plant to make kraft pulp, build a plant to produce chlorine, and install a glazing machine. This part of the scheme should be operating by 1960; when the program is complete, output of paper should total 40,000 tons a year—12,500 tons more than at present.

Newsprint Is Produced

The next major landmark for the industry was completion of the pulp and newsprint mill (Tasman Pulp and Paper Company Limited) at Kawerau in the same region as the Kinleith project. The mill came into production in early 1955, making New Zealand's first newsprint. Installed capacity totals 75,000 tons of newsprint and up to 36,000 tons of surplus sulphate and groundwood pulp a year.

Canada played an important role in the establishment of this mill. Canadians carried out the preliminary survey of forest resources, designed the mill and supervised its construction, and a Canadian paper company sent technicians to train staff. The Kaingaroa forest itself—which supplies the Tasman plant—was the inspiration of a prominent Canadian forester, Leon McIntosh Ellis, New Zealand's first director of forest services. This single block of 260 thousand acres stretches northward for 50 miles in a ribbon from the Lake Taupo region. It is the largest tract of man-made forest in the world and represents almost one-third of the total plantings of non-native trees in the country. About one half of the Kaingaroa forest is planted in radiata pine; the rest is in Douglas fir, Corsican pine and other valuable softwoods. These exotic species mature at least twice as rapidly in New Zealand as they do in their native habitat and currently add more wood each year than New Zealand can use either for sawn timber or for pulp and paper; this fact is causing considerable concern.

Last year a fifth company—Caxton Paper Mill Ltd.—joined the list. It is located next to the Tasman mill at Kawerau and produces toilet tissues, paper towels, facial tissues, envelope manila and fruit wrap (rated capacity 5,000 tons a year). A Canadian paper company also designed this plant and provided key operating staff in the initial stages.

Production, Consumption and Imports

The tables above show the production of paper and products and consumption of wood pulp over the past five fiscal years.

The local mills can now meet nearly all the pulp requirements of manufacturers. In 1956, New Zealand imported only 2,700 tons of chemical pulp (9,500 tons in 1952) and used it to make special tissues. Exports have increased steadily since the first shipments were made in 1953; last year 46,800 tons were exported—75 per cent to Australia, a little less than

25 per cent to the United Kingdom, and small amounts to several Asian countries.

Paper Imports Decline

The following table compares paper imports in 1952 and 1956:

IMPORTS OF PAPER AND PAPER PRODUCTS

(in tons)

	1952		1956	
	Total	*Canada*	*Total*	*Canada*
Newsprint	41,186	30,564	34,335	15,200
Fine paper	20,655	4,826	12,761	1,670
Wrapping paper	8,444	529	2,455	nil
Paperboard	17,129	2,668	4,849	28
Toilet paper	2,638	1,781	1,122	500
Greaseproof	3,932	27	2,733	nil

Source: Annual Report of Director of Forestry and Customs Department.

• *Newsprint*—In 1952, New Zealand bought all its newsprint from overseas but total imports had decreased by 17 per cent by the end of last year. Canada's share of the reduced total fell to a little less than half (it reached 75 per cent in 1952) and our share of total consumption is down to about one-third. Increased supplies from Europe, particularly the United Kingdom, and stricter licensing procedures to conserve foreign exchange have contributed to smaller purchases from Canada. In the current year, imports of newsprint are expected to decline by 9,000 tons to a total of 25,000 tons; Canadian sales may drop 2,000 tons to a total of 13,000.

Annual consumption of newsprint has increased by 18,200 tons since 1953 but demand will probably level off at about 53,000 tons a year within the next five years. As the Tasman paper mill increases production to its rated capacity of 75,000 tons a year, imports will continue to taper off. However, New Zealand has contracted to buy newsprint from foreign suppliers for several years and, in fact, she has no intention of using the local product exclusively.

Last year, New Zealand exported 27,600 tons of newsprint, all except 400 tons to Australia; this year shipments may reach 34,000 tons. It is probable that the Tasman mill will have a second machine producing newsprint by 1961-62 and this will materially increase output. There is some possibility that the Kinleith mill may also produce newsprint some time after 1963.

• *Printing and writing paper*—In 1952, Canada sold 4,826 tons of printing and writing paper to New Zealand, supplying about 24 per cent of the total. But in the following five years, imports fell 38 per cent and Canada's share tumbled to 13 per cent. The Government controls strictly all imports of paper from dollar countries; importers are able to buy more freely from soft currency sources. Thus as local producers filled a greater share of home demand, the cutback in imports affected largely Canadian and United States exporters.

• *Wrapping paper*—The local mills will soon be able to meet nearly all the demand for wrapping paper. This commodity was never important in our trade and, except for small occasional orders of special papers, there is no hope of Canada exporting very much to New Zealand.

• *Other paper and products*—Greaseproof paper imports show only a slight change over the years but little comes from Canada anyway. Imports of cardboard and paperboard have fallen 70 per cent in the last five years and the local industry has expanded to a point where it exported 2,000 tons last year. Canadian exports of toilet tissue and toilet paper to New Zealand have gradually decreased since World War II; only 500 tons were shipped in 1956. As the Caxton mill attains capacity production, this trade will fall even further.

New Zealand offers little prospect for Canadian suppliers of paper. With the local industry expanding, the situation has become less favourable and is not likely to improve. New Zealand is now a competitor in the market for paper in Australia and Asia, a change which Canadian companies are likely to feel as time goes on.

Tours of Territory

J. D. BLACKWOOD, Assistant Commercial Secretary in Karachi, Pakistan, will begin in mid-February a tour of Lahore and other business centres in West Pakistan.

T. F. HARRIS, Trade Commissioner in Bombay, India, will visit Mangalore, Cochin and Trivandrum from February 23-March 3.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut, Lebanon, will visit Bahrain March 3, Kuwait March 5, and Baghdad March 9.

Businessmen who would like these officers to undertake assignments for them should get in touch with them at their posts as soon as possible. Mr. Blackwood can be reached at his office in Karachi, Mr. Harris at Bombay, and Mr. Rousseau at Beirut.

Are we missing the

Boat Market in Venezuela?

Boating for pleasure is rapidly becoming more popular in Venezuela and imports of watercraft are growing each year. Canadian boat-builders already selling to the United States and the Caribbean should take a second look at the Venezuelan market.

WILLIAM BRETT,
Assistant Commercial Secretary, Caracas.

MOST Venezuelans have never been maritime-minded, in spite of an extensive coastline, because the main population centres have always been in the interior plains and uplands. Then too, the Maracaibo Straits and the Orinoco River (which enters the Caribbean through a tortuous maze of delta channels) are the only natural approaches to the sea. Traditionally, Venezuela's only seamen have been the Indians in their "piroas" and sailboats, and the fishing people of the Island of Margarita and the coastal towns such as Coro and Cumaná.

Now, however, the man-made access to the sea, the famous La Guaira-Caracas autopista, has made people aware of the sporting possibilities in boating. This did not come about immediately the road opened—because the sea was still a perplexing element and the inhospitable coast near Caracas did not encourage familiarity. But during the five or so years since the road was opened, beach clubs have sprung up within an hour's drive of Caracas. Now the autopista is crowded on weekends as busy Caraqueños hasten to the sea.

The Market Areas

This enthusiasm for what the sea has to offer will find new outlets as the coastal road system is developed. An important phase of this project is the direct road which is being built to connect Caracas with the eastern coastal towns of Barcelona, Puerto La Cruz, Guanta and Cumaná. The coast in this sector, with its great beauty and variety, is hailed as the Riviera of Venezuela. There are countless secluded bays and offshore islands, and the waters provide splendid boating, water skiing, fishing and skin diving. The road is progressing rapidly and when it is open in a year or so, it will put this playground within a comfortable drive of Caracas. Until this road is in use, the city-dweller must undertake an onerous two-day drive through the hot central plains south of Caracas.

Another encouraging project for the boating enthusiast is the road which will put Lake Valencia within an hour-and-a-half drive from the capital. This lake, which measures about 20 by 12 miles, is the only large area of fresh water in the country and it will no doubt be very popular with sportsmen from the nearby cities of Valencia and Maracay. There is fishing of a sort but no skin diving; water skiing is already popular. Besides providing speedy access to Lake Valencia, this road will enable weekend campers to take advantage of the attractive secluded bays found along the coast north of Maracay.

A third market area will probably develop in the new city of Puerto Ordaz on the Orinoco.

A distinct market area for small pleasure craft is centred around Lake Maracaibo. Numerous North Americans in the city of Maracaibo and in the oil towns strung along the east shore of the lake find relief from the heat in aquatic sports. Boating is perhaps more widespread and advanced here than anywhere else in Venezuela. This will probably always be a separate market as there are no population centres in the hinterland around the lake. However, Maracaibo and its immediate surroundings now have a population

approaching 400 thousand and many of these people are water-conscious.

Types of Craft in Use

What kind of boats are these Venezuelans buying? The well-off Caracas resident with a beach house at Macuto or Caraballeda may well have a cabin cruiser tied up at the nearby Laguna Beach Club. He has either bought it from the Caracas agent of an American or European builder or, if it approaches the yacht class, he may have purchased it in Miami. He may also have a small sailboat for his family's amusement.

But it is the modest covered craft and the open outboard motor type that sell best. Most hulls will take two motors, usually 25 horsepower for the additional speed and safety that dual power provides. The outboard craft is usually from 15 to 22 feet in length; craft up to 30 feet generally have inboard power. Larger craft are probably specially built with diesel power.

The biggest market appears to lie with the moderately well-off sportsman who keeps a presentable covered boat or who transports a less expensive open boat from place to place along the coast. Whatever its size, his boat must be protected against the "toredo", a boring worm which often attacks wooden bottoms. Aluminum is quite resistant to this pest, otherwise hard to discourage. Some boats with fiberglas bottoms have been attacked. If the owner keeps the boat in the sea it must, even if it is made of aluminum, be protected with anti-fouling paint.

How the Market Is Supplied

Covering only the types of pleasure craft we have described, let us try to assess how Canadian suppliers can fit into the market. Unfortunately, official Venezuelan statistics group imports of all marinecraft under one heading, "embarcaciones". For the years 1956 and 1955 imports were:

VENEZUELAN IMPORTS OF BOATS

	1956		*1955*	
	Kilograms	*Bolivars*	*Kilograms*	*Bolivars*
Austria	57	730	.....	.....
CANADA	20,363	221,261	.....	.....
Curaçao	220,000	69,120	.....	.....
Czechoslovakia	273	1,122	.....	.....
Denmark	6,040	52,888	4,750	15,444
France	259,779	7,902,293	83,010	2,077,263
Germany	30,931	183,204	163,920	124,266
Italy	12,112	90,461	89,364	147,759
Netherlands	2,167,285	6,035,654	2,075,071	4,949,358
Spain	2,592	3,773	.....	.....
Sweden	.....	.....	4,000	13,614
Trinidad	10,249	10,385	800	2,658
United Kingdom	830,281	5,103,242	346,625	3,445,603
United States	12,443,527	34,359,276	4,237,034	9,752,754
	16,003,489	54,033,409	7,004,574	20,528,719

In an examination of this table, two facts stand out: first, imports more than doubled in 1956, and second, the United States dominates the market, selling almost two-thirds of the total value of imports during 1956. This leads us to glance at United States boat exports to Venezuela in 1956:

	Units	*Value (U.S. dollars)*
Cargo ships	2	$3,500,000
Fishing and small commercial craft	35	504,015
Recreation craft	236	1,685,295

The export of two cargo ships helps to explain the high value of United States sales to this market, but there remains a most attractive pleasure boat market of over $1.6 million. A second look at the statistics shows us that U.S. sales of watercraft to Venezuela in 1956 were worth almost twice as much as those to its next biggest customer, Canada. Canadian imports of watercraft from the U.S. in that year were valued at U.S.$946,477.

Turning to Canadian statistics, we find three significant categories: "boats, canoes and parts", "gasoline launches and yachts", and "ships". The only instance where Venezuela appears in the last three years is in one item for $1,353 in the category, "boats, canoes and parts". Strikingly, Canada made sales in this category to 17 countries other than Venezuela during the first six months of 1957, including a total of Can.$546,456 to the United States.

The picture emerging is interesting: Venezuela is the largest market for United States pleasure craft; Canada sells over 90 per cent of her pleasure craft to the United States; Canada's sales of watercraft to Venezuela are insignificant.

Can We Break into This Market?

Either there is a market here for exising Canadian production—or a market can and should be created. Certainly transportation costs favour U.S. producers but we have heard of sales of Canadian boats to Florida and scattered points in the Caribbean.

How can the Canadian boat-builder effect sales here? He should have a reputable agent, preferably one specializing in sporting goods who has a good showroom. The exporter will have to pare prices and adjust terms to the level set by the competition and he must offer a sturdy, handsome craft. We believe that we are seeing the beginning of a boat boom here comparable, within the limits of the market, to that in the United States and Canada in the last decade or so. The men of the Foreign Trade Service in the Embassy in Caracas will happily canvass the trade for any Canadian firm which thinks it can sell watercraft in this territory. ●

Ethiopia Looks Ahead

Exports, mainly of coffee and hides and skins, more than pay for the limited imports of a population with simple needs. Improvements in communications now going forward will help cut high internal transportation costs, and economic progress should improve demand. Canadian sales still small, but they are now increasing.

D. S. ARMSTRONG,
Commercial Secretary, Cairo.

ETHIOPIA has been aptly termed the "Wonderland" by its national airline and tourist bureau. In contrast with neighbouring countries around the Red Sea and in the northeastern part of the African continent, where much of the land is arid desert, the Empire of Ethiopia has a high central plateau of lush, fertile agricultural land. This provides the population (estimated at 15 million) with sufficient foodstuffs to meet their needs and a small exportable surplus of coffee, cereals, hides and skins to pay for the imports required for a simple standard of living.

Communications to Be Improved

Agriculture is now, and will remain for years to come, the backbone of the economy. Most of the people live on the land and the cities are relatively small. Nor are there any elaborate industrialization plans. Under the guidance of the popular Emperor, the Government's efforts are directed toward social progress—mainly education, in which Canadians take a prominent part—and agricultural reforms.

Chief among the current economic development schemes are:

- A road-building program to improve and extend Ethiopia's notoriously inadequate highways. Financed partly by loans from the International Bank for Reconstruction and Development, totalling $20 million thus far, the program will open up new agricultural land and improve transportation to the Red Sea ports of Massawa and Assab.
- The expansion and modernization of the port of Assab. A $10 million contract for this work was recently awarded to a Yugoslav firm which has also agreed to loan $5 million to be repaid over 14 years at 3 per cent interest.
- Modernization of Ethiopian Air Lines plus improvements to Addis Ababa airport, financed in part by a $24 million loan from the U.S. Export-Import Bank.
- A hydro-electric plant near Addis Ababa with an installed capacity of 32,000 kw., to be built by an Italian firm at a cost of $12 million under a reparations agreement.
- An aerial photographic survey of the Blue Nile River basin now being undertaken by a United States firm and financed by the U.S. International Co-operation Administration.

Little is known of the electrical and irrigation potentialities of this river and, in addition to its future usefulness to Ethiopia, three other countries—Uganda, Sudan and Egypt—have plans for the use of Nile waters.

Coffee Leads Exports

Ethiopia's economy is both stable and prosperous. The balance of payments has shown a consistent surplus in recent years, with the small deficit on trading account more than compensated by loans and grants. Coffee exports earn three-quarters of Ethiopia's foreign exchange and importers thus have no exchange or licensing difficulties. There are few coffee plantations; coffee grows wild and is picked by individuals or families. In consequence, there is ample scope for increasing production by more efficient cultivation and harvesting. The Government, assisted by foreign experts, is working along these lines.

Coffee production has increased in the last ten years from 15 million tons valued at $7 million in 1946 to an estimated 42 million tons valued at $37.5 million in 1956. About one-half goes to the United States directly and through Aden and French Somaliland. Canadian statistics show only very small quantities (120 tons out of total of 55,000) imported from Aden and Ethiopia, although more may reach Canada via New York.

The best potential for Ethiopia's future exports is said to lie with animals and their products. The current livestock population is large, although many are raised for prestige purposes or as the farmer's method of security. Exports of hides and skins rank second in importance to coffee but have dropped somewhat in recent years from the peak reached immediately after the war, when demand was high. Foreign firms have shown interest in meat packing and the export of canned and frozen meat, but the prevalence of rinderpest and hoof-and-mouth disease bars sales of Ethiopian beef to most countries. An Israeli state-owned firm operates a packing plant in Eritrea and ships frozen meat from Djibouti.

Cereal production—mainly wheat, barley, corn, sorghum and a type of lovegrass—is sufficient for local consumption and occasional exports. In recent years pulses, such as horse beans, haricot beans, lentils and peas, have been exported in quantity. Similarly, production and export of oilseeds (including nigerseed, sesame seed, peanuts, caraway and mustard) have increased and sales abroad of inedible oilseeds such as linseed, rapeseed and castorseed have gone up.

Import Trade Limited

Despite the availability of foreign exchange, a number of factors militate against the development of a larger import trade. First, transportation costs from the ports to the centres of population and throughout the country are high. Second, import duties are also high, mainly because they are the Government's chief source of revenue—82 per cent in the last fiscal year. This means that prices of all but the cheapest imported goods are beyond the means of the average Ethiopian, whose purchasing power is limited and whose standard of living is simple. For example, a gallon of gasoline or kerosene for a pump or a pressure lamp costs an unskilled worker two or three days' wages.

The largest imports by a considerable margin are clothing and piecegoods from Japan and India. These two countries, with Italy, the United States, the United Kingdom and Germany, constitute Ethiopia's main sources of supply. But total imports at $65 million a year for a country with a population the size of Canada's (our 1956 imports reached $5,710 million) cannot be considered large.

Canada's trade with Ethiopia, although small, increased in 1956 over the previous year. Exports from Canada totalled $121,411 and imports into Canada $124,904—and were both up by 50 per cent over 1955. Despite this improvement the trade is irregular, and there are few if any Canadian commodities that have gained a reputation in Ethiopia and command a steady market. In time, with the efforts of Canadian exporters and Ethiopia's continued progress, this situation may change. ●

British Exports Rise

UNITED KINGDOM exports to Canada in 1957 rose £18 million (or 10 per cent) over the 1956 figure to reach a new record of £195 million, according to provisional figures. Sales to Canada in the final quarter were up £1.5 million over the same period last year and might have gone higher except for December's seasonal low.

Exports to the United States (excluding silver bullion repayments which distort the trade figures) reached £237 million in 1957, a rise of 7½ per cent over the previous year.

Total merchandise exports to all destinations increased by almost 5 per cent to £3,326 million, exhibiting results similar to though less striking than exports to the United States. Higher export prices, which jumped approximately 4½ per cent, accounted for part of the increase. This indicates a rise in volume of only 2 per cent over 1956, a diminishing rate of increase compared with that of recent years. However, the volume of year-end exports is encouraging—shipments in the last two months exceeded the average for the year.

A marked decline in value in imports from all countries reflects the sharp fall in raw material prices. This, however, did not prevent a 5 per cent increase in value of imports during 1957 (approximately 2 per cent in volume) to £4,079 million.

The visible trading deficit in 1957 totalled £620 million. The increase of £58 million over the previous year resulted largely from special repayments of silver bullion to the United States and from the arrival of imports delayed by the closing of the Suez Canal in late 1956.

Important invisible transactions—such as earnings from shipping, insurance, investment and travel, and government transactions—more than counterbalance this trading deficit as far as sterling's position in world markets is concerned. The latest figures available on the balance of payments on current account are for the first half of 1957. In that period, the United Kingdom surplus on current account was £125 million.

W. GIBSON SMITH,
Commercial Secretary, London.

General Notes

Australia

OVERSEAS INDUSTRIES—A brief preliminary report by Australian industrialist W. J. Smith, who has recently returned from an overseas mission on behalf of the New South Wales Government, forecasts the establishment of many new industries in New South Wales in the near future. From the United States are expected chemicals, home building materials, home furniture, industrial construction, mining, food processing and power tool industries; from Britain, chemicals, ceramics and food processing; from France, industrial gases, machine tools, chemicals and automobiles, and from Germany, diesels, wire-netting and liquid containers. Recently the New South Wales Government announced that three prominent American companies, Union Carbide Corporation, Warner-Lambert Pharmaceutical Company of America, and Upjohn and Company, would undertake industrial development in New South Wales—Sydney, Jan. 21.

Benelux

TRADE—The three Benelux countries imported goods worth 12,227 million guilders during the first half of 1957 and exported 9,570 million, the General Secretariat of the Benelux Customs Union has announced. Imports over the same period of 1956 were valued at 10,706 million guilders and exports at 9,394 million. This is an increase of 14.2 per cent in imports and 1.9 per cent in exports. Dutch exports to Belgium-Luxembourg during the same period were valued at 908 million guilders and BLEU exports to the Netherlands at 1,468 million; for the corresponding period of 1956 the figures were 771 million and 1,292 million. There was, therefore, an increase of 17.8 per cent in inter-Benelux trade from north to south, and of 13.6 per cent from south to north—The Hague, Jan. 30.

Ceylon

SUBSIDY SCHEME FOR TEA—The Government of Ceylon is considering a tea replanting subsidy scheme similar to the rubber replanting subsidy scheme to induce owners to replant their tea gardens with high-yielding strains. The plan will probably come into operation early this year. According to the Tea Controller's Administration Report for 1956, many of Ceylon's tea estates are now 70-80 years old and in urgent need of replanting. The Tea Research Institute has recently developed strains of vegetatively propagated tea with yields of 2,000 lb. per acre or more. The benefits which will accrue from replanting with these high-yielding strains will be very great indeed. The total tea production for 1956 was 375½ million lb. of which 358 million lb. were exported. The estimated domestic consumption was 14½ million lb. The area under tea totals 569,460 acres—Colombo, Jan. 17.

Malaya

TRADE POLICY—Following the achievement of independence on August 31, 1957, the Federation of Malaya on October 24 acceded to the GATT as a full Contracting Party. In the light of these developments, the Minister for Commerce and Industry advised in the Legislative Council on December 11 that there would be a general review of Malaya's trade and commercial relations. He indicated that this would include an examination of Malaya's markets to find out how its exports were treated overseas so that the Federation could seek appropriate concessions from other countries. In addition, Malaya will have to examine the import tariff and the main sources of supply of all imported articles to see what concessions may be offered in return. At the same time, before any new trade agreements are entered into, there will have to be an overhaul of the Federation's tariff structure. The establishment of a trade policy and negotiations advisory committee to examine the results of the research being undertaken by the Ministry of Commerce and Industry was proposed. The committee would consist of officials from the Commerce and Industry Ministry, the Treasury, Customs Statistics Department, and other Ministries which might be affected.

Regarding import controls, until a clear-cut policy has been formulated, hard currency spending will be on an ad hoc basis (licences granted on the merits of individual application). This ad hoc policy is aimed at a slight relaxation of controls on imports of capital goods required for the maintenance, development and expansion of new and existing industries. The previous policy of restraint on the expenditure of hard currency would be continued for consumer and other less essential goods—Singapore, Jan. 15.

Pakistan

INDUSTRIAL BANK ESTABLISHED—The Pakistan Industrial Credit and Investment Corporation (Industrial Bank) is ready to give financial assistance to industries. The Bank is partially financed by the World Bank which loaned it $4.2 million. The initial share capital is Rs. 20 million and arrangements have been made for Pakistani investors to subscribe 60 per cent, with U.S. and British investors putting up 15 per cent each and Japanese interests 10 per cent.

With a Government of Pakistan 30-year, interest-free advance of Rs. 30 million, the Bank has initial capital resources of Rs. 70 million. Authorized capital of the Corporation will be Rs. 150 million divided into two million ordinary shares of common stock and 13 million unclassified shares, all of Rs. 10 par value. The initial share issue of two million common is oversubscribed. The Government's 30 year interest-free advance of Rs. 30 million is repayable in 15 equal instalments beginning in the sixteenth year. The principal objectives of the new Bank are to help create new industries and to assist small and medium-size industries to expand and modernize. It will give preference to those industries processing raw materials and will be able to make loans in foreign exchange as well as in Pakistani rupees. It will thus provide a new source of funds for the import of capital equipment. Headquarters of the new Bank are in Karachi and branches will be established in Lahore and Dacca—Karachi, Jan. 17.

Rhodesia and Nyasaland

LOAN FLOATED IN LONDON—For the first time since 1955, the Federation has floated an overseas loan. The issue was made available to the public in London on January 7 and was quickly oversubscribed, in strong contrast to 1955 when a loan for the same amount was largely left with the underwriters to dispose of. These bonds issued at £96 bear interest at 6 per cent with a yield of 6.375 per cent to maturity in 1976-1979. There are intimations that another issue, probably for a smaller amount, may be issued on the New York market later in the year. The proceeds of these loans are to be used for national development in conformity with an over-all plan projected for several years ahead—Salisbury, Jan. 20.

South Africa

INVESTMENT CAPITAL—Overseas investment capital, on which mining, industrial and commercial development within the Union has largely depended in the past, has declined. Reserve Bank statistics indicate that there has been an outflow of national capital from the Union during the present year. The Union is accumulating about 30 per cent of its national income, according to the managing director of the Industrial Finance Corporation. The corporation is a joint underwriting of the Reserve Bank, mining houses, commercial banks and insurance companies co-operating to mobilize domestic savings for domestic investment—Johannesburg, Jan. 22.

COMMERCIAL DISCOUNT FACILITIES—The Union's money market has gained additional flexibility through the establishment of the Discount House of South Africa which replaces the discount section of the Union Acceptance Corporation. The Articles of Association of the Discount House of South Africa provide for the discounting of commercial bills, the borrowing of money on call, the issuance of bills of exchange, and the acceptance of short-term deposits from industrialists on a daily basis for the purpose of channeling the considerable resources of short-term money surpluses in the Union into the financing of industry, commerce and the State.

The Reserve Bank and the Union Treasury have approved the acceptance of funds placed with the Discount House of South Africa by commercial banks and deposit-receiving institutions as "liquid assets" under the terms of the Bank Act—Johannesburg, Jan. 22.

West Indies

COMPANY INCOME TAX—Income tax on non-resident companies in respect of income derived from interests in Jamaica has been reduced to a flat 2/6 in the pound. The previous rate for non-resident "bodies of persons" was 7/16 in the pound. This reduction is designed to remove the "disincentive element"—Kingston, Feb. 3.

NATIONAL INCOME—Between 1950 and 1955 Jamaica's national income rose by 90 per cent and its per capita income by 72 per cent. During the same period there was an increase of over 300 per cent in national expenditure on capital goods—Kingston, Feb. 3.

Australia's Trading Position

Trade picture in 1957 was bright and import restrictions were relaxed; Canadian exports should feel the benefit in early '58. But fall in export prices and serious drought cloud the Australian outlook in the months ahead.

J. C. BRITTON,
Commercial Counsellor, Sydney.

THE level of business and trading in Australia in 1957 proved highly satisfactory; the economy in the first nine months of the year could be described as buoyant, with exports at a near-record figure. The fiscal year ended June 30, 1957, showed a surplus of visible trade of more than £A270 million, compared with a deficit in the preceding fiscal year. The favourable trading conditions led to a series of import liberalizations, culminating in the rather sweeping relaxations and procedural modifications which became effective on August 1, 1957. At the year's end, however, drought conditions (particularly severe in important primary producing areas in the final quarter of 1957), coupled with declining prices of wool and other key exports, created a feeling of uncertainty.

Industrial production in 1957 rose slightly, largely because of improved productivity and efficiency, since demand was static. There was a pronounced stability in manufacturing, despite increasingly competitive trading conditions and rising imports. Retail trading turned upwards in the final quarter of the year and, provided overseas markets for Australia's exports hold, there should be no long-run check on the full use of the country's resources. Although the boom has levelled off and there is little prospect of substantial industrial expansion in the first half of 1958, taking into account current demand it seems unlikely that the present lull will be more than a temporary pause in Australia's long-term economic growth.

Canada's Trade Steady

Despite import restrictions of varying severity in effect in recent years, Australia has been a regular and important export market for a limited range of Canadian raw materials and essential goods. Because the import of most manufactured goods is virtually prohibited, it is encouraging to note that exports from Canada to Australia have averaged more than £A21 million over the past six fiscal years. For the first ten months of 1957, they totalled £A18,740,000—down slightly from £A19,944,000 for the comparable period in 1956, but still equal to the six-year average. It is probable that Canada's exports to Australia in the fiscal year ending June 30, 1958, will be substantially higher because Australia has signified its intention to purchase up to 1½ million bushels of Canadian wheat in the first half of this year. Authority for import licences for the purchase of this quantity has been given.

Principal Commodities Fluctuate

Canada's sales of newsprint, aluminum in primary form, and asbestos to Australia in 1957 were well above the totals for the previous year. Exports of Canadian sulphate pulp, gas engines and parts, bookkeeping and calculating machines, taps and dies, new passenger automobiles, drugs and chemicals, and calcium compounds also increased significantly in 1957. Lumber and automobile parts and components, on the other hand, declined substantially. The over-all value of Canadian exports totalled about the same as in 1956. Other important Canadian exports from Canada to Australia in 1957 included tobacco, sausage casings, canned salmon and semi-fabricated aluminum.

Australian Exports to Canada

Canada has been an important and continuous market for Australian primary products over a lengthy period. The value of Australian exports to Canada does not fluctuate widely; over the past six fiscal years it has averaged slightly over £A10 million. There was a sharp increase in exports to £A12,059,000 in the first ten months of 1957 compared with £A10,248,000 in the same period in 1956. Larger shipments of sugar accounted for the rise; the value of other Australian exports to Canada in 1957 (i.e., wool, canned and dried fruits, canned meats, canned pineapple, and wines) remained steady. A worthwhile shipment of steel sheet also went to Canada during the year.

A number of important import liberalizations were introduced in 1957. The most comprehensive of these became effective at the beginning of August and added an additional £A25 million to the country's import commitments. Import procedures were progressively streamlined throughout the year and at year's end were functioning smoothly.

Unfortunately, the recent deterioration in export trade, the result of the fall in the price of wool and other commodities plus the serious drought, have ruled out any further import relaxations for the present. But Canada's exports to Australia should benefit from the liberalizations introduced in 1957, and particularly those goods added to the list of commodities subject to global licensing. (See article "Australia Modifies Import Licensing" in the September 14, 1957, issue of *Foreign Trade,* and also Trade and Tariff note in the August 31, 1957, issue.)

The Trade Agreement concluded with Japan was the most important one that Australia negotiated in 1957. She also held preliminary trade discussions with countries in South East Asia and Europe, designed to improve her export trade to markets in these areas. The over-all trade picture shows that Australian exports for the first ten months of 1957 totalled £A843,003,000, an increase over the £A679,607,000 during the comparable period in 1956. Imports at the end of October 1957 totalled £A627,751,000 compared with £A655,515,000 for the first ten months of 1956.

The effect of reduced wool and other commodity prices was not apparent in the export figures for the first ten months of 1957, but exports for the fiscal year are expected to fall by more than £A150 million. Imports too will probably increase during the rest of the fiscal year, as a result of the previous import modifications. The total picture in 1957-58 will thus not be as bright as in 1956-57.

Trade and Tariff Regulations

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade and Industries announced recently that it had received representations for an increase in duty on unmanufactured softwood (coniferous), in addition to any existing duty which may be payable, to the extent equal to the amount by which 9s.3d. per cubic foot exceeds the landed cost per cubic foot to the importer.

Currently, unmanufactured softwood (coniferous) enters South Africa free of duty when imported from Canada and at 4s.6d. per 100 cubic feet when imported from countries enjoying most-favoured-nation treatment, i.e., GATT countries.

Canadian firms exporting these products to South Africa may wish to have their views on the tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

United States

FIRST STAGE IN THE REVISION OF TARIFF— The Customs Simplification Act of 1954 required that the United States Tariff Commission "compile a revision and consolidation of the existing customs laws of the United States which will accomplish, to the extent practicable, the following purposes:

(1) "Establish schedules of tariff classifications which will be logical in arrangement and terminology and adapted to the changes which have occurred since 1930 in the character and importance of articles produced in and imported into the United States and in the markets in which they are sold.

(2) "Eliminate anomalies and illogical results in the classification of articles.

(3) "Simplify the determination and application of tariff classifications."

The Act also provided that the Commission shall seek to accomplish this without suggesting changes in any rate or rates of duty on individual products. Where, however, in the judgment of the Commission, the purpose of the legislation cannot be accomplished without such changes, the Commission shall give public notice of its intention, and call for a public hearing at which interested parties may appear with respect to the probable effect of such changes on any industry in the United States.

On January 17th of this year, the first such notice was published. It is contemplated that the revised tariff will be comprised of eight schedules and an appendix. (The present tariff has fifteen schedules and a free list.) The first hearings are scheduled for Washington on March 4th to consider the draft of proposed schedule 1, entitled "Animal and Vegetable Products", a copy of which is available for inspection at United States Customs Houses.

Interested parties are urged by the Tariff Commission to present information and views *in writing* in lieu of appearances at the hearings.

The Tariff Commission specifically warns that submissions aimed primarily at seeking increases or reductions in existing tariff rates are not relevant and will not be entertained by the Commission, and that the hearings will be principally for the purpose of receiving information and views regarding the probable effect upon domestic industries concerned of the incidental changes in rates of duty which are involved in the draft schedules.

U.S. CUSTOMS ANNOUNCES CHANGES IN VALUATION PROCEDURE—The United States Treasury Department has announced that a new basis for establishing the value for duty purposes of imported goods, as enacted by Congress in the 1956 legislation, will become effective on February 27, 1958.

The 1956 amendment to the valuation provisions (Section 402) of the Tariff Act, which will be applicable to most imports subject to ad valorem duties, calls for "Export Value" to be the prime basis of valuation. "Export Value" is described as:

> "The price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States".

The various key phrases in the above description of "Export Value" are also defined in the act. Among them are the following:

> "The term 'freely sold or, in the absence of sales, offered for sale' means sold or, in the absence of sales, offered:
> *(a)* to all purchasers at wholesale, or
> *(b)* in the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,
> without restrictions as to the disposition or use of the merchandise by the purchaser, except restrictions as to such disposition or use which (i) are imposed or required by law, (ii) limit the price at which or the territory in which the merchandise may be resold, or (iii) do not substantially affect the value of the merchandise to usual purchasers at wholesale.
>
> "The term 'purchasers at wholesale' means purchasers who buy in the usual wholesale quantities for industrial use or for resale otherwise than at retail; or, if there are no such purchasers, then all other purchasers for resale who buy in the usual wholesale quantities; or, if there are no purchasers in either of the foregoing categories, then all other purchasers who buy in the usual wholesale quantities.
>
> "The term 'usual wholesale quantities', in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for different quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity."

If "Export Value" cannot be determined, then a "United States Value" or a "Constructed Value" are, in turn, to be used. Also, the "American Selling Price" basis of valuation continues to be applicable to the items specially named in the Tariff.

However, while most imports subject to ad valorem duties will be dutiable on the foregoing basis, some will not be subject to the new valuation provisions but instead will continue to be appraised on the old basis of valuation, which is to be renumbered Section 402a (Alternative). Under this system, the appraiser will continue to determine whether there is a "Foreign Value" for the goods. "Foreign Value" is based on the prices for home consumption in the country of export. These "Section 402a" items have been listed in a catalogue published by the U.S. Customs. There is no legal provision for making any additions to or deletions from the list. It is noted that the catalogue contains a number of items of interest to Canadian exporters, the most important of which are listed below:

Chlorine, liquid
Trichloroethylene
Vinyl acetate, unpolymerized
Acetylene black
Boats, pleasure, motor propelled, of fiberglas
Wooden barrels or kegs, beer

Pigments, synthetic, iron oxide or hydroxide

Ball and roller bearings, metal, and parts thereof

Heaters, electric, (simulated fireplace logs)

Motors, electric, not over 75 h.p.

Telephone apparatus and parts

Cream separators, valued at more than $100 each, and parts

Engines, internal combustion, carburetor type

Lathes

Printing presses, rotary type, for printing on paper and other than duplicating machines

Machines, adding

Machines, boring and milling

Machines, grinding, tool and cutter

Machines, grinding, twist drill

Tubing, aluminum

Anodes, bars, castings (except machine parts), electrodes, plates, rods, sheets, strands, strips or wire, of nickel or nickel alloy

Calcium metal

Needles, latch

Burrs, dental

Automobile parts, finished

Flooring, hardwood, of maple, birch or beech

Plywood, birch, including door panels

Candy, sugar, and all confectionery

Biscuits, cake, cakes, wafers, and similar baked articles

Cheese, cheddar

Jelly, currant, red or black, 4-lb. pack

Feeds, mixed

Literature, tourist, of foreign authorship

Newsprint paper, certain specified types, dutiable

Boards, wood pulp

Boxboard, lined, folding

Container board

Hardboard

Insulation board

Paperboards, for use in corrugating

Test board

Leather, sole (other than flexible bend splits and offal), and leather, upper, calf or kip

Gloves, rubber

Rubber, synthetic

Tires and tubes of rubber

Hockey sticks, of wood

Copies of the 1956 amendment to the valuation provisions of the Tariff Act and information concerning the listing of any product not described above are available upon request from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

West Germany

TEMPORARY REDUCTIONS IN CUSTOMS DUTIES EXTENDED—The temporary reductions in customs duties on most imports into West Germany, which were to expire on December 31, 1957, have been extended for an indefinite period. The most recent temporary reductions became effective on August 20, 1957, and provided for a 25 per cent decrease in the ad valorem rates then in force on most non-agricultural products (see *Foreign Trade* of August 31, 1957). It is reported from Germany that increased imports resulting from tariff reductions help to keep domestic prices down and that they also assist in moderating, to some extent, the West German trade surplus with many countries.

New Customs Tariff Nomenclature—Effective January 1, 1958, the temporarily reduced rates are levied on a new German customs tariff nomenclature which came into force on that date. The new tariff is based on the Brussels Nomenclature prepared by the Customs Co-operation Council. Although the new tariff changes the nomenclature for many items, it has been reported that the rates of duty on imports into West Germany have not been altered.

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 Northern Ireland

GEORGE BLACK, managing director, Black & Co. (Newtownards) Ltd., of Newtownards, Northern Ireland, plans to visit Canada from February 15 to March 12. His company manufactures half hose and Mr. Black is interested in meeting potential customers and agents. He can be reached through the United Kingdom Trade Commissioner in Vancouver, Toronto, Montreal or Halifax, or through the United Kingdom Trade Correspondent in St. John's, Newfoundland.

▶ from the United Kingdom

J. J. HUMPHREYS, of Humphreys Bros. Ltd., Umbro Works, Wilmslow, Cheshire, will visit Canada during April to survey the market for his company's products and to meet with buyers and possible agents. His firm is one of the leading United Kingdom manufacturers of sportswear and sports equipment of all kinds.

Businessmen who wish to meet him should get in touch with the United Kingdom Trade Commissioner in Vancouver, Toronto, Montreal or Halifax, or the United Kingdom Trade Correspondent in St. John's, Newfoundland.

Head Office Directory

Department of Trade and Commerce

No. 1 Building, 375 Wellington Street* — Gov. / Local

Minister: The Honourable Gordon Churchill — 2-0336
Executive Assistant: R. B. Hatfield — 2-0336
Private Secretary: Mrs. Rita Cook — 2-0366
Deputy Minister: Mitchell W. Sharp — 2-2888, 2-5838
Executive Assistant: A. W. A. Lane — 2-2380
Economic Adviser: O. J. Firestone — 2-4176
Technical Adviser: G. D. Mallory — 2-3819
Assistant Deputy Minister: J. H. English — 2-2530
Assistant Deputy Minister: C. M. Isbister — 2-4042

Administration Branch

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Administrative Assistant: Miss M. L. E. Jones — 6-7411
Financial Assistant: S. B. Kayes — 2-4312

Personnel Division

Personnel Officer: L. J. Rodger — 2-5430

General Records

Supervisor: C. Drolet — 2-4980

Equipment and Supplies

Supervisor: E. S. Brown — 2-5011

Economics Branch

Director: V. J. Macklin — 2-5658

Trade Commissioner Service

Assistant Deputy Minister: John H. English — 2-2530, 2-0798
Assistant Director (Trade): T. J. Monty — 6-8286
Assistant Director (Personnel): G. F. G. Hughes — 6-6800
Assistant Director (Administration): J. H. Stone — 2-5669
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Asia and Middle East: W. D. Wallace — 2-0436
Commonwealth: R. R. Parlour — 2-2144
Europe: L. A. Campeau — 2-2421
M. O. A. Krupka — 2-2421
Latin America: A. G. Kniewasser — 6-7641
United States: D. M. Holton — 2-5176
Western Representative: P. V. McLane, 355 Burrard Street, Vancouver, B.C. (Cable address: FORTRADE) — Pacific 7161
Newfoundland Representative: Stott Bldg., St. John's, Newfoundland — 2698

Commodities Branch

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

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

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

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Electronic Equipment: D. L. Draper	6-6479
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Agricultural and Automotive Equipment, Aircraft: G. C. Clarke	2-3873
Miscellaneous Machinery	
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Logs and Lumber Products: E. J. White	2-4863
Pulp, Paper, Pulpwood: M. N. Murphy	6-6974
E. J. Ward	2-5127
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Oils, Fats, Miscellaneous Chemicals	2-5177
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Petroleum, Organic Chemicals: T. V. Harquail	6-6075
Plastics, Heavy Chemicals: G. E. McCormack	6-7601
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Wearing Apparel, Linens: E. G. Gerridzen	2-5378
R. M. Josephson	6-7956
Leather, Rubber and Plastic Products: F. T. Carten	2-0518
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Handicrafts, Chinaware, Jewellery, Photographic Equipment: P. E. Jensen	2-5337
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Plant Products, Vegetable Oils: W. John O'Connor	6-7523

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Assistant Dominion Statistician: J. T. Marshall	6-7695
Assistant Dominion Statistician: S. A. Goldberg	2-5458
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Assistant General Manager: A. W. Thomas	CE2-4828
Secretary: T. Chase-Casgrain	CE2-4828
Economist: D. C. Taylor	CE2-4828
Underwriter: S. Garrett	CE2-4828
Credits Supervisor: C. A. Law	CE2-4828
Claims Supervisor: F. G. Reynolds	CE2-4828
Accountant: B. R. King	CE2-4828
Montreal Branch 607 St. James St. West	UN6-1268
Toronto Branch Rm. 1511, 55 York St.	EM4-5778

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

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

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

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

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

For conversion to United States dollar equivalent multiply by 1.01587.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent February 3	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05469	18.28	(1)
		Free	.02669	37.47	
Austria	Schilling		.03786	26.41	
Australia	Pound		2.2185	.4508	
Belgium, Belgian Empire and Luxembourg	Franc		.01969	50.79	
Bolivia	Boliviano	Free	.0001137	8795.1	
British West Indies	Dollar		.5777	1.73	(2)
	Pound		2.773125	.3661	(3)
British Honduras	Dollar		.6932	1.44	
Brazil	Cruzeiro	General Category*	.008976	111.40	*Jan. 15 (4)
		Special Category	.003972	251.75	
		Official buying	.05362	18.65	
Burma	Kyat		.2067	4.84	
Ceylon	Rupee		.2080	4.81	
Chile	Peso	Free	.001452	688.71	(5)
Colombia	Peso	Certificate	.1670	5.99	
Costa Rica	Colon	Official	.1753	5.70	
		Controlled free	.1481	6.75	
Cuba	Peso		.9844	1.0158	tax 2%
Czechoslovakia	Koruna		.1367	7.32	
Denmark	Krone		.1425	7.02	
Dominican Republic	Peso		.9844	1.0158	
Ecuador	Sucre	Official	.06563	15.24	
		Free	.05937	16.84	
Egypt	Pound	Official	2.8267	.3538	(6)
El Salvador	Colon		.3938	2.54	
Fiji	Pound		2.4983	.4001	
Finland	Markka		.003076	325.10	
France, Monaco and North Africa	Franc		.002344	426.62	(7)
French colonies in Africa	Franc		.004688	213.31	(8)
French Pacific	Franc		.01289	77.60	(9)
Germany	D Mark		.2343	4.27	
Ghana	Pound		2.7731	.3606	
Greece	Drachma		.03281	30.48	
Guatemala	Quetzal		.9844	1.0158	
Haiti	Gourde		.1969	5.08	
Honduras	Lempira		.4922	2.03	
Hong Kong	Dollar	Free*	.1672	5.98	*Jan. 24
		Official	.1733	5.77	
Iceland	Krona	Official	.06044	16.55	(6)
India	Rupee		.2080	4.81	
Indonesia	Rupiah	Effective buying	.04184	23.90	Jan. 17 (6)
		Effective selling	.03348	29.87	
Iran	Rial	Certificate	.01300	76.95	
Iraq	Dinar		2.7563	.3628	
Ireland	Pound		2.7731	.3606	
Israel	Pound		.5469	1.83	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent February 3	Units per Canadian dollar	Notes (see below)
Italy	Lira		.001581	632.51	
Japan	Yen		.002735	365.63	
Lebanon	Pound	Free	.3118	3.21	
Mexico	Peso		.07875	12.70	
Netherlands	Florin		.2598	3.85	
Netherlands Antilles	Florin		.5233	1.91	
New Zealand	Pound		2.7731	.3606	
Nicaragua	Cordoba	Effective buying	.1491	6.71	
		Official selling	.1397	7.16	
Norway	Krone		.1378	7.26	
Pakistan	Rupee		.2080	4.81	
Panama	Balboa		.9844	1.0158	
Paraguay	Guarani	Free	.009014	110.94	
Peru	Sol	Certificate	.05181	19.30	
Philippines	Peso		.4922	2.03	
Portugal & Colonies	Escudo		.03435	29.11	(10)
Singapore and Malaya	Straits dollar		.3235	3.09	
Spain and Dependencies	Peseta	Controlled free	.02344	42.66	(6)
Sweden	Krona		.1903	5.25	
Switzerland	Franc		.2297	4.35	
Syria	Pound	Free	.2747	3.64	
Thailand	Baht	Free	.04733	21.13	(6)
Turkey	Lira		.3516	2.84	
Union of South Africa	Pound		2.7731	.3606	
United Kingdom	Pound		2.773125	.360604	
United States	Dollar		.984375	1.01587	
Uruguay	Peso	Free	.1954	5.12	
		Basic buying	.6494	1.54	
		Principal selling	.4695	2.13	(6) (11)
Venezuela	Bolivar		.2938	3.40	
Yugoslavia	Dinar		.003281	304.79	(6)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Brazil: Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
5. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
6. Additional rates are in effect.
7. France: Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Portugal: approximately same rate for Portuguese Territories in Africa.
11. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports are divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.

Peru

Prices Affect Mine Output

Reduced shipments and lower world prices for copper, lead and zinc represent a loss of several million dollars in foreign exchange for Peru and a blow to the important mining industry. Iron ore is one exception: exports have increased 40 per cent and production is still rising.

L. D. BURKE, *Assistant Commercial Secretary, Lima.*

PERU'S mining industry which boomed in 1956 has reacted to faltering world metal prices and the uncertainties of United States tariff policy by cutting production in 1957. Several of the smaller marginal mines have closed down and larger operators are stockpiling in the hope of better prices. It is estimated that 1957 production of zinc declined about 20 per cent from the 178 thousand metric tons of 1956; lead output was down 8 to 10 per cent from the 129 thousand tons of 1956.

In spite of reduced output, Peru's exports of copper, lead and zinc held up comparatively well to the end of September 1957. The table below shows the changes which took place in shipments of these metals in the January to September period of 1956 and 1957.

PERUVIAN MINERAL EXPORTS

(fine content)

	Jan.-Sept. 1956	*Jan.-Sept. 1957*	*Increase or Decrease %*
Copper (short tons)	38,708	38,214	— 1.3
Lead (" ")	99,200	92,230	— 7.0
Zinc (" ")	123,893	118,765	— 4.1
Iron (" ")	1,303,771	1,830,878	+40.4
Silver (000's ounces)	16,245	15,561	— 4.2
Gold (ounces)	77,988	50,220	—35.6

Actually, over-all exports of minerals have not fallen as much as was expected because of the substantial increase in deliveries of iron ore and the fact that shipments of zinc rose considerably in the first six months of 1957 compared with the first half of 1956. Zinc refining had to be curtailed in the latter part of 1956 and the accumulated stock was treated and exported in the early months of 1957, before the price decline. Final figures will probably show that the decline in exports and production which accelerated in the latter part of the first nine months became even more marked during the final quarter of 1957.

Based on 1956 shipments of lead, zinc and copper, the price declines of two, three and ten cents a pound respectively represent an annual loss to Peru of about $25 million in foreign exchange.

The Peruvian authorities have responded to the plight of the mine operators by suspending the collection of certain export taxes on metals as long as prices remain below established levels. The mine operators have also managed to obtain concessions on ocean freight charges and the national railways have granted a reduction in rates for minerals.

Iron ore continues to be one of the bright spots in the mining picture. Production reached more than two million tons in 1956 and is still rising. Exports jumped 40 per cent in volume in the first nine months of 1957 over the same period of the previous year.

Copper companies are carrying out a development program in southern Peru which will eventually add 140 thousand tons of blister copper a year to national output. The project, the combined effort of four American firms, was initiated during the latter part of 1956 and production is expected to begin by 1959 or 1960. It will eventually require an investment of $200 million to build the planned smelter, railroad and port facilities.

In October of 1957, Peru shipped the first anthracite coal to France under an agreement to supply her with 180 thousand tons; there is a possibility that a broader agreement will be reached for the sale of a total of 1.5 million tons.

The Peruvian mining industry warrants special attention from Canadians. In 1956, we bought metal ores from Peru valued at $1.7 million for smelting in Canadian plants, because of the demand at the time and favourable prices.

For a number of years Peru has also offered a good market for Canadian mining machinery and parts and sales last year reached $720 thousand. These have continued during the first half of 1957. This market will offer continued opportunities for Canadian exporters if world metal prices favour expansion plans. ●