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COVER . . . The Canadian textile industry will be spotlighted in the Canadian Showroom, Rockefeller Center, New York, through April and May. One of the largest and oldest in Canada, the industry fabricates a wide range of cotton, wool, and synthetic products. Our cover shows cotton yarn being prepared for spinning. See article page 370.)

Photo by Malak

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Canada's Textile Industry

The spotlight falls on one of our largest industries, as a display of textile products opens next month in the Canadian Showroom in New York.

by G. R. Poley
Chief, Textiles & Leather Section
Department of Trade and Commerce

THROUGHOUT April and May, visitors to the Canadian Showroom in Rockefeller Center, New York, will see an exhibit that stresses the range and the quality of textiles produced in this country.

In arranging this display, the Department of Trade and Commerce is featuring an industry which contributes substantially to the Canadian economy. It employs more people than any other of our manufacturing industries. From various raw materials, it fabricates a wide range of industrial and consumer products in cotton, wool, and most of the newer synthetics. At the primary level, net value of its production exceeds \$350 million a year. Adding secondary production increases this total by \$250 million.

From Home to Factory

The first settlers in Canada founded the industry when they produced coarse homespun yarns and fabrics in their own homes, using hand-operated spinning wheels and looms. These cloths put durability and warmth above appearance, but they continued to be made until about 1826. In that year Canada's first woollen mill was established. As production increased and more mills were set up, the infant industry prospered.

Soon after, interest in the manufacture of cotton was aroused. In 1845 the then small community of Sherbrooke, Quebec, became the home of Canada's first cotton mill. In succeeding years, from this modest beginning an impressive industry has grown up. The primary group includes over 800 mills, employing more than 80 thousand people. Clothing manufacture and secondary production absorb a further 115 thousand workers.

Growing pains marked the early days of the industry, but by the turn of the century it was sturdily on its feet. The First World War provided opportunity to increase the variety of its production and to enter fields which had been largely the preserve of British and foreign competitors selling in this market.

The Synthetics Appear

About 1922 came a revolutionary change. Rayon, or artificial silk, the first of the major synthetics, began to be manufactured in this country.

One simple fact gives some idea of the impact of this industry on the long-established production of cotton, wool and pure silk. Within 25 years, mills turning out rayon made available to the consumer an additional 50 million yards of fabric a year. Output now exceeds 100 million yards.

From wool to cotton, flax, rayon, nylon and the newer synthetics, progress has kept pace with invention and discovery. In practically every textile field Canada has moved steadily forward. This is perhaps more noteworthy when one realizes that less than ten per cent of the raw wool and none of the 440 thousand bales of cotton used last year were grown in Canada. Our forests, however, provide much of the raw material for the rayon industry. Soon we shall also be self-supporting in nylon production.

As in the First World War, so in the Second, the industry made great progress. It adjusted itself rapidly to changed conditions and broadened its production to include many of the commodities which up to that time had largely been imported. Orders for the armed forces, plus civilian requirements, kept the industry in high gear. In fact, it often took a great deal of ingenuity to keep the machinery in constant operation, particularly because no new machines were available during that period.

Most of the ground gained then has been held. The impressive production figures for 1951, some of which are noted below, indicate that the industry has turned the experience acquired in those war years to practical account and has done much to place Canada in the front rank of industrial nations.

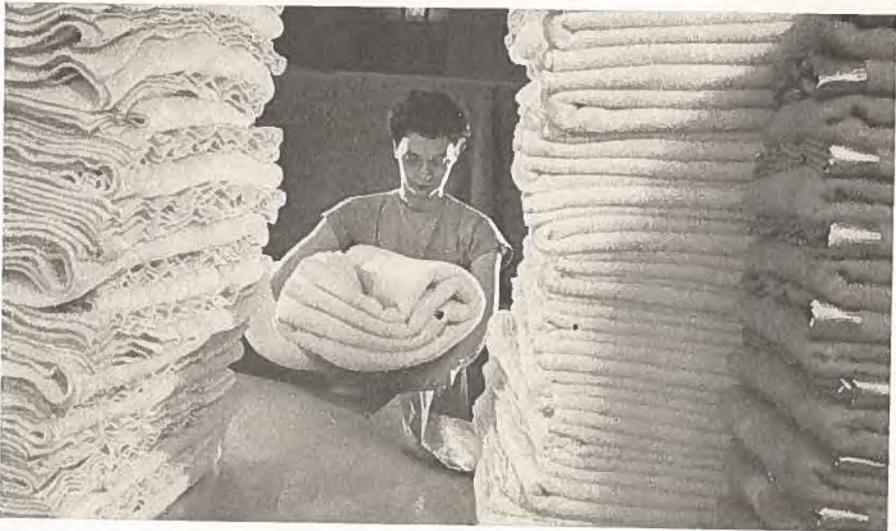
Cotton fabrics, 335 million yards

Woollen worsted fabrics, 21 million yards

Synthetic fibres, 98 million yards

Full-fashioned hosiery, 350 million dozen pairs.

The textile industry is largely concentrated in the central provinces of Ontario and Quebec. Plants are located in some 200 cities and towns.



—Malak

Woollen blankets, famous for their quality, are one of the many products of our textile industry, which also turns out papermakers' felts. Canada's first woollen mill was established in 1826.

In the smaller centres, the mill is often the hub also of its social life and recreation. The mills are nearly all modern, mechanized types, well-lighted and air-conditioned. Employees receive health and accident services and there are efficient cafeteria facilities in practically all of the medium and larger organizations. The general health of employees is recognized as better than in comparable manufacturing industries.

The tendency to locate in smaller areas was dictated by the need for an assured labour supply and, in the early, struggling days of the industry, by the drive to secure cheap labour. Labour is now well organized and management has a high regard for the welfare and advancement of its employees. Good wage-rates obtain at all levels and all types of textile workers enjoy a good standard of living.

Export Markets Hit

Unlike most of the other large textile-producing countries, Canada does not today enjoy a large export market. Since the war, in fact, the shortage of dollars in overseas countries has reduced trade with certain markets in which Canada formerly operated almost to the vanishing point. The full-fashioned hosiery industry, which a few years ago exported more than ten per cent of its output, today ships less than one per cent overseas, though its production has increased greatly. There was a real possibility of losing entirely the valuable trade with the United Kingdom and the British West Indies. Efforts made by the Department of Trade and Commerce, however, were largely effective in establishing and maintaining a token shipment arrangement. This, the industry hopes, will bridge the gap until freer trading is possible.

At the moment the Canadian textile industry is almost wholly dependent on the domestic market to absorb its output. This, however, does not give it a domestic monopoly because, apart from the keen competition within the industry itself, its price structures must always be ready to reflect competition from imports. This competition has undoubtedly stimulated the industry to improve its products and to give the type of service essential in successful merchandising today.

Keeping the Public Informed

In this age of rapid development, when each day presents the challenge of a new fibre and fabric, the buying public finds it difficult to keep abreast of such changes. New skills, techniques, fibres, finishes, colour treatments, and blends of older and newer fibres offer the consumer a variety and range unknown to the shoppers of thirty years ago, when selection was limited to wool, cotton and pure silk. This confusing array of new materials has brought with it the need for educating the public to the value of these recent discoveries. To this end, the industry has spent time and thought on public relations in its efforts to assist the buyer and to promote interest in the bewildering variety of textile products which are coming on the market.

The Canadian Government has helped considerably with this problem of promoting a broader knowledge and appreciation of Canadian manu-

factures. The Canadian textile displays have been welcome features at Canadian International Trade Fairs and at the International Textile Fair held last year in Lille, France. The government-sponsored Canadian textile exhibit in Rockefeller Center will acquaint the United States consumer or the prospective tourist with the scope and quality of the textile output of this country.

Belief in the future of Canada and in the great opportunities for textile expansion here have led a number of well-established overseas textile manufacturers to set up branch plants in Canada. They have brought with them many skilled workers and their families.

The history of textile production has been one of change and adjustment in times of both prosperity and depression and Canadian manufacturers have not escaped the problems involved. The assimilation of the newer fibres into a production which is continually expanding will add to these problems of adjustment. At the same time, however, it will give fresh impetus to the industry's inspiring record of achievement.

Sweden's Iron Supply Problem

by B. J. Bachand,
Commercial Secretary for Canada.

STOCKHOLM.—One of the difficulties which the Swedish economy faces is the need for importing a large proportion of its iron ore supplies. An article in the weekly *Trade Journal* of Sweden, for example, makes the statement that, of 1.56 million tons of commercial iron and steel available to the Swedish market in 1951, about half was imported.

Total iron imports—excluding pig iron, alloys and scrap—came to approximately 780 thousand tons. Production of commercial iron and steel amounted to about 980 thousand tons. Subtracting exports of quality steel, etc., only 810 thousand tons were left for the home market.

One answer to this problem is the long-term extension program planned for the iron industry. However it is not expected to give full results before 1953 when production will equal domestic requirements. Imports of 200 thousand tons will be necessary, it is anticipated, but should be balanced by exports.

However, the new long-term program submitted last summer shows quite different figures. Originally it was estimated that a production of 1.4 million tons would be attained in 1951-52, but last year the million mark was not reached. Production in 1952 is expected to be only 1.28 million tons, in 1953, 1.50 million tons and the following year, 1.59 million tons. But imports will be larger because requirements are expected to increase to 1.79 million tons in 1955.

The Swedish steel industry, like that of most other countries, is short of scrap. Supplies, which totalled 241 thousand tons in 1950, decreased to 219 thousand in 1951. The explanation for this decrease could be that

more scrap has gone to the foundries which have difficulty in obtaining pig iron. The campaign for collection of scrap which was begun last year in Sweden has not been very successful. It is hoped that an extra supply of scrap may be salvaged from wrecked vessels.

Continuing Shortage of Scrap

Imports of scrap and pig iron decreased during 1951. It is difficult to estimate imports this year, but prices will probably increase. West Germany has supplied most of Sweden's scrap in recent years. The price of West German scrap is \$66 per ton f.o.r. Hamburg or Bremen, which corresponds to about 380 kroner free Swedish iron works. Trade agreements with France and Portugal enable Sweden to buy a certain amount of scrap from these countries—the French deliveries would be made from North Africa. The price of this scrap, however, would be about 425 kroner free Swedish iron works. With the current prices for Swedish commercial iron fixed by the Price Control Board, it would be impossible to use such expensive scrap.

The Swedish iron industry could also import martin pig iron, but the current price is 550 kroner per ton which would also be prohibitive with the present price for Swedish commercial iron at 587 kroner f.o.r. iron works. This year an additional 200 thousand tons of pig iron is expected from Norrbotten iron works, but it is a non-recurrent supplement and will not be available in 1953. Scrap and pig iron can be replaced with iron sponge and it is reported that Sandviken iron works will soon begin production of it. However, imports of scrap will still be necessary.

Prices and Supplies

Imported pig iron costs about 200 kroner more per ton than Swedish coke pig iron at Control Board prices. Unless the Swedish price is raised, production of coke pig iron for sale will decrease. If the steel works do not get enough scrap or pig iron to maintain the present production level, iron imports will have to be increased.

Current prices for Swedish commercial iron are much lower than for imported iron, but at the same time are much higher than the domestic prices in Germany, Belgium, France and England. The iron industry in these countries has lower production costs in certain cases and in addition, can obtain very high prices for its exports of commercial iron. Prices received for iron exports from these countries recently have been at least 50 per cent higher than those for domestic sales. Sweden probably will not export any commercial iron.

Mineral Output Rises

Production of eleven of Canada's 16 leading minerals rose in 1950, says a DBS report. Asbestos output, for example, increased by nearly 97 thousand tons; iron ore recorded a spectacular rise of over a million tons; and natural gas jumped by 10,663,176 M cubic feet. Gold, coal, gypsum, lead and silver were the five minerals recording a decline.

What the British Budget Means to Trade

In the short term, the recent British Budget may affect adversely Canadian exports to the U.K. If it strengthens sterling, however, it should assure a permanent long-term market for Canadian goods.

by R. P. Bower
Commercial Counsellor for Canada

LONDON.—For the first time in more than 50 years, the recent United Kingdom Budget was introduced before the end of the fiscal year. This in itself indicated the seriousness of the crisis. The Chancellor of the Exchequer admitted that, in a narrow sense, the internal balance sheet looked well. Expenditure by the end of March will be about £4,070 million, about £120 million less than last year's Budget estimate. Total revenue is expected to reach £4,440 million—about £200 million above the estimate. The surplus at the end of March on a conventional basis will, therefore, amount to £360 million. This compares with the forecast of a surplus of £39 million made in last year's Budget.

Sterling Reserves Fall

These satisfactory figures conceal the disappointments of the external position. Two new factors that emerged during the year were the suspension of Marshall Aid and the first repayments under the United States and Canadian loans. Over the year as a whole, the deficit on the balance of payments was over £400 million more than anticipated. Invisible income fell below expectations partly because of the loss of Abadan. The terms of trade proved worse than the forecast. Internal economic conditions hampered the expansion of exports and stimulated the demand for imports.

Production did not increase as much as was expected and the 1951-52 Budget failed to reduce personal consumption to any degree. Instead of falling, the volume of civil investment rose substantially. Added to the defence burden, this overloaded the industries producing vehicles, engineering goods and other metal products. Order-books grew longer and the additional goods which the world was ready to buy did not go out. Thus the total volume of exports did not expand as fast as the situation required.

At the same time, imports rose sharply. The increase in volume was about £300 million over 1950 but because of higher prices, the total increase in the import bill was £1,100 million. As a result, the balance of payments passed from an overall surplus of £238 million in 1950 to a deficit of £516 million in 1951—a swing of no less than £750 million.

The drain on the reserves gathered momentum during the year. After increasing by £203 million in the first half of 1951, the reserves fell £547 million in the second half. At the end of the year the reserves of the sterling area were reduced to £835 million.

Imports Cut Further

In the circumstances, the Government has decided to tighten import controls still further. These measures will involve £100 million, mainly of less essential goods from Western Europe. Import cuts imposed since November now total £600 million in a full year.

The effect will be to reduce the value of United Kingdom imports from all sources in 1952 (assuming that prices are much the same as they were at the beginning of the year) to about £3,150 million. This is a reduction of about ten per cent on the value of imports in the year 1951.

Purchase Tax Reformed

To encourage export trade, the United Kingdom Government has decided to implement the recommendations of the Douglas Committee on purchase tax and the utility scheme. (These recommendations were explained in *Foreign Trade* of March 15.) Canada's main interest in this decision is that the tax discrimination against imported goods of utility types now disappears. Rubber footwear and women's clothing are the items of greatest interest to Canada.

The effect of the new scheme is to remove the sudden jump in prices between utility and non-utility goods and to substitute an evenly graduated tax. One alteration affecting Canada is that rubber boots—which still come to this country under the Token Import Scheme and which were outside the Utility Scheme and subject to purchase tax—will in future be included in the scheme and treated in the same way as United Kingdom goods.

Balance of Payments

To carry out the Government's balance-of-payments objective, resources must be freed sufficiently to improve the United Kingdom's overall balance on current account, excluding defence aid from the United States, by at least £600 million in 1952-53, compared with 1951-52. This seems a formidable task but there are some favourable features. The Exchequer is expecting some improvement in invisible earnings from shipping, insurance, oil, etc. The terms of trade are expected to remain (as at present) more favourable than in the year just ending. These two factors should help to the extent of between £200 and £250 million. The remainder (£350 to £400 million at 1951-52 prices) represents the volume of resources that must be devoted in the coming year to the balance-of-payments objective.

In the coming financial year the general strategy will be to reduce civil government expenditure, cut civil investment back sharply, and allow the same amount for personal consumption as last year. To prevent a consumption increase, the Budget surplus is to be kept substantially unchanged. A significant start is to be made in reducing taxation to encourage people to put in longer hours or to earn more by harder work. In addition, to reduce home consumption the bank rate has been increased from 2½ to 4 per cent. The Government has also announced a new excess profits levy and an increase in gasoline tax.

Food Subsidies Lowered

To reduce expenditure and to restore a sense of reality in personal accounts, as well as in the national Budget, the Treasury proposes to reduce the food subsidies from the present level of £410 million to £250 million. This will, of course, entail a wide range of increases in the retail prices of foodstuffs. The extra cost is estimated to average out at 1s. 6d. a week per head of the population.

Influence on Canadian Trade

The effect of the Budget on Canadian trade is difficult to assess. The withdrawal of Open General Licence treatment from a number of commodities will not directly influence Canadian sales to the United Kingdom because none of the affected products are currently moving from Canada to the United Kingdom. However, the austerity which is involved in all the recent United Kingdom corrective measures is bound to work toward a lowering of internal demand. Ultimately, this may have an adverse effect on Canadian exports, even of the so-called essentials, and more probably upon some of the products covered by token imports. On the other hand, the ultimate solvency of the United Kingdom is the best guarantee of a long-term market here for Canadian goods. Whatever the short-term consequences, therefore, the long-term goal of strengthening sterling is desirable.

For United Kingdom exports to Canada, the Budget is likely to be helpful. It is designed to stimulate exports in many ways and is likely to be effective. The Budget proposals are in reality a part of an overall sterling area attempt to reach solvency. Steps taken by other partners in the area involve reductions in imports from the sterling area itself and the supplies available for offer to Canada should therefore be larger. Australia, for example, is restricting imports of various types of semi-manufactured steel. Assuming the overall United Kingdom steel export allocation remains the same, there may be a greater amount available for offer to Canada.

Safety on Great Lakes Promoted

Radio will eventually play a greater part in protecting Great Lakes shipping, thanks to an agreement between the U.S. and Canadian Governments signed a few weeks ago. It authorizes the use of radio-telephones to communicate distress signals for Lake shipping, with the distress frequency (2182 kc) and the present working frequencies being continued. It also stresses that radio-telephone equipment should be made compulsory for Lake vessels of 500 gross tons and over, and for all passenger ships more than 65 feet long.

Back in 1937, the American Congress directed the Federal Communications Commission to study this Great Lakes safety problem. The project was shelved during the war and taken up again in 1950. The present agreement, which must be ratified by the two governments, grew out of consultations with government organizations and interested shipping and communications companies in the two countries.

Indian Commodity Market Declines Sharply

Drastic fall in the bullion, stock and commodity markets early in March is having a marked effect on the Indian economy and slowing up buying.

by Bruce I. Rankin
Commercial Secretary for Canada

BOMBAY, March 8, 1952.—The bullion, stock and commodity markets have suffered a sharp decline in prices which began the first of the month and has continued unabated ever since. All the trade centres of India have been affected. A general steep fall in wholesale commodity prices continued throughout the week and principal share and bullion markets are nervous. The commodities most affected are edible oils and oil seeds; pulse and seeds; black pepper and chillies; gur (native sugar); sugar, and spices.

The retail prices of most commodities, however, have not yet fallen in keeping with the fall in wholesale prices. Nor has the drop in prices brought increased buying and stocks are moving slowly on the market.

Export Duties Blamed

High export duties have been blamed for much of the commodity price decline. In fact, the Minister of Finance's recent announcement that the Government intended to continue this policy touched off the decline in price levels. (See note at end of article.) It is also known that most merchants have over-extended their credit facilities and many face bankruptcy. Some banks are reported to have asked clients with cash credits to provide additional margin. As a result, these clients are facing a crisis. Other banks are being forced to liquidate commodities pledged to them despite reduced terms of the new price levels, and many smaller native banks are in serious plight. Money market stringency persists and, with confidence shaken, bank credit is virtually at a standstill. Distress selling is the order of the day but buyers are practically non-existent.

Chambers of Commerce are asking that the Reserve Bank of India be requested to review immediately conditions governing the availability of credit to enable scheduled and other banks to help tide over the crisis in markets.

The Government is also being asked to take immediate action to stimulate export items like oil seeds, cotton seeds and spices, presumably by removing or reducing export duties so that improved foreign demand may sustain prices.

Except for good grains, almost all items are currently quoted at prices well below or at least close to those prevailing before the Korean war.

Sugar is quoted at eight to nine per seer,* against 14 annas a few days ago. Gur is available at 4½ annas a seer, against 9½ annas a week ago. Chillies are lower by 50 per cent at Rs. 13/- to 14/- per maund of 28 pounds. Spices have dropped by 45 to 50 per cent in ten days. Peanut oil has fallen from Rs. 29/- per maund to about Rs. 18/-. Soap is five per cent cheaper; pulses six to ten per cent cheaper, and some varieties of cloth 15 per cent cheaper.

Black pepper, always a speculative commodity, recorded a drop of Rs. 500/- per candy of 675 pounds in three days. The price of black pepper, which stood at about Rs. 3,000/- per maund on March 3, was down to Rs. 2,500/- per maund four days later. Traders generally fear a further price drop in this commodity.

From Cochin, the principal port of the Malabar Coast, the black pepper growing area, come reports of a fall in prices of other commodities also. Coconut oil showed a drop of about Rs. 100/-; ginger Rs. 60/-, and other local spices showed drops ranging from Rs. 10/- to 15/- per maund during the last week. Coconut oil stood around Rs. 480/- per maund in the middle of February and by the end of the first week of March closed at about Rs. 330/- per maund.

The cloth market in Ahmedabad has registered a decline of about 30 per cent. Cotton seed, which sold for about Rs. 37/- a month ago, had fallen to Rs. 28/- by March 7. Garlic fell from Rs. 10/- to Rs. 2/- in a week.

Sellers of peanuts were bargaining for Rs. 140/- to 145/- on the last day of February and are now readily offering at Rs. 120/- per candy.

The hides and skins markets have also been affected.

Wheat is reported selling in some areas at 10 to 15 per cent lower in the last week. Generally, however, wheat and rice prices have not registered any severe changes.

Over a two-month period, one source reports the following commodity price variations (in rupees):

	Unit	Highest	Lowest	Current
Gold ready	tola	106-4	82	90/91
Silver ready	100 tolas	194-14	158	168
Castorseeds May del'y	candy	216	128	136
Peanut ready	cwt.	40	26	26
Linseed ready	cwt.	41	26	26
Peanut oil	qr.	22	12-12	13
Copra oil ready	qr.	32	16	16-8
Sugar ready	226 lbs.	199	112	115
Art silk yarn	200 lbs.	930	700	720
Pepper ready	candy	2,700	2,050	2,100
Mercury ready	flask	425	360	380
Zinc ready	cwt.	163	132	133
Lead ready	cwt.	124	90	91
Tin ready	qr.	156	152	152
Copper ready	cwt.	225	195	195
Hessian ready	45 x 11	159 pies	112	110
Cotton Bengal desi	maund	60	28-30	28/30
Tata deferred (shares)	—	1,976-4	1,600 (kerb)	1,600 (nominal)
Indian Iron (shares)	—	29-6 6	23-14 (kerb)	22-12 (nominal)

* One rupee=16 annas=12 pies=21 cents Canadian.
One tola, ½ oz.; one candy, 675 lbs.
1 qr., 28 lbs.; maund, 28 lbs. or 40 seers.

The current fluctuations are so wide that the prices quoted above can only be taken as a general guide to the seriousness of the situation at the time this report was prepared. Minor differences have been shown also in some of the price ranges in the various trade areas.

Meanwhile, the Board of Stock Exchange declared "a settlement crisis" and trading was suspended until the Board succeeded in finding some method to ensure proper recovery of dues.

The Bombay Bullion Association declared a state of emergency and 270 out of 284 votes cast favoured this decision. It is, however, subject to government sanction. No forward rates were available but nominal business was reported in the ready gold section at Rs. 91/- per tola.

The Bombay Oil Seeds Exchange was still officially open but no business was transacted and rates remained unchanged at the lower levels. Here, as in other markets, no forward rates were quoted.

The Bombay Cotton Merchants' Association had an emergency meeting on March 7 and decided to close the spot market until March 13. Meanwhile, a committee was appointed to consider the feasibility of fixing the schedule of spot values for transactions.

Business was at a standstill in all other minor commodity markets. The Bombay Mercury Traders' Association decided to suspend forward business indefinitely and to close all outstanding transactions at Rs. 385/- per flask. Markets in other centres have taken similar action.

Since this article reached us, the Government of India Information Services in Ottawa have advised that, effective from March 16, 1952, the Government of India has decided to abolish the export duty on peanut oil, kardi seeds, niger seeds and raw wool. The export duty on raw cotton has been reduced from Rs. 400 to Rs. 200 per bale of 400 lbs. and on soft cotton waste from 50 per cent to 30 per cent ad valorem.

Export duties on other oil seeds and oils and on hard cotton waste continued unchanged.—Editor.

Canadian Cattle Win Prizes

Winning 18 out of a possible 20 classes—that was the record achieved recently at the Cuban International Exhibition at Havana by Canadian-bred Holsteins. The 81 Jerseys from Canada, shown for the first time at this exhibition, also led in their classes and were all sold to Cubans when the fair closed.

Labrador Railway Pushed Ahead

Work on the railway from Seven Islands, Quebec, up to the iron ore deposits near Knob Lake and Burnt Creek, is going ahead so rapidly that iron ore may move from the mines to the port in the summer of 1954, a year ahead of schedule. By the end of 1952, the company hopes, 190 miles of track will be laid. Some 2,500 men worked on the project throughout this past winter.

The United States Reviews Its Stockpile Objectives

Reduced allocations to the stockpile of strategic materials, some sales from inventory, continuous review of objectives, and revision of specifications marked the last six months of 1951.

by J. H. English
Commercial Counsellor for Canada

WASHINGTON.—A report on the position of the United States stockpile for July-December, 1951, lately issued by the Munitions Board, Washington, shows that during that period \$357 million worth of materials was added to the United States stockpile inventory, a reduction from the \$462 million during the first six months of 1951.

The stockpile, which is accumulated under the authority of Public Law 520 of the 79th Congress, is the nation's reserve of selected materials designed to make up the deficit between probable supplies and estimated total needs during an all-out war. It is intended to provide for industrial and essential civilian needs in wartime as well as for direct military requirements. The primary objective of the Stockpiling Act is to reduce, or if possible eliminate, a dangerous and costly wartime dependence upon foreign sources of essential raw materials. The materials stockpiled come, therefore, principally from foreign sources.

Adequate Funds Provided

From July-December, 1951, stockpile procurement funds were adequate. Up to December 31, 1951, Congress had made available a total of \$5,026,764,870 for stockpile procurement and maintenance, including \$4,871,764,870 in cash appropriations (excluding \$22 million authorized to be transferred to another account for rehabilitation of government-owned material producing plants) and \$155 million in contract authorizations which will require additional appropriations.

Despite these adequate funds, the rate of acquisition during the last six months of 1951 fell off as recorded above. The principal reason was the increase in direct military and defence-supporting requirements as the mobilization program expanded, coupled with the lack of any corresponding increase in supplies. This was especially true for the major dollar items on the stockpile list—aluminum, copper, lead, zinc, tin and rubber. At the same time, the agencies responsible for the administration of the Defence Production Act gave the stockpile a priority lower than that for either direct military or defence-supporting production or for the continuation of sufficient supplies of scarce materials to maintain the civilian economy at a high level. Consequently, the acquisition rates

authorized for the stockpile have in many instances been set below prior rates of performance. During the period, in support of this policy, materials intended for delivery against existing stockpile contracts have many times been diverted to industrial use. Moreover, certain amounts of copper, lead and aluminum were actually withdrawn from the stockpile.

Tight Supply Position

Reduced imports into the United States of the materials which have been selling in world markets at prices higher than those which the U.S. has been prepared to pay have undoubtedly contributed to the present materials shortages and have also meant the diversion of supplies away from the United States.

At December 31, 1951, strategic and critical materials in the stockpile inventory were valued at \$3,439,717,480 on the basis of current prices. On the same date, an additional \$2,209,247,786 worth of materials was scheduled for future delivery under outstanding contracts. This total of \$5,648,965,266 worth of materials in inventory and under contract compares with a total stockpile objective of \$9,298,906,664.

As a result of the tight supply position for many of the strategic and critical materials, (particularly such high-value items as aluminum, copper, lead, zinc, tin and rubber) the dollar value of new stockpile acquisitions during the last six months of 1951 declined to \$357 million from the \$462 million of the previous six months. However, the rate remained higher than for any six months before 1951. Many strategic and critical materials became less and less available during this period. Moreover, under the priority policy of the Defence Production Administration, it was more difficult to enter into contracts for the delivery of these materials to the stockpile. Materials affected by such directives included 45 thousand tons of aluminum; 100 thousand pounds of columbite; 163,500 tons of copper; 8,000 tons of fluorspar; 6,000 tons of lead; 9,900 tons of manganese ore; 2,200,000 pounds of nickel; 1,178,000 pounds of tungsten, and 26,900 tons of zinc. This represented a loss of more than \$120 million worth of materials to the stockpile. The shortages of some materials became so acute that quantities already in the stockpile were released for reallocation to industry. These included 10 thousand tons of aluminum; 55 thousand tons of copper, and 30 thousand tons of lead, with a total value of over \$40 million.

Government Agencies Involved

A number of U.S. government agencies are directly involved in carrying out the statutory obligation for the acquiring of strategic materials. The Economic Co-operation Administration (now the Mutual Assistance Administration) uses funds which come primarily from the United States portion (five per cent) of the local currency counterpart funds deposited to match grant-aid received from the United States by overseas countries. In addition, ECA has a special dollar fund which may be drawn upon for certain limited purposes in financing strategic materials development projects. Since the inception of ECA outright purchases with the five per cent counterpart funds have been made to a total equivalent dollar value of \$81.3 million. A total equivalent of \$59,385,416 has been committed by ECA during the same period for prospecting and developing sources of strategic materials.

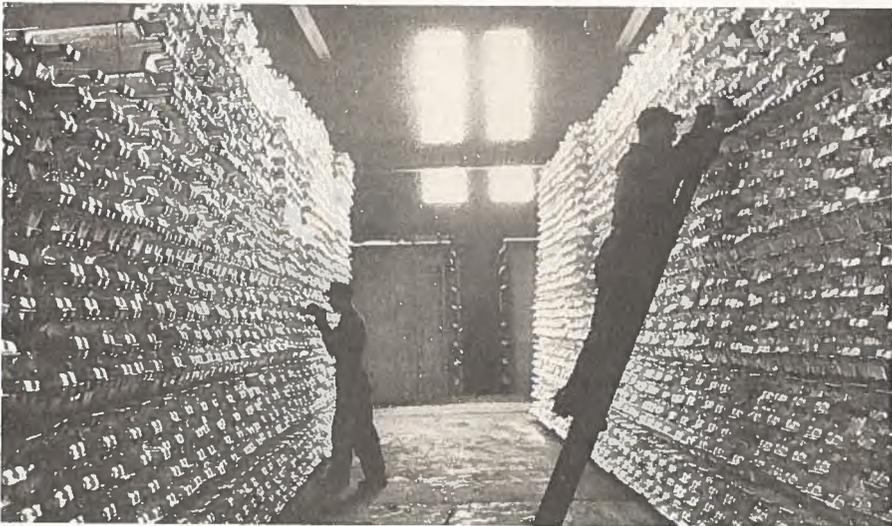
The Defence Production Act itself authorizes measures for the expansion of productive capacity and supply, in addition to the incentives to expand production provided by long-term stockpile contracts. Such measures include the encouragement of exploration, development and mining; purchase by the government for its own use or resale; government loans and guarantees; subsidy payments, and the installation of additional equipment and facilities.

In August 1951, a Presidential Executive Order consolidated these functions under the newly established Defence Materials Procurement Agency. Under the authority of the Act, long-term contracts have been made. These will result in substantial increases in the production of aluminum, copper, fluorspar, manganese, molybdenum, titanium and zinc, as well as a number of other minerals. Government-owned and other stand-by facilities have also been reactivated for the production of aluminum, magnesium and synthetic rubber, and steps have been taken to bring back into production the U.S. Government-owned facilities in Cuba for the production of nickel.

The Department of Agriculture is also involved in this operation in such fields as research in plant ecology and the development of substitutes for strategic and critical materials which the United States draws largely from foreign sources.

The Department of the Interior, through the Bureau of Mines, has wide responsibilities in mineral exploration and development and has inaugurated programs to step up exploration for a wide variety of minerals, extending assistance by subsidies, loans, tax amortization, etc.

Finally, the Commodity Credit Corporation is authorized to accept strategic and critical materials to be used abroad in exchange for agricultural commodities held by the Corporation. To the end of December



—Aluminum Co. of Canada

During the last six months of 1951, shortages of some materials became so acute that certain quantities had to be released from stockpile and re-allocated to industry. Among these were 10 thousand tons of aluminum.

1951, the Commodity Credit Corporation had acquired in this way approximately \$33 million worth of industrial diamonds, metallurgical chromite and manganese ore.

Materials under the Act

The Munitions Board does not, of course, give any indication of the size of the stockpile holdings of any of its strategic items. It does, however, publish the following two lists of materials which have been determined to be strategic and critical under the provisions of the Stockpile Act. Presumably most of these items are currently being stockpiled.

CURRENT LIST OF STRATEGIC AND CRITICAL MATERIALS FOR STOCKPILING

Pursuant to Section 2 (a) of Public Law 520, 79th Congress, the following two lists of materials have been determined to be strategic and critical under provisions of the Act:

Materials in List I will be acquired through purchases pursuant to Section 3 (a) and by transfer of government-owned surpluses pursuant to Section 6 (a) of Public Law 520, 79th Congress, and constitute Group I:

1. Aluminum
2. Antimony
3. Asbestos, Amosite
4. Asbestos, Chrysotile
5. Asbestos, Crocidolite
6. Bauxite, metal grade
7. Bauxite, refractory grade
8. Beryl
9. Bismuth
10. Bristle, hog
11. Cadmium
12. Castor Oil
13. Celestite
14. Chromite, chemical grade
15. Chromite, metallurgical grade
16. Chromite, refractory grade
17. Cobalt
18. Coconut Oil
19. Columbite
20. Copper
21. Cordage Fibres, abaca
22. Cordage Fibres, sisal
23. Corundum
24. Cotton, extra long staple
25. Diamonds, industrial
26. Feathers and Down, waterfowl
27. Fluorspar, acid grade
28. Fluorspar, metallurgical grade
29. Guayule Seeds & Seedlings
30. Graphite, amorphous lump
31. Graphite, crucible grade
32. Graphite, lubricant and packing grade
33. Hyoscine
34. Iodine
35. Jewel Bearings, Instrument Jewels except Vee Jewels
36. Jewel Bearings, Sapphire and Ruby Vee Jewels
37. Jewel Bearings, Watch and Time-Keeping Device Jewels
38. Kyanite
39. Lead
40. Magnesium
41. Manganese Ore, battery grade
42. Manganese Ore, chemical grade
43. Manganese Ore, metallurgical grade
44. Mercury
45. Mica, Muscovite Block, good stained and better
46. Mica, Muscovite Film
47. Mica, Muscovite splittings
48. Mica, Phlogopite splittings
49. Molybdenum
50. Nickel
51. Opium
52. Palm Oil
53. Platinum Group Metals, Iridium
54. Platinum Group Metals, Platinum
55. Pyrethrum
56. Quartz Crystals
57. Quinidine
58. Quinine
59. Rare Earths
60. Rubber, crude natural
61. Sapphire and Ruby
62. Shellac
63. Silk
64. Sperm Oil
65. Talc, Steatite, Block
66. Tantalite
67. Tin
68. Tungsten
69. Vanadium
70. Vegetable Tannin Extract, chestnut
71. Vegetable Tannin Extract, Quebracho
72. Vegetable Tannin Extract, wattle
73. Wool
74. Zinc

Materials in List II will be acquired only through transfer of government-owned surpluses pursuant to Section 6 (a) of Public Law 520, 79th Congress, and constitute Group II:

- Agar
- Bauxite, abrasive
- Cryolite, natural
- Diamond Dies
- Emetine
- Graphite, crystalline fines

Mica, Muscovite Block, stained and
lower
Mica, Phlogopite Block
Optical Glass
Pepper
Platinum Group Metals, Osmium
Platinum Group Metals, Palladium

Platinum Group Metals, Rhodium
Platinum Group Metals, Ruthenium
Rutile
Selenium
Talc, Steatite, ground
Zirconium Ore, Baddeleyite
Zirconium Ore, Zircon

Report Summarized

In summary, the report records the following position of stockpile activities for the past year:

1. During July-December 1951, \$357 million worth of material was added to the stockpile inventory, a reduction from \$462 million during January-June, 1951.

2. The control agencies ordered reduced allocations to stockpile in many instances, resulting in diversion of over \$120 million worth of aluminum, columbite, copper, fluorspar, lead, manganese, nickel, tungsten and zinc already under stockpile contract.

3. On recommendation of the control agencies, the President has authorized release and sale of \$40 million worth of aluminum, copper and lead from stockpile inventory.

4. Stockpile objectives continuously reviewed during the period, Twenty-three were decreased, ten were increased and 19 remained unchanged. The total value of all objectives is now \$9,298,000,000 as compared with \$9,093,000,000 last June 30.

5. The revision of stockpile specifications continued. Major changes involved broadening of specifications to include additional forms and grades of the materials.

6. Construction of storage warehouses at four government-owned sites is nearing completion, as is the construction of four tank farms for stockpile oils. Additional new facilities are planned.

7. The Economic Co-operation Administration arranged purchases of \$11,831,087 worth of materials for the stockpile during the last six months. Of this cost, \$10,670,753 is covered by ECA counterpart funds.

8. Transfers of government-owned surplus material to the stockpile during the period amounted to \$4,549,008.

9. The Commodity Credit Corporation continued to acquire strategic materials, by barter for surplus agricultural commodities, for sale to the stockpile. Transactions pursuant to Public Law 85, 81st Congress, now total some \$33 million.

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Australian Tariff Board Studies Industry

In line with the Board's policy of recommending that only industries which operate efficiently and economically should be assisted, this report both recognizes the manufacturer's problems and suggests how he might be able to tackle them.

by C. M. Croft
Commercial Counsellor for Canada

SEVERAL points of great interest to industry were brought out in the recent report of the Australian Tariff Board for the year ended June 30, 1951. The Board recognized the problems which many Australian manufacturers face, but it also recommended to industry a vigilant attack on high costs and inefficiency. This approach, it felt, would lessen the need for tariff protection.

In surveying the difficulties besetting industry in the country, the Board stressed the following points:

1. Shortages of basic materials, which hamper a large section of Australian industry;
2. Transport difficulties, which contribute to excessive costs;
3. Competitive bidding for labour, which unsettles production.

Shortages Explained

The shortages of basic materials have created difficulties which the lack of full co-operation between management and labour in some industries has magnified. A coal shortage resulting in accumulating deficiencies of other commodities and services has deprived many sections of Australian industry of access to the world's cheapest supply of iron and steel. When local steel output falls short of demand and steel must be imported at three to four times the price of the local product, many Australian firms are without the foundation upon which they have built their success.

The inability of the railways to cope with the increasing demand for transport of goods, plus the inadequacy and slow turn-round of coastal shipping, is forcing many manufacturers to use road transport. This in turn leads to a demand for more labour, causes wear and tear on highways, and means higher prices to consumers.

Despite the shortages of basic materials and transport, the overall demand for labour was higher than ever. This meant competitive bidding for workers at wage levels higher than those prescribed by awards. Such a practice at once raises costs and contributes to that high rate of labour turnover which is having an unsettling effect on production.

In its report the Board also made certain positive recommendations to industries anxious to improve their competitive position. Among these proposals were:

1. Further modernization and methods improvement;
2. An extension of soundly based incentive systems;
3. A vigilant attack on costs. (Protection, said the Board, is not granted for inefficiency and competition falls hardest on those who do not watch their costs).

Improvements Noted

Many advances and improvements in production techniques came under the Board's notice during the past year. However, it believes that much of Australian industry needs to be further modernized. It recognizes a trend to greater efficiency but points out that some managements are content with out-of-date methods. It advises such companies to strive for a "more forward-looking attitude".

The Board was also impressed with the beneficial results of some incentive systems. It found that, where minimum standards are not too high and the element of competition is not stressed, employees often welcome incentives. A growing number of industries have encouraged and rewarded suggestions from employees. Profit-sharing has also been used more widely. These two features are usually popular with employees and also benefit employers. The Board considered that these practices could well be extended.

The pattern of Australian industry continues to show a lack of balance. It will be difficult to correct this situation and still allow for extensive importing of necessary goods. Greater output of coal and other raw materials, increased efficiency in industry, and improved employer-employee relationships are set down as the most important starting points in correcting this unbalance. The Board recognizes its contribution to the matter by adhering to its policy of recommending that only those industries which are operating efficiently and economically should be assisted. Where protection seems necessary, it recommends adequate but not excessive rates of duty.

In Australia, production costs tend to rise faster than in Canada and the United States. This trend has been accentuated in the past year. In pointing to the inflationary pressures present in Australia, some manufacturers have expressed the fear that a continued rise in costs will result in the levels of protection now being recommended by the Tariff Board becoming ineffective. The Board considers, however, that the rates of duty given in recent years have protected efficient manufacturers sufficiently. With limited overseas competition, the threat of rising costs presents a challenge to Australian manufacturers. They have an excellent opportunity to expand output, rationalize production methods, and improve efficiency. In this way, they will strengthen their ability to resist increases in costs and lessen their dependence on the customs tariff.

Tariff Question Studied

Turning directly to the question of tariffs, the Board had three recommendations in this field also.

1. A periodic review of protection duties as a desirable safeguard against excessive prices;

2. Removal of primage duties on raw materials and fuels not produced in Australia—subject, of course, to revenue considerations;

3. No specific guarantees of protection to Australian industry to offset a decline in competitive position.

For many years the Tariff Board has made it a practice, when it considers protective duties justified, to recommend rates which it believes just adequate to allow a workable margin of protection to the local manufacturer. This safeguards consumers against exploitation by manufacturers who might take advantage of unnecessarily high duties to charge excessive prices. It also stimulates industry to keep production costs as low as possible. Manufacturers who do not use modern production techniques soon lose their slight advantage over competitors overseas.

Periodic Reviews

The Board realizes that to maintain a periodic review of all protective duties would require a staff larger than its present one and it believes that a sustained and comprehensive review is unnecessary. However, it considers that there is one way in which desirable action might be taken to widen the scope of the normal series of tariff reviews. This action concerns those industries which, in terms of Article 10 of the United Kingdom and Australia Trade Agreement, are granted special consideration to assist them in becoming fully established. The Board feels that the duties granted to these industries should be revised periodically to ensure that the industry is being developed on sound economic lines. Protection may thus be kept at a level appropriate to the stage of development reached.

On primage duties on raw materials and fuels not produced in Australia, the Board suggested that as these duties constitute a cost in the first stage of manufacture of other products and have a cumulative effect on the ultimate cost of finished consumer goods, they should be removed, when revenue considerations permit.

In discussing the effect of tariff policy on inflation, the Board states that it has no intention of suggesting a course which might cause a dislocation of employment or a drastic alteration in the structure of industry. It will continue to recommend that those industries which can demonstrate efficiency and a value to the community be adequately protected. In a period of full employment, when protection of one industry might attract raw material and labour from another, the Board will apply more stringent tests of efficiency and value. In the face of a further decline in the competitive position of Australian industry, the Board considers it would be unwise to guarantee industry that protection will be increased to offset that deterioration. The responsibility of making an all-out attack on costs rests with manufacturers.

During the year, the Board held public inquiries on 48 subjects. It furnished 40 reports to the Minister for Trade and Customs, 24 of which were released to the public. At the end of the year, the work in hand consisted of 53 references by the Minister of Trade and Customs on which reports had not yet been furnished.

Commodity Notes

ANGOLA

New Brewery Built—A brewery being built in Luanda, Angola, will, when completed, be the first of its kind in the colony of Angola. It is expected that the beer produced will sell at half the price of beer imported from Lisbon, Mozambique and United States. The anticipated cost of the brewery is 30 million Angola escudos. (1 escudo = .037 Canadian)—Leopoldville, March 6, 1952.

ARGENTINA

Show Dates Advanced—The Argentine Rural Society has announced that the date for the Annual Exposition, popularly known as the Palermo Show, has been advanced to June instead of August. The show will be officially opened on June 28th. Judging will begin on June 25th and the auction sales on the 30th. The date of last year's show was also advanced and disrupted the feeding program for livestock, particularly the beef breeds being fitted for the exhibition—Buenos Aires, March 12, 1952.

BRAZIL

Cement Production Increased—Brazilian cement production from January to September, 1951, totalled 1,067,588 tons, valued at Cr\$697,673,684.00 according to figures published by the Production Statistics Service of the Ministry of Agriculture. During the same period of 1950, production amounted to 1,016,271 tons valued at Cr\$310,921,000.00—Rio de Janeiro, February 28, 1952.

BRITISH GUIANA

Stone-Crushing Plant Operating—A stone-crushing plant capable of crushing 100 tons of stone a day for road construction has been completed. It represents an important step in the colony's road improvement and extension program—Port of Spain, February 21, 1952.

EAST AFRICA

Copper Development Pushed—A 200-mile extension of the Uganda railway system to give access to the copper deposits at Kilembe has been recommended by the Railway Advisory Council. The expansion, at a cost of £4 million, will open up a large and sparsely populated area in Western Uganda, but the principal revenue will be from the Kilembe Copper Mines, which are to be developed by joint dollar and sterling capital. The present project envisages transporting 5,000 tons of ore per day to Jinja-Jinja, where the new hydro-electric project on the Upper Nile will provide power for economic reduction of the ore—Cape Town, March 6, 1952.

GREECE

Chemical Fertilizers Purchased—The Agricultural Bank of Greece purchased 5,000 metric tons of ammonium sulphate from the Netherlands and 8,300 metric tons of superphosphates from Italy during January 1952. The ammonium sulphate procured from the Netherlands, it is reported, does not absorb atmospheric moisture readily and remains unaffected for long periods—Athens, January 31, 1952.

GUATEMALA

Will Grow Own Cotton—From this year on, Guatemala no longer expects to import cotton but will fill all her needs from local crops. The Department of Statistics estimates that this year's harvest will reach 55 thousand quintals, more than enough to meet the demand—Guatemala City, February 1, 1952.

Glycerine Factory Planned—A prominent local soap manufacturer has just formed a subsidiary company to produce and distribute glycerine and its derivatives—Guatemala City, February 7, 1952.

IRELAND

Beef Exported to U.S.A.—A trial consignment of 25 tons of Irish canned meat is being shipped from Dublin to New York. It is said that there are good prospects for the developing of this trade because large quantities of fresh meat are being drawn off the American market for the armed forces. In addition, a trial consignment of 10 tons of chilled beef was recently shipped to New York. Two Irish Department of Agriculture officials are accompanying the shipment to its destination.

Shipments of frozen beef from Ireland to the U.S.A., which began last year, are now moving regularly in substantial quantities. Some 500 tons of frozen beef was consigned to New York last week. Part of this is described as manufactured (or boxed) meat for the hamburger and hot dog trade—Dublin, February 19, 1952.

ISRAEL

Steel Casting Plant Planned—Israel will have its first steel and precision casting plant in about three months, the result of American investment. Equipped with electric arc furnaces, the plant will melt and cast steel and non-ferrous industrial alloys in units of up to 45 kilograms, primarily tools, machine and automobile parts. Surgical and other instruments will be cast by precision methods at a later date.

The chief raw material, steel scrap, is said to be abundant in Israel and initial production of the plant will save the country well over \$100 thousand a year in foreign exchange. Later the plant may enter the export market—Athens, February 14, 1952.

SCOTLAND

Ship Launchings Increase—Six ships of 40 thousand tons gross were launched from Scottish shipyards in January. This was a marked advance on the tonnage for the same month of 1951—8,684 tons gross for the same number of vessels.—London, February 5, 1952.

Price of Whisky Going Up—Because of heavily increased costs, the export prices of Scotch Whiskey Association members' brands are to be raised by five shillings a case of 12 bottles on March 1 for overseas markets at present paying less than £4-6-3 a case. United States and about 40 other markets, including most American countries, are unaffected because they are already paying £4-6-3 or more per case. Canada, which requires a slightly lower-proof whiskey than the U.S.A., will now pay £4-3-6.—London, February 18, 1952.

Rayon Production Increased—Rayon production in Scotland in 1951 amounted to 375 million lbs. compared with 180 million lbs. in 1946. Deliveries of rayon staple to Scotland were 2½ times above 1947. Rayon staple has rapidly become more important as a textile fibre and is now being used in the Scottish carpet industry for Wiltons and chenille rugs—London, February 5, 1952.

SOUTH AFRICA

Textile Industry Expands—The Annual Report of the Industrial Development Corporation of the South African Government, which financed the first woollen textile factory erected in the Union, reveals that there are now nine woollen textile factories there. Productive capacity for woollen yarns exceeds the country's requirements. Self-sufficiency in cotton textiles is now the objective. First step will be increased production of threads—Cape Town, March 6, 1952.

SPAIN

New Codfishing Vessel—After official tests, the new ship *Santa Cecilia*, which was built at the Astano dock-yards especially for codfishing, was delivered to the owners. It has a displacement of 2,300 tons and develops a speed of 13 knots. The ship will leave shortly for Newfoundland waters. Eight more vessels of this type are under construction at the Astano dockyards, it is reported.—Madrid, February 28, 1952.

Asbestos Mining Progresses—The press reports that work on some promising asbestos deposits in the vicinity of Ronda has been progressing. The present monthly output is 30 metric tons of up to two-centimeter fibre. It is expected, however, to increase this production by 100-200 per cent. Domestic demand for asbestos is approximately five to six thousand tons a year, practically all imported—Madrid, February 28, 1952.

SPAIN—Continued

May Make Tractors—At the last Cabinet meeting, a decree for a tender inviting offers from Spanish enterprises to manufacture agricultural tractors in this country was approved—Madrid, February 28, 1952.

Olive Oil Production—Latest official figures place this year's olive oil production at approximately 640 thousand metric tons. This production almost equals the record figure of 1928—665 thousand tons—and of 1930, 660 thousand tons.—Madrid, February 28, 1952.

THAILAND

To Produce Motor-Car Tires—The Thailand Minister of Industry has announced that the government-operated Thai Rubber Company Limited plans to manufacture motor-car tires in 1952. Machinery is on order from the United States and production will start in a few months. This development is in line with government policy to make Thailand less dependent on imports, particularly when the commodities imported contain a large quantity of raw materials produced domestically.—Singapore, February 28, 1952.

TRINIDAD

Aids Cement Industry—The Trinidad Legislature has just passed the Cement Industry (Development) Bill designed to encourage the establishment of an industry in the Colony. Among the inducements offered by this legislation is a ten-year tax holiday—Port of Spain, February 21, 1952.

Cocoa Crop Prospects—The Trinidad cocoa crop is expected to reach 18 million pounds this year. Extremely heavy rains which have continued through November, however, have caused planters serious concern and this estimate may have to be lowered. The prevalence of the "black pod" disease in central Trinidad has also been a cause of serious anxiety to planters.—Port of Spain, February 21, 1952.

UNITED KINGDOM

Steel Prices Rise—Increases of approximately £4 a ton in the controlled maximum prices of iron and steel came into effect in the United Kingdom today. Examples of the changes are: Soft basic billets, present basis price, £21-11-6d., revised basis price, £25-4-6d.; sheet and tinplate bars, £21-16s., £25-3-6d.; heavy sections, £23-15-6d., £27-17s.; plates (N.E. Coast, etc.), £25-6-6d., £29-14s.; light sections, £27-1s., £31-5-6d.; bright steel bars, £37-6-9d., £42-7-3d.—London, February 27, 1952.

General Notes

ANGOLA

Development Plan Discussed—The development plan for Angola for the five-year period 1951-1955, which will cost roughly \$39,750,000, will soon show good results. The money is to be spent on power stations, health services, communications, agriculture, cattle raising, mining, forestry, waterworks, and general improvements—Leopoldville, March 6, 1952.

Trade Bulletin Issued—The Directorate of Economics of Angola is issuing a monthly bulletin of economic information which is distributed free of charge to all traders, industrialists and farmers in Angola.

This publication carries a section known as "Commercial Opportunities", where firms outside the territory and interested in trade with Angola or contacts there may have their names registered free of charge. Further details from "Direcção dos Serviços de Economia (Boletim Mensal de Informação Economia), Caixa Postal 1242, Luanda, Angola, P.W.A.—Leopoldville, March 6, 1952.

BALUCHISTAN

Agricultural Development Aided—A sum of approximately \$733.3 thousand, allocated by New Zealand under the Colombo Plan for Economic Development, will be earmarked to procure heavy agricultural machinery for various irrigation and agricultural projects in the Province of Baluchistan. New Zealand will provide technical personnel to run the machinery and will also train Pakistanis to operate and maintain it—Karachi, Pakistan, February 29, 1952.

BELGIAN CONGO

New Powerhouse Begun—Work on the powerhouse at Tshopo began as planned January, 1952. The dam, located five miles from Stanleyville, will contain seven flood-gates and will have a drop of 54 feet. The powerhouse will be equipped with three generator turbines of 8,360 h.p.—Leopoldville, March 6, 1952.

BENELUX

Fish Trade Liberalized—Benelux trade in all types of salted, dried, smoked and fresh fish over 40 centimetres in length will be liberalized as from March 1, 1952, according to an agreement announced by the Netherlands Minister of Agriculture and Fisheries. Other measures agreed on included no imports of fresh sprats by either country between October 1 and November 15; liberalization of trade in fresh fish less than 40 centimetres in length within two years, and of trade in shrimps within three years. It was also decided not to allow re-export of fish within the three Benelux countries—The Hague, March 1, 1952.

CHILE

Trade with Germany—It is announced that the Commercial Treaty with Germany in force until February 17, has, in the absence of any notification of the contracting parties, been automatically extended for another year. The interchange of commodities under the agreement reaches the sum of US\$25 million. It is also reported that Germany will increase its purchases from Chile in the immediate future. Because of the delay in the supply of metal from the Paipote foundry, Chile now has an adverse trade balance but the situation may change with the harvests, when Germany will be an interested purchaser—Santiago, February 18, 1952.

Foreign Loans Approved—The Development Corporation (Corfo) has approved an agreement with the Export Import Bank to facilitate a credit of US\$10 million to purchase machinery for the extension of Huachipato steel plant. The total of loans from the Eximbank to the steel company is US\$58 million.

The Corporation also approved a proposal from the National Air Line to obtain a credit of US\$600 thousand from the United States Bank to buy material—Santiago, February 22, 1952.

GREECE

Industrial Production Rises—According to figures released by the Federation of Greek Industries, the general weighted index of production, including electric power production, was 125 per cent for the year 1951, as compared with 110 per cent in 1950 and 100 for the base year 1939. This represents a gain of 13·6 per cent over 1950. All basic branches of industry marked a gain over the previous year, with the exception of leather production, which dropped to 84 from 92, and the cigarette industry, to 167 from 168·5—Athens, February 25, 1952.

GUATEMALA

New Port Planned—The construction of a modern port at Acajutla, in El Salvador, will cost about 45 million colones. At present perforation operations, to determine the class of soil, are being finished. After the soil analysis has been made, a definite site will be chosen for the new port—Guatemala City, February 1, 1952.

ISRAEL

Industrial Design Studied—A significant step towards improved industrial design as an aid to increased exports was taken recently. Under the auspices of the Ministry of Trade and Industry, a Council for Industrial Design, with 90 members drawn from various industries and including also creative artists, was set up in Jerusalem. The Council, which will be an advisory body, has been split up into 15 committees. (Source: Israel Journal—February, 1952)—Athens, February 28, 1952.

NETHERLANDS

EPU Position Improves—Definite figures on the Netherlands position in payments traffic with other EPU members for January, 1952 disclose a surplus of \$98,709,000. Of this amount, \$23,070,000 has been used for total redemption of the Netherlands' remaining debt to the EPU. Of the balance, an amount of \$2,319,000 has been received by the Netherlands in gold and dollars, while the Netherlands has granted a credit to the EPU of \$73,320,000—The Hague, March 1, 1952.

Receive Dredging Contract—A fleet of 26 Netherlands dredging vessels will be towed to South America between May and August for three years' work on Brazilian harbours. A Netherlands firm has contracted with the Brazilian Government to construct new and dredge existing harbours. Work on 11 harbours already on the program will cost about 200 million cruzeiros (approximately Can.\$108 million)—The Hague, March 1, 1952.

SCOTLAND

New Generator in Operation—The first 1,000-kilowatt turbo-alternator at the Glen Lussa hydro-electric scheme near Campbelton has begun to supply 8,000 units of electricity per eight-hour day to the Kintyre district. London, February 28, 1952.

THAILAND

Note Issue Increased—Banknote circulation in Thailand increased by 784.5 million ticals, 24 per cent, during 1951, according to statistics from the Bank of Thailand. Note issue at the beginning of 1952 totalled 4,068 million ticals. Thirty-five per cent of bank notes in circulation are covered by gold, 35 per cent by foreign exchange, nine per cent by government securities and 21 per cent by other securities.—Singapore, February 28, 1952.

VENEZUELA

Deep-Sea Port to be Constructed—A port for deep-sea vessels will be constructed in the State of Falcon on the west coast of the Paraguana Peninsula, approximately 250 air miles west of La Guaira, the port for Caracas.

A contract has been signed between the Minister of Public Works and the Manager of Raymond Concrete Pile Company of Venezuela for the construction of the project, estimated at a cost of Bs.7,000,000, approximately Can.\$2,380,000. The port will have a concrete wharf 450 yards in length, and the harbour basin will be dredged to permit two 24,000-ton ships to moor on each side.

The Venezuelan Government is financing the project, with some assistance from the major oil companies who will use the port—Caracas, March 6, 1952.

Australian Government Freezes Import Credits

by C. M. Croft
Commercial Counsellor for Canada

SYDNEY, March 21, 1952.—On March 20th the Commonwealth Bank of Australia withdrew from the trading banks their authority to establish credits and effect clean payments for imports from the dollar area in Australian currency, or in Canadian dollars, United States dollars or sterling to a Canadian or U.S. account in the United Kingdom. This freezing of credits does not apply to goods which have already been shipped. Irrevocable letters of credit are not affected but they may not be extended nor amended. Nor does this new instruction affect transactions under International Bank Loan licences.

Documents Needed

Australia is taking further steps to bring her overseas trade into balance and to review her purchases from dollar countries. She may thus determine how these purchases can be reduced to help solve the dollar-sterling problem. All import licences which have not been covered by irrevocable letters of credit must be returned to the Customs Department for review. These licences must be accompanied by information and proper documents on the goods concerned; whether a firm order has been placed and the date of it; expected date of import; details of goods in transit direct to Australia and the date of despatch from the factory; details of goods paid for or sent under irrevocable letters of credit established; the date on which the letter of credit was established, when it expires, and the extent of any drawings upon it; and the ultimate use of the goods.

All Licences Reviewed

This means that virtually all imports from the dollar area are to be suspended for a period of stocktaking. For some time all imports from the dollar area have been under import licence and only those goods highly essential to the economy of Australia and not available from the sterling area or soft currency countries have been allowed in. Most trade circles feel that any additional curtailment will affect Australia's economy seriously. On the other hand, the Prime Minister has stated that action must be taken to stop the drain on the central gold and dollar reserves.

It is not possible to predict the future but the fact that existing licences are to be reviewed does not necessarily mean that they will be cancelled. Certainly they will be examined closely to determine how essential the goods are and how urgent the requirements. Some reductions will be made, but whether these will be "across the board" or selective is still uncertain.

Trade and Tariff Regulations

Egypt Doubles Customs Duties

Cairo, March 25, 1952.—FTS—All commodities imported into Egypt from countries which have no trade agreement with that country, including Canada, have been made subject to double the normal customs duty, according to advice received from the Egyptian Director General of Customs today.

Ireland Imposes Duty on Sheep Skin

Dublin, March 5, 1952.—FTS—The Government of the Republic of Ireland has made an order (No. 272) (Sheep Skins) Order, 1952, under the Emergency Imposition of Duties Act, 1932, imposing from February 29, 1952, a new import customs duty on sheep skin with wool attached which has been subjected to a process of dyeing, dressing or tanning, or any two or more of those processes, of 37½ per cent *ad valorem* full rate; 25 per cent *ad valorem* Canada and United Kingdom. A duty-free licensing provision is attached to this order.

Israel Establishes Multiple Exchange Rates

Athens, March 7, 1952.—FTS—On February 14, 1952, Israel introduced three different rates of exchange, replacing a single exchange rate at par with sterling. The official rate of exchange remains at US\$2·80 per Israel pound, the second rate is fixed at US\$1·40 per Israel pound, and the third rate at US\$1 per Israel pound.

Imports into Israel from Canada will be affected as follows. The official rate continues to apply to wheat, flour, linseed oil, powdered milk and seed potatoes; the second rate applies to canned meats, fish and pharmaceuticals, including antibiotics. The third rate applies to lumber, newsprint, industrial and agricultural machinery, aluminum and other metals, tires and tubes, polystyrene and other synthetic resins, and textile products. Although the effect of the second and third rates of exchange will be to double and almost treble the price of those goods in Israel, Canadian trade with that country may not suffer to any great extent because our exports have largely been confined to essential items not obtainable from non-dollar sources.

Most of Israel's exports come under the third rate of exchange, and export earnings will thus almost treble. The Israeli authorities hope that this will stimulate exports and improve their trade balance.

(The Foreign Tariffs Division, Department of Trade and Commerce, Ottawa, will be glad to supply further information on the rate of exchange applying to specified goods.)

Trade and Tariff Regulations—continued

Mexico Regulates Commercial Invoices

The Consul General of Mexico in Montreal advises that beginning April 1, 1952, commercial invoices covering shipments to Mexico in excess of one thousand Mexican pesos (approximately \$115.00 Canadian) must be legalized by a Mexican Consul. Shipments by mail or by air are exempt. The invoice should be prepared on paper measuring approximately 8½ by 11 inches and must show the place and date; the name of the buyer; the port of entry into Mexico; the name of the customs broker to whom the merchandise is consigned; the marks, numbers, type and quantity of packages; the commercial description of the merchandise; the value of the merchandise, and the signature of the shipper.

The invoice must be presented to the corresponding Mexican Consulate in quadruplicate for legalization, the fee for which will be about 60 cents. The original and two copies will be returned to the shipper and these must be mailed to the customs broker at the border port of entry.

For postal and air shipments the invoice in triplicate containing the foregoing information, but not legalized, must be enclosed in the package.

Mexican Consulates are located in Canada at Montreal, Quebec City, Toronto and Vancouver.

South Africa Increases Razor-Blade Duties

Johannesburg, March 7, 1952.—FTS—The Board of Trade and Industries announced today that it had received a request for an increase in the customs duty on razor blades from 10 per cent *ad valorem* to 35 per cent *ad valorem*.

United States Suspends Duty on Lead and Zinc

An Act of Congress, approved February 11, 1952, suspends until March 31, 1953, or the termination of the national emergency, whichever is earlier, the import duties imposed under paragraphs 391 and 392 of the Tariff Act, as amended, on lead-bearing ores, flue dust and mattes of all kinds, lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, and antimonial scrap lead. The Act provides for the revoking of the suspension of the duty if for any calendar month the average market price of common lead for that month falls below 18 cents per pound. The suspended duties are at the rates of ¾ and 1¼ cents per pound of lead content on lead in ores and in manufactured metal respectively.

A further Act of Congress, also approved February 11, 1952, suspends until March 31, 1953, or the termination of the national emergency, whichever is earlier, the import duties on zinc-bearing ores imposed under tariff paragraph 393 and on zinc in blocks, pigs, and slabs imposed under tariff paragraph 394 of the Tariff Act, as amended. The Act provides for the

Trade and Tariff Regulations—concluded

revoking of the suspension of the duty if for any calendar month the average market price of slab zinc for that month falls below 18 cents per pound. The suspended duties are at the rate of $\frac{3}{4}$ and $\frac{7}{10}$ cents per pound of zinc content on zinc in ores and in unmanufactured metal respectively.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

W. Gibson-Smith, Canadian Government Trade Commissioner in Leopoldville, Belgian Congo, began a Canadian tour on March 24. His itinerary is as follows:

Toronto—March 24-April 3
Montreal—April 7-18
Edmonton—April 23-24

Vancouver—April 26-May 6
Swift Current—May 9-10
Winnipeg—May 11-13

Later, he will visit the East Coast and Newfoundland.

Businessmen can reach Mr. Gibson-Smith through the Canadian Manufacturers Association offices in Toronto, Edmonton and Winnipeg, the Boards of Trade in Montreal and Swift Current, and the Department of Trade and Commerce, 355 Burrard St., in Vancouver.

Exports on Wheels

During 1951, exports of motor vehicles from Canada increased by about 26,000 units over 1950; exports of combines by 2,300 units. Exports of agricultural machinery brought in nearly \$20 million more than last year.

Ghent International Trade Fair

The seventh Ghent International Trade Fair will be held at Ghent, Belgium, from September 13 to 28, 1952. The number of foreign exhibitors participating in this fair has grown from 77 in 1946 to 389 last year. The Belgian Government is issuing import permits freely for goods to be displayed, and the Belgian Foreign Exchange Control Board will authorize payment for goods bought during the fair. Canadian manufacturers interested in exhibiting at this fair may obtain additional information and application forms from I. D. Wautier, 30 Chicora Ave., Toronto, Ont.

Foreign Exchange Quotations

The following are nominal quotations, furnished by the Foreign Exchange Division of the Bank of Canada. These quotations may be found useful in considering statistics and prices generally. Both importers and exporters are advised to communicate with their bankers before completing financial arrangements for the sale or purchase of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations Mar. 17	Nominal Quotations Mar. 24
Argentina	Peso	Off. Free Export	.2977	.1989	-.1994
			.2085	-.0713	-.0715
Austria	Schilling			.0465	-.0467
Australia	Pound		3-2240	2-2300	2-2410
Belgium and Belgian Congo	Franc		-.0228	-.0187	-.0198
Bolivia	Boliviano		-.0238	-.0165	-.0166
British West Indies (except Jamaica)	Dollar		-.8396	-.5807	-.5836
Brazil	Cruzeiro		-.0544	-.0537	-.0540
Burma	Rupee		-.3022		
Ceylon	Rupee		-.3022		-.2094
Chile	Peso		-.0233	-.0111	-.0117
Colombia	Peso		-.5123	-.3977	-.3989
Costa Rica	Colon		-.1808	-.1775	-.1780
Cuba	Peso		1-0000	-.9944	-.9972
Czechoslovakia	Koruna		0-2000	-.0198	-.0199
Denmark	Krone		-.2084	-.1440	-.1444
Dominican Republic	Peso		1-0000	-.9944	-.9972
Ecuador	Suete		-.0740	-.0656	-.0658
Egypt	Pound		4-1330	2-8554	2-8635
El Salvador	Colon		-.4000	-.3977	-.3989
Fiji	Pound		3-6306	2-5113	2-5236
Finland	Markka		-.0062	-.0043	-.0043
France, Monaco and French North Africa	Franc		-.0037	-.0028	-.0028
French Empire—African	Franc		-.0073	-.0057	-.0057
French Pacific Possessions	Franc		-.0201	-.0157	-.0157
Germany	Deutsche Mark		-.3000	-.2368	-.2374
Guatemala	Quetzal		1-0000	-.9944	-.9972
Haiti	Gourde		-.2000	-.1989	-.1994
Honduras	Lempira		-.5000	-.4972	-.4986
Hong Kong	Dollar		-.2519	-.1742	-.1751
Iceland	Krona		-.1541	-.0610	-.0612
India	Rupee		-.3022	-.2088	-.2094
Iran	Rial		-.0212		
Iraq	Dinar		4-0300	2-7875	2-8012
Ireland	Pound		4-0300	2-7875	2-8012
Israel	Pound		3-0000	2-7875	2-8012
Italy	Lira		-.0017	-.0016	-.0016
Jamaica	Pound		4-0300	2-7875	2-8012
Japan	Yen		-.0028	-.0027	-.0027
Lebanon	Piastre		-.4561		
Mexico	Peso		-.1157	-.1150	-.1153
Netherlands	Florin		-.3769	-.2617	-.2624
Netherlands Antilles	Florin		-.5308	-.5273	-.5288
New Zealand	Pound		4-0150	2-7875	2-8012
Nicaragua	Cordoba		-.2000	-.1989	-.1994
Norway	Krone		-.2015	-.1392	-.1396
Pakistan	Rupee		-.3022	-.3005	-.3014
Panama	Balboa		1-0000	-.9944	-.9972
Paraguay	Guarani		-.3200		
Peru	Sol		-.1538	-.0652	-.0654
Philippines	Peso		-.4975	-.4972	-.4986
Portugal and Colonies	Escudo		-.0400	-.0347	-.0347
Singapore	Straits Dollar		-.4702	-.3252	-.3268
Spain and Colonies	Peseta		-.0916	-.0913	-.0915
Sweden	Krona		-.2783	-.1922	-.1928
Switzerland	Franc		-.2336	-.2286	-.2288
Thailand	Baht		-.1000		
Turkey	Lira		-.3571	-.3551	-.3561
Union of South Africa	Pound		4-0300	2-7875	2-8012
United Kingdom	Pound		4-0300	2-7875	2-8012
United States	Dollar		1-0000	-.9943	-.9972
Uruguay	Peso		-.6583	-.6546	-.6565
Venezuela	Belivar		-.2985	-.2968	-.2977
Yugoslavia	Dinar		-.0200	-.0033	-.0033

* September 17, 1949.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1952