



# foreign trade

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**OVER . . . .** Canada occupies a dominant position as a lumber exporter, selling her production in world markets. Since 1939 the plywood industries have taken new importance. (See story page 707.)

N F.B. Photo

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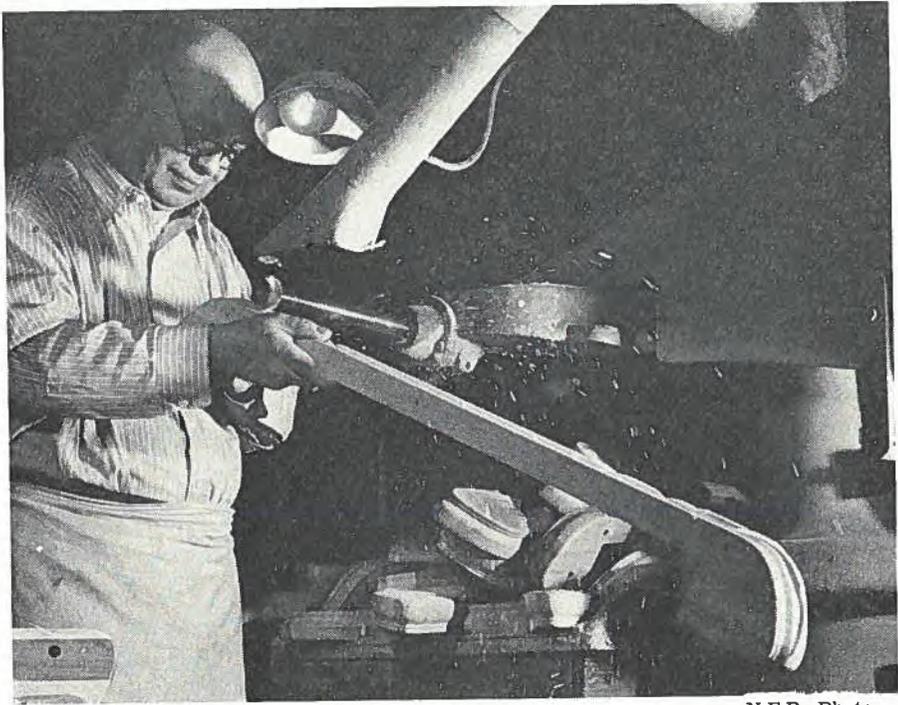
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## Wood Products on Parade

**P**LYWOODS and veneers, hardwood flooring, clothes pins and bobbins, cheese boxes and window sashes—these and many other wood products will catch the eye of visitors to New York's Rockefeller Center in the next two months. There, in the Canadian Showroom, a special display will feature Canadian woods and the many things made from them for sale abroad, from the utilitarian rolling pin to carved church furniture.

The exhibit, arranged with the co-operation of Canadian companies in this field, their trade associations, and the Department of Trade and Commerce, has two purposes. One is to create interest among prospective buyers in the United States; the other, to direct the attention of Canadian manufacturers to marketing opportunities in that country. Tariffs and freight charges have made competing in the U.S. market difficult, but many Canadian producers have had a degree of success.

The display highlights Canada's lumber industry by using panels of photographs, accompanied by samples of the woods grown in various provinces. Nearby are samples of hardwood flooring, made from the finest possible specimens of birch and maple. A model house shows how the various kinds of wood can be used in building, and architects and contractors may handle and examine sample planks. Other sections display plywoods and their use in furniture; turned articles, such as handles; building products such as doors, flooring, shingles, window sashes; and consumer products including shoe lasts, croquet sets, bread boards.



N.F.B. Photo.

*Turned articles like these will be included in the Canadian display.*

# Canada's Lumber Industry

*With only half its annual production consumed by the domestic market, our lumber industry sells to some 72 countries; constantly seeks new outlets.*

by G. H. Rochester  
Chief, Wood and Wood Products Section

CANADA ranks among the world's leading lumber producers but it does not, as many people assume, take first position in this field nor in timber resources. When contrasted with the United States' 38 billion FBM annual production, Canada's six billion FBM seems rather modest.

As an exporter, however, Canada does occupy a dominant position. About one-half of her total lumber production (or about three billion FBM a year) finds its way into the markets of the world. The United States, on the other hand, even with six times the Canadian production, is a net lumber-importing country and turns to Canada as one of its major sources of supply.

This does not mean that the United States does not export lumber. On the contrary, U.S. lumber, particularly from the West Coast, competes strongly with Canadian West Coast lumber in most of the world markets. Canada, on the other hand, sends much of her West Coast production to compete with the native product in the various U.S. domestic markets. Of equal interest in the Canadian and U.S. lumber trade is the U.S. dependence on Canadian spruce and our dependence on U.S. hardwoods and some of the western pines.

## Finding Export Markets

Canada's position in the export market is an interesting one. To keep our lumber industry healthy, we must sell nearly half our production in foreign countries. But only a few export markets can absorb any substantial quantity. In actual fact, it narrows down to two—the United States and the United Kingdom. Smaller quantities—equivalent in total volume to about 15 per cent of our exports—go to some 70 other countries. Australia and South Africa rank first among these, but such unusual destinations as Fiji, Malaya, Hong Kong, Arabia, and Iceland are not neglected by Canadian shippers. However, all the export markets, large or small, are highly competitive and require active sales efforts.

Between them, the United States and the United Kingdom take 85 per cent of Canadian lumber exports. A glance at the map of North America, with the Canada-U.S. border defined, points up the flow of lumber from all parts of this country to corresponding consuming centres south of the border. There are, of course, many cross currents in this flow but the fact remains that, except for the extreme East Coast and the West Coast, the industry must market a large part of its exportable surplus in the United States. Even the east and west coastal areas, with their alternative overseas outlets, participate in the U.S. market.

Fluctuations in demand from year to year in this U.S. market are rather drastic. In 1949, Canada exported to the United States about 1.5

billion FBM; in 1950, this rose to three billion FBM, and in 1951 went down again to 2.1 billion FBM. Fortunately, this ebb and flow in U.S. demand during the past few years has coincided with high and low tides in United Kingdom buying.

At the moment, the year 1952 looks like a repeat performance of 1951. Both East and West Coast shippers have sizable contracts for the United Kingdom and Ireland. Housing starts and general construction in the United States appear to be close to last year's. Shipments of lumber from Canada to the United States are in step with this tempo and the pattern of lumber exports will probably be repeated.

### **Birch Veneers and Plywood**

Important place in the lumber industry goes to companies which turn out veneers and plywoods. In eastern Canada, the birch plywood industry as we know it today attained new stature during the war. The prewar industry, however, was a sizable one with its production geared to the needs of the furniture and container industries. It produced mainly birch plywood,  $\frac{1}{8}$  inch thick, animal or casein glued in cold presses, and cut to size. The U.S. tariff levied against Canadian birch plywood at that time precluded any substantial sales.

The veneer industry in Eastern Canada was small and (with certain exceptions) not too well established before the war. It had a limited market among the furniture manufacturers, but veneered furniture was not too popular because of the tendency of the veneers to delaminate. One Canadian plant specialized in the manufacture of Canadian birch veneers of high quality, but even its output fluctuated with the requirements of the U.K. wooden aircraft industry.

With the coming of war, however, and the new emphasis on air defence, the rather modest Canadian veneer and plywood industry was called on to play a prominent part. The Commonwealth Air Training Plan was initiated and the training planes to be used in this country were built here. These planes, such as the de Havilland Moth and the Avro Anson, were of British design and made largely of birch plywood. British designers had already chosen it before the war as the most satisfactory wing and fuselage covering. Veneers were bonded into plywood using a gluing technique new to Canada.

One eastern company which already had a small hot press proved willing to install any other necessary equipment and to tackle the job of manufacturing aircraft plywood. A newly established western company agreed to turn to veneer and plywood manufacture, using western white birch.

From this modest beginning, the Canadian veneer and plywood industry never looked back. Every wartime demand was met. Paper-thin veneers,  $\frac{1}{85}$  inch thick, were rotary cut, edge-glued into large sheets, and made into three-ply plywood in hot presses, using phenolic impregnated paper as the bonding medium. Hundreds of millions of square feet of aircraft veneers and tens of millions of square feet of aircraft plywood went not only to Canadian aircraft manufacturers but also to plants in the United Kingdom, Australia, New Zealand, South Africa, the United States, and India. To accomplish this, the industry built new plants and altered and expanded old ones. Employment grew.

This war period was all-important because it initiated a completely new phase in the manufacture of plywood. Plants set up during or after the war adopted the new hot press gluing technique as standard. The resulting waterproof plywood found many new uses. Wartime skills in producing veneers and plywoods to one one-thousandth of an inch tolerance were carried over into our peacetime production and meant products of the highest quality for both the domestic and export markets. This is shown in the increasing exports of birch veneers and plywood to the United States—for the U.S. buyer has a keen eye for the quality of a product in relation to its price.

### **Douglas Fir Plywood**

The story of the Douglas Fir plywood industry is somewhat the same—a small segment of the forest products industry in 1939, but growing into a major industry in the forcing-house of war. Two mills with a production of about 100 million square feet of plywood a year was the picture in 1939; in 1952, it is eight mills, owned by some six companies and producing well over half a billion square feet a year. This growth has included new companies, new mills, and the conversion and expansion of some of the older mills.

Fir plywood manufacture in Canada has been tied in very closely with the needs of the United Kingdom. Prewar, Britain took a substantial part of this plywood production. With the war, fir plywood was at once recognized as a valuable material in Canadian industrial and defence expansion. More and more, plywood was specified for these purposes and diverted to our own war requirements. The United Kingdom demand for plywood to repair bomb-damaged buildings temporarily was also met. At the height of the bombing, 70 per cent of West Coast plywood was shipped to the U.K. for temporary repairs, 30 per cent earmarked for Canadian needs, and all other exports prohibited. This percentage was later changed to 60 per cent to the United Kingdom and 40 per cent for Canada. Directly after the war, the proportion was 50-50.

During the last few years, however, the United Kingdom has placed only token orders in this market and no other country has taken her place as a substantial importer of plywood. As a result, about 90 per cent of the Douglas Fir plywood is being sold in the domestic market. Shipments to other countries which seemed to offer a good outlet were discontinued during the war and it has been difficult to re-establish contacts. Thus while Canadian companies have developed sales in many countries, these have not made up for the loss of the British market. The United States tariff has always been a complete barrier to sales there. Fortunately for the industry, however, it has won recognition for its product in the home market and about 90 per cent of the production is now sold in this country. In fact, demand at times even outruns supply.

Canada's lumber industry, faced with competition from such countries as Finland, Sweden, Brazil, and more recently, Russia, is ever on the lookout for opportunities to increase sales. Displays like the one in the Canadian Showroom at New York's Rockefeller Center this month may help her to secure a large share of the United States market.

# India's Trade with Communist Countries

*Despite bilateral agreements encouraging her trade with the Iron Curtain countries, India continues to find in the western world her chief market.*

by Bruce I. Rankin  
Commercial Secretary for Canada

**B**OMBAY—The recent Moscow-sponsored trade conference has brought into prominence the question of trade with the Iron Curtain countries, and particularly the problem of interchange of strategic or semi-strategic materials. India, as one of the few non-Communist countries which carries on organized trade with the Soviet bloc, is directly concerned with this problem.

Despite the general expansion in recent years, India's trade with Communist countries represented only three per cent of her total trade in 1949-50 and only one per cent in 1950-51, compared with about two per cent before 1939. Her prewar trade with the USSR, Poland, Hungary, Czechoslovakia, Yugoslavia, Albania, Bulgaria, Romania, Eastern Germany and China was small and made up of a limited number of commodities. Imports from what is now the Red bloc amounted to Rs.39·4 million\* and exports totalled Rs.48·3 million.

Trade was gradually revived after the war and, with most countries in the bloc, soon exceeded prewar levels. In 1950-51, the total value of imports from these countries was Rs.49·1 million as compared with Rs.175 million in 1949-50 and Rs.69 million in 1948-49. Exports from India were Rs.65·6 million in 1950-51 as against Rs.89·3 million and Rs.138·7 million respectively in 1949-50 and 1948-49.

## **Bilateral Agreements**

This trade has taken the form of bilateral agreements which were perhaps unavoidable, because of state control and direction of trade in the Communist areas. India has exported and continues to export commodities which could be described as essential and in some cases strategic. On the other hand, she has been successful in securing a variety of equally essential goods, from food grains to machinery.

Most of the expansion in recent years can be credited to bilateral trade agreements concluded with the USSR, Poland, Czechoslovakia, Hungary and Yugoslavia, and latterly with China. These agreements involved primarily the exchange of India's staple exports for certain manufactured goods. More recently, agreements have covered supply of food grains to India—50 thousand tons of rice from China in exchange for 16,500 tons of jute goods, and 100 thousand tons of wheat from the USSR for Indian jute and tea.

\* One rupee=approx. 21 cents Canadian.

By and large, however, the commodities traded have largely been shaped by the various trade agreements and little trade carried on in products which fell outside their scope. These agreements, generally speaking, aimed at an exchange of India's principal exports such as raw and manufactured jute, tea, raw cotton, vegetable oils, pepper, shellac, manganese ore, seeds, mica, hides and skins, etc., for a number of manufactured goods. These manufactures included electrical and other machinery, transport equipment, metals, newsprint, cement, dyes, optical instruments, timber, fertilizers, and food grains.

### Communist Customers

The following table shows the commodities involved in India's trade with Communist countries and their value. (Commodity figures from 1948-49 onwards are not complete in all cases, and include re-exports.)

	1937-38 (Average)	1948-49	1949-50	1950-51	1951-52 (April- August)
		(in Rs. thousands)			
Total Imports .....	39,400	69,000	175,000	49,100	103,800*
Wheat .....	.....	19,600	96,600	.....	.....
Sulphate of ammonia .....	400	12,600	24,100	.....	.....
Machinery & millwork .....	3,400	5,600	15,600	14,700	3,500
Cement .....	.....	900	1,900	700	.....
Total Exports .....	48,300	138,700	89,300	65,600	55,900
Tea .....	300	29,700	17,100	.....	.....
Jute, raw .....	8,800	17,300	16,900	3,400	1,400
Cotton, raw .....	20,400	28,400	1,500	.....	.....
Shellac .....	200	4,900	2,800	2,800	10,700
Pepper .....	.....	1,000	1,000	7,000	18,000
Jute manufactures ...	5,200	22,000	14,700	32,000	12,900

\* Of which imports from China amounted to Rs. 86.8 million, presumably consisting largely of rice.

India's trade with Czechoslovakia and China covers a greater number of commodities than her trade with any of the other countries in the Soviet bloc. Czechoslovakia is the only country enjoying a reputation in Indian markets for many types of manufactured goods; normally has a favourable balance of trade with India. Recently machinery and millwork have represented more than half the value of imports from this source.

Indo-Polish trade has been in India's favour, largely because of re-exports of Pakistani jute. Her trade from Russia has been dependent almost entirely on barter deals. Russia has supplied principally wheat and sulphate of ammonia, in return for tea, raw jute, shellac and pepper.

From 1948-49 on, trade with China began looking up and in that year exports were, in value, much greater than before the war. Since then, exports from India to China have been maintained at a high level but imports have declined. This position was reversed last year following the barter deal involving the supply of rice to India. In recent years, China has been buying mainly raw cotton and gunny bags.

On the other hand, India's trade with certain other Communist countries like Bulgaria and Romania has languished during the postwar years for the simple reason that commodities like jute manufactures, in which they are mainly interested, have been in brisk demand and these countries have had little of value to offer in return.

The western world continues to be India's traditional supplier and market. This, and the fact that her trade with the Communist bloc is still small in relation to the overall total, give reassurance that large trade will not be switched suddenly in a new direction.

# Brazil Struggles with Inflation

*Canada's top South American customer has dollar pains and today provides only restricted market opportunities, though future still looks promising.*

by C. R. Gallow  
Commercial Secretary for Canada

**R**IO DE JANEIRO—During 1951, Brazil glided quietly into first place in Canada's trade with the countries of South and Central America. In general, imports from Canada have been confined to essential materials. Some semi-luxury items, however, were in evidence as a result of private barter deals arranged during 1950 and allowed to run to completion. No new transactions of this nature could be negotiated after February 1951.

The principal commodities contributing to total Canadian exports to Brazil of some \$53 million\* were wheat, sulphite pulp, paper, steel, agricultural equipment, industrial machinery and equipment, motor vehicles and parts, non-ferrous metals, and asbestos and products. Just over one half of the \$40 million worth of imports from Brazil to Canada were coffee, followed by sisal, non-edible castor and cottonseed oil, vegetable and mineral waxes, silex or crystallized quartz, cocoa beans, rice and white pine. Compared with 1950, these figures represent a 250 per cent increase in the value of exports and 43 per cent in imports. The increase is even more encouraging because it came both from higher prices and greater volume. This favourable trend has continued into the first quarter of 1952 with exports well in advance of imports and, at present rates, bidding fair to surpass the 1951 total before six months are out.

## Dollars Become Scarce

Unfortunately it is not a trend in which Canadian exporters in general can participate. Brazil is desperately short of dollars because of unusually large dollar commitments for wheat that she previously obtained from non-dollar sources, increasing dollar expenditures for oil, and a much less favourable 1951 trade position with the U.S.A. This latter development goes back to the many licences issued last year for stockpiling of essential commodities. The present reluctance of the Brazilian export-import control authorities to issue dollar import licences even for essential items and the Bank of Brazil's increasing delay in releasing dollars to importers to liquidate dollar drafts show the seriousness of the situation. Some improvement can be expected when the new coffee crop starts to move but there is little prospect that the policy of limiting dollar imports to essential materials will be relaxed this year.

Spasmodically, rumours have arisen that the system of private barter transactions or something similar will be introduced, and only recently a leading government official confirmed that it is being considered. He

\* \$1.00=Cr.\$18.50 (approx.)

gave no details but intimated that any plan adopted would likely be a restricted one. If it does come about, import opportunities for a number of less essential commodities (which may or may not be specified) may develop. Without such a system, it seems unlikely that Brazil can sell many of her export commodities, excluding coffee and cotton, in international markets because high production costs make prices non-competitive.

### **The Root Problems**

The prospects for the Brazilian economy in 1952 are shadowed by the continued rise in the cost of living and the consequent widespread dissatisfaction. These allied problems—inflation and rising costs of production—stem largely from:

- Inadequate transportation and storage facilities which mean serious port congestion.
- A population increase of 22 per cent over the past 10 years, compared to an increase of only 11 per cent in the production of foodstuffs.
- Prolonged droughts which have caused rural workers to migrate from the Northeast areas to Rio de Janeiro and São Paulo, thus depleting the labour reserves of the agricultural north and swelling those of the industrial centres.
- Too much speculative and too little productive investment.
- Unco-ordinated increase in the means of payment.

Prompt, decisive action is needed to stabilize the situation. Fortunately the present Government appears to be making more vigorous attempts to get at the root of the problems.

The Joint United States-Brazil Economic Development Commission is considering the country's transportation and port requirements and the "Lafer Plan" to finance, in part, the recommended improvements is under way. The seriousness of the migration has been recognized and the problem is being studied. The present government is placing more emphasis on agricultural developments, including the financial aspects, than ever before. At the end of 1951, for the first time in several years, the Government achieved a budget surplus through reducing unnecessary expenditures and improving tax collection. Recently the Minister of Finance announced that a plan is being considered to control profits, wages, prices, and imposts and institute credit restrictions, particularly in speculative investment fields.

### **Indexes of Progress**

The year 1951 showed progress in many fields of economic activity. Business indicators reveal an overall increase in commercial activity of about ten per cent when the increase of 29.4 per cent in the value of merchandise subject to taxes is applied against a 17 per cent increase in the retail prices of the merchandise—and, of course, after allowing for double taxation. Total domestic sales during 1951 are estimated at \$22 billion, nearly 30 per cent greater than in 1950, with São Paulo registering about a 40 per cent increase and the Federal District about 25 per cent.

Capital issues have exceeded those of 1950 by about 140 per cent. In the Federal District alone, 366 companies made capital issues in 1951 compared with 191 in 1950. Some 138 new companies were formed with a

total capital of more than \$44 million, as against 76 companies with some \$14 million in 1950. The statistics show that about ten per cent of the new investment can be attributed to the Government. In São Paulo, 552 companies increased their capital last year compared with 280 in 1950, and 215 new companies were formed against 147 the previous year. All told, the issues amounted to \$265 million which is an increase of 129 per cent over 1950. The bulk of the capital investment appears to have been in industry, with capital increases predominating in the textile and chemical industries and new capital investment in food products processing.

As usual, real estate speculation was intense and the estimated total for all Brazil was \$500 million, with 70 per cent of it applied to land, buildings and apartments in Rio and São Paulo. Real estate speculation is one of the major financial problems of the country as it contributes largely to inflation and ties up funds that might otherwise go to productive industries.

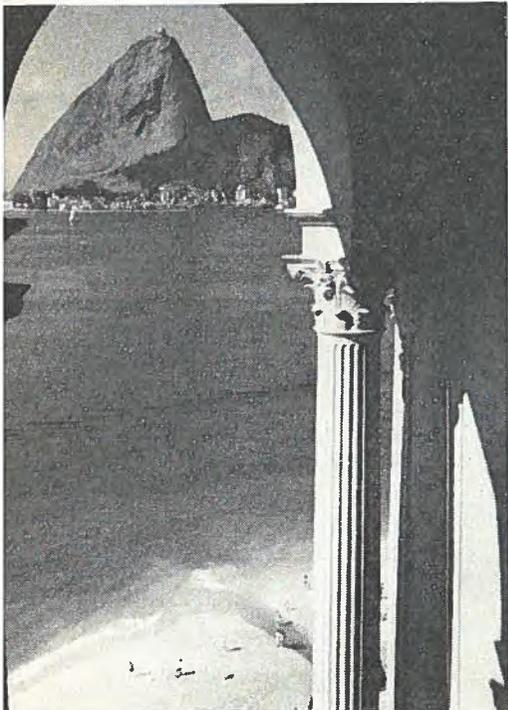
The Government ended 1951 with a budget surplus as opposed to deficits in preceding years. Currency in circulation increased by just a little over half the previous year's increase. Banking credit was characterized by a greater increase in loans than in deposits. Long-term deposits now constitute less than 20 per cent of all deposits. The foreign debt was reduced slightly and now stands at about \$280 million, approximately one-fifth what it was at the beginning of World War II.

In foreign trade, Brazil ended last year with a deficit of approximately \$100 million, despite the fact that her exports achieved a new high in value, some 28 per cent over 1950. However, the price increases of her principal import items more than offset the buoyancy in prices of her main export commodities. Coffee continued to dominate the export trade but last year dropped to 56 per cent by value from 64 per cent in 1950.

Cotton improved its position to 14 per cent from eight per cent in 1950; cocoa accounted for four per cent and pine-wood, three per cent. As a result, Brazil's balance of payments position has deteriorated considerably and the foreign exchange reserves held abroad have fallen.

The country's trade continues to be dominated by the United States, followed well in the rear by the United Kingdom, Argentina, France, Germany, the Netherlands and Sweden. Germany has improved her position most and her businessmen and officials are exception-

*(Left) To many people, Rio's Sugar Loaf Mountain and Copacabana Beach symbolize Brazil—a country faced today with inflation and rising living costs.*



ally active in the market, both commercially and as potential industrialists. Brazil was one of Germany's best markets prewar and their business houses are reported to be offering better terms of payment and deliveries than North American suppliers and seem to have available many essential materials not easily obtained elsewhere. In less essential fields, they are making some progress through official barter transactions. The fact that the trade between the two countries is based on an Agreement permitting payment by book entries rather than the immediate transfer of exchange has been to their advantage. So has their willingness to negotiate for Brazilian exports without being too much concerned about prices. It would be difficult to over-emphasize the all-out effort they are making to regain this market and this should be appreciated by Canadian exporters. This is also true of the Japanese, though less noticeably.

### **Industrial Investment**

The general industrial position improved during the year although several pieces of government legislation, some in effect and some projected, are causing industrialists concern. Nationalism is becoming popular—as shown by the decree governing foreign investments, the proposals to nationalize the oil industry, the berthing priority given to Brazilian ships, and the decree requiring one Brazilian-made feature film to be shown with every eight foreign-made. The principal consideration for the Canadian investor is, of course, the Presidential Decree of early January governing foreign investments. It is now under review but it has dampened temporarily the foreign investors' enthusiasm for Brazil. Many foreign investors are actively exploring the market here but few seem prepared to make any firm decision as long as this decree remains effective in its present form. A number of European and United States firms are interested in setting up plants and the Government has established an Industrial Development Commission to help their preliminary investigations. The commission in turn has designated certain industries as particularly desirable and may encourage them by special privileges. The Government's interest in fostering industry is also evidenced in the five-year plan drawn up by the Joint Brazil-United States Economic Development Commission for the re-equipment of ports and railways, the construction of warehouses and storage depots, the development of electric power resources, and the expansion of other basic industries. The financing of this plan may prove a major problem and present plans call for the provision of half of the fund in loans from the International Bank for Reconstruction and Development and the Export-Import Bank. The other half will be raised by Brazil. This is another field in which German activity has been noted and so far Germans have indicated interest in a variety of industries, including plants to produce steel and metallurgical products, automobiles, tools and precision instruments.

### **Production Increases**

Most industries reported production increases over the past year. Shipments of hematite through Victoria improved 80 per cent in '51 and continued to show improvement during the first quarter of this year; quartz and mica picked up, but manganese dropped because of inadequate transportation. Coal production was up two per cent to an estimated two

million tons. Steel ingot production is now about 850 thousand tons but demand continues to exceed supply. Cement production advanced about four per cent over the previous year and is now estimated at 1.4 million tons; at the same time, imports of cement increased 122 per cent. Consumption is estimated at two million tons and, with the expansion of present capacity and establishment of new plants, it is expected that domestic production will be sufficient to meet demand by the end of 1952.

Several new enterprises have developed rapidly and some of the products now being made in Brazil for the first time are electric refrigerators and household appliances, road-building and textile machinery, fire extinguishers, and tanks and drums for storage or transport. With government plans for improving transportation facilities now under way, the manufacturers of railway cars and the assembly plants for motor trucks can look forward to even brighter prospects during 1952.

Plans for the future include increases in iron ore shipments, development of manganese reserves, greater coal output, production of shale oil from bituminous schist, the establishment of a large-scale alkali industry and the expansion of the steel industry, and electric power production. At the present time an official Brazilian mission, composed of government officials and industrialists from Rio and São Paulo, is touring Europe to encourage industrialists to come to Brazil.

#### **In Rural Areas**

As contrasted with other industries, agriculture showed little improvement during 1951, largely because of drought, particularly in the northeast. Area under cultivation increased about one per cent, and production per ton by 1.2 per cent. Coffee did well, maintaining a firm export price slightly above that of 1950, with production up about eight per cent and exports up about 15 per cent. Both processors and growers received a slightly increased return over 1950. The outlook for the present season is reasonably good though the crop may be slightly below the last two years. One of the recent important developments is the rapid rise of the State of Parana as a coffee producer and it is expected to rival São Paulo as an exporter in the not-too-distant future.

Cotton chalked up record prices because of reduced crops in other producing countries and exports during 1951 showed an increase of 33 per cent in volume and 167 per cent in value compared with 1950. The prospects for the present crop are not so optimistic because of unfavourable weather and pest trouble. Cocoa production rose by 7.2 per cent last year to 164 thousand tons but at present the prospects for the crop are disappointing.

#### **Transportation Troubles**

Activity was higher last year in all fields of transportation except rail. Port congestion has been particularly bad in Rio and Santos, with ships waiting nearly a month for docking facilities. Surcharges are in effect for cargoes destined to these ports. A regulation giving priority in berthing to Brazilian ships was brought into effect last fall but was recently cancelled. Increases in port charges and the rates for freight and passenger coastal service were authorized in January to offset higher

operating costs because of increases in maritime workers' wages. The lack of domestic shipping has meant that foreign ships are allowed to operate in the coastal trade to the end of the present year to move foodstuffs.

### **The Outlook**

The constantly rising cost of living has compelled re-adjustment of wages in all fields and this in turn has helped to hoist costs. The government recently fixed minimum wages for the different parts of the country and these have already been challenged as too low. At the moment there is a plan under study to freeze wages, prices and imposts in an endeavour to curb inflation. Late last year, the Government passed two bills designed to eliminate profiteering and control prices by enabling the Government to intervene in business when desirable. How successful these measures will be remains to be seen and will depend on how effectively they are applied.

Although the country is faced by many and serious difficulties at the present time, it has a wealth of resources capable of considerable expansion in the future. Therefore, though the immediate commercial opportunities are restricted, Canadian businessmen should keep this market in focus.

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## **The Netherlands' Export Policy**

*Government sees in increased exports  
the key to economic stability.*

by **W. G. Pybus**

**Assistant Commercial Secretary for Canada**

**T**HE HAGUE.—Exports must have top priority if the Netherlands' economy is to survive and the Government is proposing new measures to increase them—especially to hard currency countries. The steps to be taken are outlined in a memorandum on export policy submitted to the Second Chamber of Parliament.

Important part of this policy is tax relief for exporters, but details will not be known until the legislation has been prepared. However, the general principles the Government will follow have been outlined.

Tax relief will be granted on employers' tax payments under the Netherlands' family allowance scheme. Tax rebates will be granted only on exports to non-European countries. The Government will try to avoid fiscal policies which will hinder exporters. In all cases, it will attempt to simplify the administration of exporting facilities as much as possible.

### **PROFIT TAX RELIEF**

The development of overseas markets requires considerable risk capital until a firm foothold has been obtained. Recognizing this, the Netherlands Government has designed profit tax concessions to compensate, to some extent, for extra costs and risks which many exporters at present hesitate to assume.

Two measures in the field of income and company taxes have been proposed—an untaxed export reserve, and a special arrangement for accelerated depreciation for exporting firms. Both measures aim at the establishment of a non-taxable reserve through which commercial losses may be absorbed and new investments made.

### **UNTAXED EXPORT RESERVE**

The Untaxed Export Reserve will be formed by allowing exporting firms to reserve a percentage of their annual fiscal profits, based on their exports to non-European countries. It is proposed to allow manufacturers a maximum annual reserve of three per cent of their total fiscal profit. Exporters and middlemen will be limited to one per cent. The reason for the difference is that manufacturers normally have a higher overhead and lower turnover than non-manufacturing exporters.

To simplify the administration, Untaxed Export Reserves amounting to less than 1,500 guilders will not be recognized by the Government. It is also suggested that the reserve facilities shall be valid for five years, after which they may be renewed.

Exporters to non-European countries will be allowed, over a period of five years, to write off at an accelerated rate all equipment which they have obtained or improved. The amount which may be depreciated at a faster rate will be determined by the proportion of non-European export sales to total sales. The export share of total sales must reach a minimum of  $7\frac{1}{2}$  per cent to be eligible for this concession. A maximum of 30 per cent has been set.

### **SPECIAL EXPORT GUARANTEES**

Netherlands exporters face greater outlays and risks in the Canadian and United States markets than in other areas. To encourage sales to the North American continent, the Government plans to insure exporters against export market development risks. It will guarantee, on payment of a premium by the exporter, over a period of years, the outlay made to increase export sales. Since this is a new departure for all concerned, the maximum responsibility to be undertaken by the State has been set at two million guilders. The premium rates to be charged have not as yet been worked out.

The guarantee facility will apply to market surveys, publicity campaigns and general sales promotion. A satisfactory relationship between the expenses incurred by the exporter and the estimated increase in the value of sales must be established before the insurance will be undertaken. Because of the important part exports play in the Netherlands economy, the Government has in the past instituted a number of special aids to its exporters. The recent memorandum on government export policy reviews all government export aids and outlines improvements which will be made.

The international capital market has contracted since the war and the Netherlands has looked for ways to assist producers to dispose of their capital equipment, particularly in under-developed countries. In 1951 the Reconstruction Bank of the Netherlands, in co-operation with the Netherlands Bank, formed the Export Financing Company to finance exports of capital goods such as ships, harbour installations, railway equipment and heavy industrial machinery. The operations of the Export

Financing Company have been limited by a shortage of working capital. The Government will encourage new projects by increasing the Reconstruction Bank's working capital by 50 million guilders, to be used mainly for short-term loans to exporters of capital goods. The Export Financing Company will continue to raise funds on the capital market.

### **EXPORT CREDIT INSURANCE**

Export credit insurance can be obtained in the Netherlands from private insurance companies or the Government. An agreement made in 1932 permits private export credit insurance companies to re-insure risks with the state insurance organization. Since the war both export and import transactions can be insured.

The principal difficulty in obtaining export credit insurance in the Netherlands has been the long delays in assessment of risks and the high premiums charged, particularly on long-term transactions. The Government now proposes to simplify the risk assessment procedure to give speedier service. In addition, it will introduce greater flexibility into the calculation of premiums and the percentage of loss assumed by the insurance companies.

In 1951 the Government accepted export credit insurance risks amounting to approximately 266 million guilders, compared with 207 million in 1950. Import transaction risks during those years were 182 and 41 million guilders respectively.

### **EXPORT COMBINES**

Although the Government considers the establishment of export combines mainly a task for private business, it is prepared to co-operate in the preparatory stages and to give limited financial assistance. Each projected combination of exporters will be judged on its merits. It is felt that small industries, handicrafts and agriculture are best suited for export combines, because initial promotion costs are often too high to be borne by firms acting individually.

A government regulation introduced in 1949 placed at the exporter's disposal ten per cent of the dollar returns from exports to Canada and the United States. In February 1952, this scheme was extended to include dollar earnings on exports to any area. Supplies shipped to Canadian and United States armed forces in Europe are one of the important sources of increased export bonus dollars.

Although the Government admits that it is difficult to assess the influence of the ten per cent export dollar bonus plan, it feels the measure is well worth continuing.

During World War II, the Netherlands possessed a colonial empire which provided a substantial portion of the country's income and an outlet for her increasing population. The change in relationship with her Indonesian territories has forced the Netherlands to look for other channels to maintain the standard of living of her peoples.

The Government's successful industrialization program has been given first place in economic policy. With the world's gradual return to a buyers' market, increased sales promotion efforts must be made if industrialization is to continue. Thus, exports are considered as the key to economic stability in the Netherlands.

# Report on South Africa

*Bullish tendency so marked in the Union's economy since 1948 seems to be changing as corrective influences are making themselves felt.*

by **Kenneth F. Noble**

**Canadian Government Trade Commissioner**

**C**APE TOWN.—The year 1951 may go down in history as outstanding in South Africa's economic progress. Conditions favourable to expansion prevailed in commerce, industry, agriculture, mining and fisheries. Domestic production was higher and unemployment virtually non-existent. Aided by overseas' capital and "know-how", and with quota control of imports acting to earmark much of the market for domestic producers, industry continued its impressive expansion. Increased foreign credits from the wool clip were supplemented by higher export values for gold, diamonds, copper and manganese ore. Profits on rail and harbour operations were three times higher than in 1950, as tonnage handled established new records and freight movements by rail seriously overtaxed facilities.

Amid all this activity, there were signs, by the year's end, that a number of the positive factors in South Africa's '51 success story were disappearing. The cost of living advanced sharply in the last quarter of the year. Production costs mounted as the prices of material, labour and capital were forced up by competitive demands from public and private enterprise. Labour, both skilled and unskilled, fell short of agriculture's and industry's demands. The widening spread between the value of imports and exports has placed a heavy and increasing burden on the foreign credits of the country. Investment capital is becoming scarce, cheap money is disappearing, and loan rates are advancing. As 1952 came in, it was evident that the peak had been passed and that a new trend was developing.

## **The Trade Story**

Foreign trade during 1951 reached a new record of £ 812,346,000—45·3 per cent over the 1950 figure. Imports increased by 57·2 per cent, from £ 307·2 million in 1950 to £ 469·1 million in 1951; exports by 36·2 per cent, from £ 252·2 million to £ 343·2 million. (Gold exports, valued at £ 37·7 million in 1950 and £ 68·5 million in 1951, are not included in the export total.) Of major significance, however, was the deficit balance which advanced to almost £ 126 million.

The general pattern of import control remained unchanged but a limited number of restricted (i.e. prohibited) consumer goods were permitted entry. Biggest change was the giving of the same treatment to a wide range of dollar textiles as textiles from the sterling area enjoyed. A broad group of textiles was freed from import control, though still subject to internal price control on re-sale.

In the issue of ordinary permits, the needs of industry continued to receive special attention. Import quotas for raw materials, consumable

stores, etc., were rounded up in value to compensate for advancing overseas prices. The purpose of this was to maintain production by domestic industry at least equal to 1948.

No parallel concession was made in consumer goods. The 1951 quota was 60 per cent, of which one-quarter might be in hard currency. But allowing for the advancing prices, the consumer goods represented by the quota were probably not more than 40 per cent of 1948 by quantity.

The provisional consumer goods quota for the calendar year 1952 has been set at 30 per cent, of which  $7\frac{1}{2}$  per cent by value, or possibly five per cent by quantity, can be from dollar sources.

### Imports and Exports

Leading classes of imports were:

- Metals, manufactures, machinery and vehicles, up £58.5 million over 1950. Total: £130 million.
- Textiles, yarns, fibres, up £68 million over 1950. Total: £118.5 million.
- Books, paper and stationery, up £10.1 million. Total: £18.8 million.
- Wood, cane, wicker, and manufactures, up £5.7 million. Total: £13.5 million.
- Leather, rubber and manufactures, up £6.8 million. Total: £12.8 million.

Principal items contributing to the overall increase in exports were:

	1950	1951
Wool .....	£1,000	£1,000
Semi-processed and processed gold .....	62,300	74,716
Diamonds, industrial and gem .....	37,772	68,504
Wattlebark extract .....	20,134	25,363
Maize .....	4,369	6,107
Re-exported imports .....	379	5,287
	18,853	27,974

### Trade with Canada

South Africa-Canada trade during 1951 saw the balance greatly in favour of Canada. Imports from Canada reached £52.7 million, compared with £42.5 million in 1950. Influence of the import control regulations is shown in the fact that, of the 45 Canadian exports with a value over \$100 thousand, only full-fashioned hosiery, drugs, and calcium compounds (in part) were for immediate consumption. Leading in the list of products bought from Canada were wheat, lumber in various forms, motor vehicles and parts, drugs and chemicals, cotton duck and fabrics, and newsprint.

Canada bought from South Africa, in 1951, some £5.37 million worth of goods, compared with £4.9 million in 1950. The pattern of these imports is established and, with the exception of industrial and gem diamonds, they consist largely of pastoral, agricultural, marine and mineral products for final consumption or further processing. Typical products supplied to Canada include: wool (in the grease, scoured and combed); cattle hides (goat skins, hides, glue, fur skins, sheep, lamb and karakul); ostrich feathers; fruits (including peaches, apricots and pineapple in tins, fruit pulp, raisins and dried fruits); wattle bark and extract; table wines and brandy; canned fish (including fresh and frozen crayfish); vermiculite; chromates and chromic acid.

Unfortunately, during the year South Africa's unfavourable balance of trade increased substantially. This increase stemmed largely from greater import quotas for consumer goods, issuing of special stockpiling licences, higher prices for essential imports, and a serious over-importation of textiles, after these were freed from quota control.

Foreign credit balances of the Reserve Bank, after declining by about £ 6 million per month in the period from April, reached a low of £ 129·9 million on September 30, when the balance consisted of £ 74·5 million in gold holdings and £ 55·4 million in discounted foreign bills. The trend was reversed during the fourth quarter, with the aggregate value of gold holdings and foreign credit balances of the Reserve Bank on the last day of October, November and December totalling respectively £ 132·9 million, £ 135·5 million and £ 136·2 million.

### **Inflation Increases**

The word "inflation" began to be heard more and more in 1951. The Government became anxious about increased spending by private individuals and by companies. In September, official statements by Cabinet Ministers emphasized that readily available purchasing power, and the wide use of instalment contracts and other forms of consumer credit, were contributing materially to the inflationary rise in prices. No regulations have yet been introduced but official statements during the last quarter of the year asserted that such legislation was in prospect. It would involve a reduction in the volume of credits from commercial banks and other financial institutions, requiring increased down payments, shorter periods on instalment contracts, and higher rates on unpaid balances.

As in so many countries, in South Africa the cost of living has continued to rise. The retail price index, which is customarily used as a measure of changes in the cost of living and which includes factors for food, fuel, rent, light and sundries, advanced by 13·9 per cent during the year to stand at 1,795 (1938=1,000) for December.

### **Looking Ahead**

That corrective influences are at work in the economy of South Africa may be welcomed as a good sign because, in the rapidity with which South Africa has expanded her economy since 1948, and even more particularly within the past 18 months, "bullish" trends have outrun the "bearish" ones.

To the domestic tendency towards equilibrium has been added another major factor—the sterling crisis. Statements by the Minister of Finance after his return from the January Conference in London emphasized that 1952 must be a year of national sacrifice. It is probable that South Africa is to earmark an increased quantity of new-won bullion for sterling purchases and thus will contribute to the gold reserve of the sterling area at the expense of her own supply of dollars. Reduced dollar credits suggest the probability of further restrictions on dollar imports and a curtailment on purchase of materials for domestic processing. Rationalization will be the objective of public and private enterprise during 1952 but the level of economic well-being which such stabilization will allow must depend on the degree to which the country subordinates her economy to the problem of greater aid for the sterling area.

# General Notes

## BELGIAN CONGO

**New Bank Opened**—A new bank has opened in Leopoldville, "Le Credit Congolais S.C.R.L.", formed under the initiative of Societe Belge de Banque. There are now 7 banks in Leopoldville: Banque de Congo Belge; Banque Belge d'Afrique; Banque Commerciale du Congo; Banque Nationale pour le Commerce et l'Industrie; Societe Congolaise de Banque; Le Credit Congolais S.C.R.L.; Kredietbank (represented by an agent). It is believed that Banque Centrale du Congo Belge et du Ruanda-Urundi will soon open here—Leopoldville, April 22, 1952.

## CUBA

**Bank Technicians of America Meet**—Representatives from 16 countries of the Western Hemisphere including Canada attended the meeting of Central Bank Technicians of America held at Havana. Also present were representatives from four international agencies, including the International Monetary Fund and the International Bank for Reconstruction and Supply. The general subject of the meeting was economic development—Havana, April 1, 1952.

## EGYPT

**Oil Company Ends Prospecting**—The Socony Vacuum management has announced that all drilling operations have ended, and over 200 employees of research departments concerned with prospecting and drilling operations have been dismissed. The company has taken reluctantly this action because of prolonged delay by the Egyptian Government in amending the Mining Law of 1948. This law imposed prospecting conditions which were regarded as unworkable. The company's decision will not affect production or marketing of producing wells—Cairo, May 5, 1952.

## GERMANY

**Hamburg to Have New Docks**—Two 12-thousand ton floating dry docks are to be constructed at Hamburg. The present floating dock capacity is 61,550 tons. The two new docks, together with others under construction, will raise the total floating dock capacity at this principal German port to 110,906 tons—Bonn, May 10, 1952.

## INDIA

**Grant from Ford Foundation**—The trustees of the Ford Foundation have approved a grant of \$1,873,485 to the Government of India to cover current expenses of organizing and operating 25 additional centres for training staff to carry out the projected Indo-American community

development program. The grant will cover the entire recurring non-capital cost of these centres for the first two years, half for the third year, and one-third during the fourth year. The Government of India will assume full financial responsibility for them in the fifth year. The capital cost required to establish these training facilities will be met from the Indo-American fund. This is the second major grant from the Ford Foundation to aid India in its "grow-more-food" drive. The first grant of \$1 million, to assist in organizing 15 village development projects and setting up five training centres, was announced in December—New Delhi, April 28, 1952.

### ISRAEL

**Institute Will Investigate Production**—The founding of the Institute of Labour Productivity and Production in Jerusalem at the turn of the year is the outcome of a joint effort by the Ministries of Labour and of Trade and Industry, the Labour Trade Union (Histadrut), the Manufacturers' Association, and the Association of Engineers and Architects.

Its task will be to organize and carry out research into labour productivity and output, to survey sectors of the economy, investigate factories, examine standards of labour productivity, and indicate practical methods of improving production, quality and profits—Athens, April 1, 1952.

### UNITED KINGDOM

**Trade Deficit Lower**—United Kingdom exports in March of this year were valued at £245.5 million. For the first quarter of the year, exports were 12 per cent greater than the average for the year 1951. Re-exports, which totalled £20.2 million, were at a high level.

Imports in March were £332.8 million. The total for the first quarter of the year was slightly above the average for 1951, but four per cent less than the high rate of imports during the second half of 1951. The surplus of imports over total exports for the first quarter was £212 million, compared with an average of £301.9 million in the year 1951—London, April 10, 1952.

### UNITED STATES

**Foreign Trade Zone No. 6**—San Antonio, population 421,700, is the third largest city in Texas. It is an important distributing point to South and Southwest Texas, to the military and air force camps which provide a huge market for consumer goods, and to Mexico ranching families. The city has two features which may be of interest to Canadian business men. It is the only inland Foreign Trade Zone (No. 6) in the United States, is close to the local oilfield, has a rail siding, and is well equipped with refrigerated space. It also has a new, efficient produce terminal which can handle 500 trucks and 100 rail cars. Usually, 100-200 heavy trucks from all parts of the United States visit the terminal each night. It is also a distributing centre for vegetables and fruits other than those grown in Texas, for example, potatoes from the Dakotas and Iowa—New Orleans, May 5, 1952.

# Belgium's Exchange Controls

*Imports from Canada are subject to same licensing regulations, whether paid for in francs or in dollars.*

by Bruce A. Macdonald\*  
Commercial Counsellor for Canada

**B**RUSSELS—The abolition of Canadian exchange restrictions in December 1951 has not materially affected the position of Canadian traders with Belgium. Although Canadian exporters are now free to accept in payment any currency they wish, Belgian exchange control regulations subject imports from Canada payable in Belgian francs to the same controls and restrictions as those paid for in Canadian or United States dollars. Therefore, the willingness of a Canadian exporter to accept Belgian francs will not facilitate the granting of an import permit.

Under Belgian export control regulations, Belgian buyers of authorized Canadian products or services make payment in Belgian francs to an account set up in a Belgian bank in the name of the Canadian seller or to a Canadian bank. These Belgian francs may be freely converted into Canadian dollars. However, if the Canadian seller wishes to leave the funds in Belgium, he may use them in the following ways:

- To purchase goods in Belgium or other countries for export, subject in many cases to an export or transit licence.
- To make payments of every kind to residents in Belgium, including investment purchases.
- To make payments to residents of other countries, subject to the exchange regulations of those countries.

All these operations must be carried on through banks. Payment by sending Belgian bank notes out of the country is strictly prohibited.

## **Payment in Other Currencies**

Import licences will be granted more freely, the Belgian authorities have announced, if payment is made in another European currency. This fact is, unfortunately, of little help to Belgian importers of Canadian goods because the exchange regulations of these other countries do not permit converting their currencies into dollars.

Some Belgian importers, it appears, are arranging imports of certain otherwise prohibited goods through intermediaries in third countries (mainly the Netherlands) who may buy goods with dollars earned under export incentive systems in their countries, or who may sell these dollars to Belgian importers. Operations of this kind are complicated, the premiums and commissions involved make them expensive, and the amount of dollars available for them is limited. However, they might in some instances offer Canadian exporters an opportunity of keeping their goods on the Belgian market. Those interested should suggest to their agents in Belgium and the Netherlands that they investigate the possibilities.

\* Now Commercial Counsellor in Bonn, Germany.

# Commodity Notes

## ARGENTINA

**Certified Seed Potatoes**—Approximately 5,600 hectares (13,832 acres) of certified seed potatoes passed field inspection this season, 991 hectares less than last year, according to the Ministry of Agriculture. It estimates production of certified seed at 677 thousand sacks of 60 kilos—453 thousand of the Katahdin variety, 220 thousand White Rose, 3,000 Seguoia and 1,000 other varieties. The department has compiled a list of the growers and buyers interested should contact the producers direct for prices and conditions of sale—Buenos Aires, May 16, 1952.

**Aluminum Imports Needed**—Because of the scarcity of aluminum in this country, the "Confederacion de Industrias Metalurgicas Livianas" (Confederation of Light Industries) have requested the Ministry of Finance to grant permits to import aluminum ingots and bars, it is reported. Over 200 factories in Argentina, employing ten thousand workers, use aluminum ingots and bars—Buenos Aires, May 9, 1952.

## AUSTRALIA

**May Revive Potash Industry**—The Western Australia and Commonwealth Governments and the University of Western Australia are co-operating in the investigation of more economical production of potash from West Australian alunite. During the war, large quantities of potash were produced from alunite, but the local industry ceased operations because it could not compete with the imported product. Investigations centre on a new production method to increase output and lower costs sufficiently to permit West Australian potash to meet overseas competition.

Fertilizer grade potash is imported mainly from France. Western Australia's production of fertilizer grade potash in 1949 amounted to 1,175 tons, while in 1948 production was 1,300 tons. A small amount is produced in Victoria—Melbourne, May 16, 1952.

## BRAZIL

**Bahia Cocoa Crop Short**—All the 1951-52 cocoa crop has been sold but it is expected that this year's mid-crop, which usually begins to arrive in April, will be small. Because of prolonged drought, the worst since 1929, the trees in most districts in Bahia where the bulk of the Brazilian crop originates have not flowered. Even if there is rain, no cocoa will come in before the end of June—Rio de Janeiro, April 28, 1952.

**Poor Brazil-Nut Harvest Predicted**—A poor Brazil-nut harvest is being predicted by experienced exporters, although some Belem trade sources feel it is too early to make an estimate. This prediction is based on these adverse factors: trade reports from interior points indicate that in most areas the flowering of the trees for this year's crop was poor; low water in most of the rivers and streams has delayed arrival of nut stocks from the new crop in the export markets of Belem, Manaus, Itacoatiara and

Parintins; the recent announcement by the British Government that its import of dried fruit would be reduced by 75 per cent in 1952, together with lack of U.S. demand, has resulted in great reductions in contracts with producers. The preliminary forecast for the 1951-52 harvest of unshelled Brazil nuts is 22,500 metric tons, 25 per cent less than the 1950-51 harvest—Rio de Janeiro, April 28, 1952.

### CHILE

**Lumber Stocks Accumulating**—Important stocks of lumber are accumulating in the south of Chile and it has been impossible to find a market for them. The Minister of Economy and Commerce has appointed a committee to study the placing of these stocks on foreign markets—Santiago, May 13, 1952.

### CUBA

**Tobacco Export Values Increase**—Exports of leaf and manufactured tobacco accounted for \$39.6 million in 1951, an increase of \$9 million over 1950. The value of leaf tobacco was US\$33.4 million—Havana, April 1, 1952.

**Large Sugar Surplus Expected**—Cuba's sugar crop, as of May 15, totalled 6,181,005 long tons, already considerably larger than the previous record—5,876,761 tons in 1948. One hundred and sixteen of the sugar mills were still grinding on May 21, compared with 35 at the same time last year. Latest estimate is that the sugar crop will total 6½ million long tons, leaving Cuba with a burdensome carry-over of more than one million tons, the first surplus in many years—Havana, May 22, 1952.

### PHILIPPINES

**Abaca Production Increased**—During 1951, production of abaca (Manila hemp) reached a postwar high—997 thousand bales, compared with 765 thousand bales in 1950, the Philippine Fibre Inspection Service announced. The prewar average production was 1.3 million bales. (A bale of abaca weighs 278.3 pounds)—Manila, April 18, 1952.

### PORTUGAL

**Ammonium Sulphate Produced**—Portugal is producing ammonium sulphate for the first time, largely as a result of hydro-electric developments. Two plants have been installed, one in the north of Portugal, with an annual capacity of 22 thousand tons which will probably be doubled by 1954. The other is in the centre of the country and has a total capacity of 40,200 tons. Together they will have a total potential production of just over 90 thousand tons. Present needs of metropolitan Portugal are estimated at 110 thousand tons—Lisbon, May 7, 1952.

**Flax Production**—Flax culture, which had practically ceased, is under way again as the result of an instruction campaign and guaranteed remunerative prices to the grower for his entire production—Lisbon, May 7, 1952.

## SOUTH AFRICA

**Demand for Wood Growing**—The large-scale cultivation of all types of trees must be undertaken to meet the growing, urgent requirements for wood, according to the Union's Minister of Forestry, Mr. B. J. Schoeman. He pointed out that the Union should be able to produce between 80 and 90 per cent of its present requirements of softwood within 50 years, but added that by the end of that period local wood requirements would have doubled or trebled. During the past year, 14,667 acres of new land has been planted with trees, bringing the total area at present under State plantations to 469,245 acres—Johannesburg, April 16, 1952.

**Steel Prices Raised**—The Government Price Controller has raised the price of steel products between £6 and £7 a ton to compensate local steel mills for soaring manufacturing costs—Johannesburg, April 10, 1952.

**Cardboard Mill Started**—Building has started on South Africa's first plant for the manufacture of boxing type cardboard from bagasse, the waste material from sugar cane. The plant is being built at Empangeni, near Felixton, Zululand, 120 miles north of Durban, and is owned by the Ngoye Paper Mills (Pty) Limited. The factory buildings should be finished by June, and the machinery imported and erected by January, 1953. Full production of 20 tons a day is expected by the end of next March—Johannesburg, April 16, 1952.

## UNITED STATES

**Develop Chrome Deposits**—Deposits containing 80 per cent of the known chrome ore in the U.S. will be developed for the production of chrome concentrates used in the manufacture of high-grade steels. The American Chrome Company will develop, equip and put into production the Monat Mines in Montana which were opened in World War II and abandoned when chrome became available from foreign sources. Production is expected to begin within a year, after which the company agrees to supply 900 thousand tons of chrome concentrates during an eight-year period. U.S. domestic production of chrome in 1951 amounted to 7,500 tons; imports totalled 1.4 million tons—Washington, D.C., April 28, 1952.

**TV Expansion Expected**—A vast expansion in the United States television industry is foreseen as a result of the Federal Communications Commission's unfreezing of its 3½-year ban on new station licences. The new order will permit an eventual 200 video transmitter stations in the U.S. and its possessions, compared with the present 108. The FCC will consider applications for new licences starting July 1, 1952, and areas without TV will be given priority.

Estimates of the number of new stations to be in operation in 1952 vary from 12 to 20. Materials scarcity may not be the principal impediment, but rather the difficulties in awarding licences to competitors in the same areas and in making appropriate awards between UHF and VHF applicants. Some of the new stations may be built in border areas, allowing transmissions to be received in Canada—Washington, April 13, 1952.

## Trade Commissioners on Tour

**T**O 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.

**F. W. Fraser**, Commercial Secretary for Canada in Melbourne since 1945, began his tour in Victoria on June 6. His itinerary is:

Vancouver—June 9-14                      Edmonton—June 17-18  
Ottawa—June 22

**F. H. Palmer**, Consul General of Canada and Trade Commissioner in Manila since 1949, will begin his tour in Vancouver on June 15. His itinerary will be:

Vancouver—June 15-23                      Saint John—July 16  
Winnipeg—June 26                      Halifax—July 18  
Ottawa—July 3-12

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

Saint John—June 16                      Halifax—June 25  
Charlottetown—June 20                      St. John's—June 30

**R. E. Gravel**, formerly Commercial Secretary for Canada in Lima, Peru, will become the first Canadian Government Trade Commissioner at Ciudad Trujillo, Dominican Republic. On May 8 he began a tour of Canada before taking up his appointment in the autumn. His detailed itinerary is:

Kitchener—June 10-11                      Halifax—July 17-18  
Vancouver—June 18-23                      Saint John—July 21  
Ottawa—June 30-July 10                      Fredericton—July 22  
St. John's—July 14-16

Businessmen can reach these officers through the Canadian Manufacturers Association offices in Toronto and Winnipeg; Chambers of Commerce in Charlottetown, Fredericton, Quebec, Kingston, Brockville, Hamilton, Kitchener, and Edmonton; Boards of Trade in Halifax, Saint John, and Montreal; the Department of Trade and Commerce in Vancouver (355 Burrard St.) and in St. John's, (Stott Bldg.)

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### OIL PRODUCTION IN '51

With an output of 6.5 million tons, Canada became, in 1951, the leading oil producer in the Commonwealth. British Borneo came second, with five million tons. Total oil production throughout the Commonwealth stood at 15 million tons, or 30 per cent higher than in 1950.

# Trade and Tariff Regulations

## Belgium Cancels Labelling Requirements

Brussels, May 21, 1952—F.T.S.—Belgian requirements for labels on imported food-colouring and flavouring matters giving specified information lapsed some time ago. However, this does not affect labelling regulations provided for these substances under other enactments, such as the requirement that fruit preserves containing artificial colouring may not be described as "Pure Fruit," but must bear the mention "De Fantaise".

*(Note: Recipients of the leaflet "Belgium—Shipping Documents and Customs Regulations", compiled by the Foreign Tariffs Division, Department of Trade and Commerce, should delete the words "food-colouring and flavouring matter" in section 4 on page 3 of their leaflet—Editor.)*

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## Greece Establishes Customs Surcharges

Athens, May 21, 1952—F.T.S.—All goods imported by private trade into Greece which are not delivered within 45 days from arrival have been made subject to a Customs surcharge, according to a law published in the Greek Government Gazette of April 28, 1952. This surcharge, which is payable for each day beyond the above time limit, has been established at 0.25 per cent of the dutiable value of the goods for the first fortnight of the delay in the take-over; 0.50 per cent for the second fortnight; 0.75 per cent for the third fortnight; and 1 per cent for the fourth fortnight and onwards.

Although this measure is not likely to affect the majority of shipments from Canada which are generally made on a paid letter of credit basis, it indicates the risks involved in making shipments to Greece, on a c.o.d. basis on which delivery is not taken promptly.

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## New Country of Origin Requirements in Haiti

Havana, May 29, 1952—F.T.S.—The Fiscal Department of Haiti has announced that instructions have been sent to Haitian Consuls requesting them in future to ensure that the country of origin appears on consular invoices. Previously, it had been sufficient to have the country of origin included on the commercial invoices.

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## Ireland Prohibits Import of Knitted Goods

Dublin, May 15, 1952—F.T.S.—By an order of the Minister for Industry and Commerce—Importation of Knitted Woollen Wearing Apparel Order, 1952—imports, except under licence, of certain knitted woollen wearing apparel is prohibited, as and from April 29, 1952.

The items affected by this order are articles of personal clothing or wearing apparel which are made wholly or mainly of wool and which are wholly or mainly knitted or made of knitted fabric, namely: hose and half hose; undergarments (excluding shirts and collars); cardigans, pullovers, jerseys, blouses and similar articles; and gloves.

This order was necessary to protect the domestic industry from outside competition. Recently, some of the Irish factories have been working on short time and if the former imports of knitted wearing apparel were to continue, serious Irish unemployment might result.

Licences for such imports will only be granted after the position has been examined in detail and, for the present at any rate, imports will be curtailed.

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#### **Ireland Announces Import Controls**

Dublin, May 21, 1952—FTS—By five orders of the Government of the Republic of Ireland, issued under the Control of Imports Act, 1934 and 1937, further quotas and quota periods have been announced as follows:

*Brushes, brooms and mops (domestic or household)*: 12 thousand articles, compared with 24 thousand articles for the previous six-month period.

*Brushes (for human use)*: 12 thousand articles, compared with 24 thousand articles for the previous similar period.

*Brushes, brooms and mops (other)*: 12 thousand articles, compared with 24 thousand articles for the previous six months' quota.

*Ladies' hats, caps, hoods and shapes*: 25 thousand articles, unchanged from previous quota.

*Certain metal screws*: 25 thousand gross. Of this amount, 24 thousand gross must be of Canadian or United Kingdom manufacture. The previous six months' quota was 50 thousand gross, 48 thousand gross of Canadian or United Kingdom manufacture.

The period fixed in all these cases is July 1, 1952, to December 31, 1952.

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#### **Ireland Restricts Imports**

Dublin, May 22, 1952—FTS—Bringing into a port or airport in the Republic of Ireland of any vessel or aircraft carrying farm animals from a port or airport in Canada has been forbidden under the Foreign Animals Order of 1931 (Amendment) Order, 1952, issued by the Minister of Agriculture. This order, effective May 20, 1952, is designed to prevent the introduction of foot and mouth disease into the Republic.

As a further precautionary measure, the Minister for Agriculture has issued the Foot and Mouth Disease (Importation of Plants) Order, 1952, effective from May 20, 1952. This order prohibits imports, except under licence, of plants, including trees, shrubs, raw vegetables, tomatoes, grapes, cider apples, cut flowers, tubers, bulbs, rhizomes, corms, roots, layers, cuttings and other parts of trees, shrubs and plants. The prohibition does not apply to such plants grown in and imported from Northern Ireland.

Licences to import plants issued under the Colorado Beetle Order, 1945, are hereby revoked.

Also, an Importation of Wool Order, 1946 (Amendment) Order, 1952 has been issued by the Minister for Agriculture prohibiting imports, except under licence, of wool from Canada or the Channel Islands.

## Trade and Tariff Regulations—continued

### New Zealand Dollar Restrictions

Wellington, May 19, 1952—FTS—A New Zealand circular dated May 16, 1952, indicates the quantities of certain commodities New Zealand intends to import from scheduled countries—which include Canada and the United States—following the recall for review on March 12, 1952, of all licences issued for imports from scheduled countries. The announcement provides for the licensing of the following goods for the 1952 period:

Licences for printing and writing paper from scheduled countries will be validated to cover orders placed prior to March 12, and already produced or scheduled for production during April, May and June. The tonnage thus validated will be taken into account in determining the total licences to be validated for 1952. The question of orders scheduled for production from July onwards is deferred meantime.

Licences to import newsprint from scheduled countries during 1952 will be validated to the extent of 50 per cent of their value.

Licences to import printed books from scheduled countries during 1952 will be validated to the extent of 100 per cent of the amounts of licences granted for similar goods from the same sources in 1951.

Licences for 1952 for imports of the following items from Canada and the United States will be validated or re-issued to the extent indicated:

Artificers' tools—100 per cent of licences granted for similar goods for the 1951 period.

Spare parts of motor vehicles—75 per cent of 1952 licences granted prior to March 12, 1952, for similar goods.

Wooden handles for tools—100 per cent of licences granted for similar goods for the 1951 period.

Hog casings—75 per cent of licences granted for similar goods for the 1951 period.

These allocations include amounts for which 1952 licences have been or may be validated or re-issued.

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### Southern Rhodesia's Dollar Allocation

Johannesburg, May 23, 1952—FTS—It has been learned that the dollar allocation for imports into Southern Rhodesia in the second half of 1952 will be £1,245,350, the same as for the first half (see *Foreign Trade* March 22, page 363).

The annual allocation for three of the four special items—wheat, petrol and steel—remains unchanged, but the 1952 allocation for timber has been cut from £980 to £490 thousand.

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### South Africa Admits Canadian Whisky

Johannesburg, May 21, 1952—FTS—The Minister of Finance announced in his recent budget address that a sufficient amount of exchange would be made available for the importation of whisky and other spirits to double the customs revenue from this source. For every £1 spent overseas on whisky purchases the Union collects £2 in customs duty.

Although spirits are shown on the restricted list of imports, exchange permits up to the value of £ 860,000 will be issued to importers of spirits and wines this year. These permits are issued in sterling which may be converted to dollars without penalty by importers who make application to the control authorities. This should permit some Canadian exporters to recapture part of the market for their product.

### **Turkey Announces New Foreign Trade Regime**

Istanbul, May 21, 1952—FTS—The new foreign trade regime, which came into force in Turkey on April 15, features a new grouping of commodities and allows import authorities to keep a closer watch on the exchange position. The legislation embodied in Decree No. 3/14566 divides permitted exports and imports into five schedules as in the previous Foreign Trade Regime. Schedules I, II and III cover exports and schedules IV and V cover imports. The only major change is that schedule IV, which was previously sub-divided into five sections (A to E) graded on a basis of priority, now contains only three sections (A, B and E). Section B comprises the contents of the previous B, C and D sections. The articles named in the various schedules are practically the same as formerly.

Appended to the schedules are detailed instructions on their application. These regulations are similar to those previously in force except that importers of articles on the liberalized list (Section A of Schedule IV), must now register their proposed transactions within 15 days of conclusion of the contract with one of the authorized banks, and not necessarily with the Central Bank as was the case previously. This alteration has thrown a great deal of new work on to commercial banks, but should remove some of the congestion at the Central Bank.

The new regulations also require importers to deposit a cash guarantee with the application for import licence. The amount is 2 per cent for letter of credit payment and 4 per cent for other methods of payment. If the goods are not imported within certain time limits, the Central Bank has the authority to retain the deposit as indemnity. The general effect will be to cut down import speculation and limit demands for foreign exchange to current requirements.

Dollar exchange will continue to be controlled as severely as formerly. It will be utilized only for absolute essentials which cannot be obtained in sufficient quantities from soft currency or "clearing agreement" countries.

Schedule I includes all articles exportable against payment in dollars, Swiss francs or sterling, or to countries with which there is a clearing type trade agreement.

Schedule II records articles of Schedule I, which are subject to export control. These include strategic materials like chrome and manganese ores, copper, scrap iron, pig iron and certain other commodities including olive oil, tobacco and greasy wool over which a control is desirable to ensure adequate home supplies, or to prevent re-export through third countries to unauthorized destinations.

Of interest to Canadian businessmen is Schedule III which governs articles the export of which gives the right to import the counterpart goods. It is the export of goods on this list which provides exchange for the import

## Trade and Tariff Regulations—*continued*

from the dollar area of such luxury and semi-luxury goods as automobiles, refrigerators, space heaters, washing machines, typewriters, fountain pens, polystyrene and other articles which, because of their appeal and general scarcity in Europe, can bear the heavy premium of the so-called "compensation" or "barter" dollar. No significant additions have been made to this schedule which accounts for the very high current rate of the "barter" dollar at from TL.4.90 to TL.5.20 to the U.S. dollar compared with the official rate of TL.2.80. Schedule III includes honey, fox skins, bitter almonds, pine nuts, defective filberts, low grade figs, fig paste, carpets and rugs. In order to use the right of making counterpart imports it is necessary: (a) to have this right registered by producing to the Central Bank, within 15 days of the date on which the export formalities have been completed, a certified copy of the Customs Export Declaration of the goods which have been exported; (b) to invest the foreign exchange resulting from the said export in goods to be imported as a counterpart, at the latest within six months of the date of export; and (c) to have the goods actually imported at the latest within nine months of the date of export. If these conditions are not fulfilled, the import right becomes void and the account is closed in foreign currency acceptable to the Central Bank. Goods to be exchanged in this manner are compensated on the basis of the f.o.b. value of exports and the c.i.f. value of imports.

Section A of Schedule IV includes the list of products which are the basis of the liberalized trade with the European Payment Union countries. These are free from quantitative restrictions and may be imported without import licences. Section B includes articles the import of which is subject to licence and allocation of foreign exchange. It is here that exchange authorities will be able to exert a selective control over the use of available foreign exchange for imports, whether from E.P.U. countries or countries with which Turkey has a trade agreement of the "clearing" type. Section E, called the "restricted" list, includes articles which are manufactured in Turkey and which, while imported occasionally, are normally supplied in adequate quantities from home production.

Schedule V lists the products which may be imported by the use of foreign exchange earned through exports of the products specified in Schedule III.

*(Details of the previous foreign trade regime in force in Turkey are given in "Foreign Trade" of June 30, 1951—Editor).*

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### Invoicing to Facilitate U.S. Customs Entries

Detroit, May 1, 1952—FTS—Customs inspection at Detroit can be expedited if Canadian shippers will provide adequate and fully descriptive invoices, according to a recent circular issued by the Collector of Customs at this U.S. port of entry. The circular states:

"Some shippers and trucking companies have apparently assumed that because the great bulk of shipments are handled on Immediate Delivery Bonds that any invoice, however inadequate, or even no invoice at all will get the shipment cleared through customs. This has caused customs to spend much more time on shipments than would otherwise be necessary. It has caused truck equipment and the driver to be held up

as much as eight hours or more when, with adequate invoices, the entire load could have been cleared in an hour or two. It has delayed delivery of the merchandise to the consignee.

"The Tariff Act does not require customs examination of each and every package. In fact, with adequate invoices, shipments will usually be spot-checked although every package may be examined to insure compliance with the various statutes. Therefore, in order to carry out the intent of spot-checking, shipments arriving on or after May 15, 1952, must be accompanied by a proper commercial invoice, or consular invoice where required.

"For inspection and examination purposes an invoice must show:

Marks and numbers of each case.

Contents of each case.

The unit value of each piece in the shipment.

The total value of the shipment.

"The following are examples:

Case No. 1	200 castings @ \$1.00	.....	\$200.00
2	100 " @ 2.00	.....	200.00
	50 " @ 2.00	.....	100.00
3	50 " @ 1.00	.....	50.00
			----- \$550.00

or

3 cases each containing 100 castings @ \$1.00—\$300.00 \$300.00

or

550 C/s Whisky—(12-4/5 qts. each) @ \$1.00—\$550.00 \$550.00

"From the above it may readily be seen that a customs inspector or appraiser's examiner could, in any instance, check only one of the packages and determine the correct quantity. It would not be necessary to count the quantity in each and every package. This would not be possible if you invoiced as three cases castings valued at \$550.00,—necessitating the opening and counting of each case.

"Shipments which are subject to immediate release should always be accompanied by at least two (2) copies of an invoice. One is used for the filing of the customs entry, the other is kept at the station pending receipt of the customs entry papers".

While these instructions are issued as a guide to facilitate the entry of goods into the United States at Detroit, shippers and trucking companies attempting to enter their goods at other United States ports of entry would benefit equally by compliance with these instructions.

#### Postal Gift Parcel Service to Hungary Suspended

The service for gift parcels to Hungary by mail has been temporarily suspended, according to the Canadian Post Office Weekly Bulletin of May 23, 1952. This suspension is the result of difficulties experienced by the Post Office Department in applying additional restrictions imposed by the Hungarian authorities. The service for gift letter packages is also suspended until further notice.

There has been no change whatever in the service to Hungary for commercial parcels and commercial packages in the letter mails. Similarly, the suspension does not affect the sending of gifts to Hungary by means other than mail.

# Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations May 19	Nominal Quotations June 2
Argentina.....	Peso.....	Basic Ex. Free Export	-.2977	.1968	.1967
			-.2085	-.0705	-.0705
Austria.....	Schilling.....			.0460	.0460
Australia.....	Pound.....		3.2240	2.2065	2.1930
Belgium and Belgian Congo.....	Franc.....		-.0228	-.0195	-.0195
Bolivia.....	Boliviano.....		-.0238	-.0164	-.0164
British West Indies (except Jamaica).....	Dollar.....		-.8396	-.5746	-.5711
Brazil.....	Cruzeiro.....		-.0544	-.0532	-.0531
Burma.....	Rupee.....		-.3022		
Ceylon.....	Rupee.....		-.3022	-.2067	-.2066
Chile.....	Peso.....		-.0233	-.0088	-.0087
Colombia.....	Peso.....		-.5128	-.3936	-.3935
Costa Rica.....	Colon.....		-.1800	-.1757	-.1756
Cuba.....	Peso.....		1.0000	-.9841	-.9837
Czechoslovakia.....	Koruna.....		0.2000	-.0197	-.0196
Denmark.....	Krone.....		-.2084	-.1425	-.1424
Dominican Republic.....	Peso.....		1.0000	-.9841	-.9837
Ecuador.....	Sucre.....		-.0740	-.0649	-.0667
Egypt.....	Pound.....		4.1330	2.8258	2.8249
El Salvador.....	Colon.....		-.4000	-.3936	-.3935
Fiji.....	Pound.....		3.6306	2.4848	2.4696
Finland.....	Markka.....		-.0062	-.0042	-.0042
France, Monaco and French North Africa.....	Franc.....		-.0037	-.0028	-.0028
French Empire—African.....	Franc.....		-.0073	-.0056	-.0056
French Pacific Possessions.....	Franc.....		-.0201	-.0155	-.0155
Germany.....	Deutsche Mark		-.3000	-.2343	-.2342
Guatemala.....	Quetzal.....		1.0000	-.9841	-.9837
Haiti.....	Gourde.....		-.2000	-.1968	-.1967
Honduras.....	Lempira.....		-.5000	-.4920	-.4919
Hong Kong.....	Dollar.....		-.2519	-.1724	-.1713
Iceland.....	Krona.....		-.1541	-.0604	-.0604
India.....	Rupee.....		-.3022	-.2067	-.2066
Iran.....	Rial.....		-.0212		
Iraq.....	Dinar.....		4.0300	2.7581	2.7412
Ireland.....	Pound.....		4.0300	2.7581	2.7412
Israel.....	Pound.....		3.0000	2.7581	2.7412
Italy.....	Lira.....		-.0017	-.0016	-.0016
Jamaica.....	Pound.....		4.0300	2.7581	2.7412
Japan.....	Yen.....		-.0028	-.0027	-.0027
Lebanon.....	Piastre.....		-.4561		
Mexico.....	Peso.....		-.1157	-.1138	-.1137
Netherlands.....	Florin.....		-.3769	-.2590	-.2589
Netherlands Antilles.....	Florin.....		-.5308	-.5218	-.5216
New Zealand.....	Pound.....		4.0150	2.7581	2.7412
Nicaragua.....	Cordoba.....		-.2000	-.1968	-.1967
Norway.....	Krone.....		-.2015	-.1378	-.1377
Pakistan.....	Rupee.....		-.3022	-.2974	-.2973
Panama.....	Balboa.....		1.000	-.9841	-.9837
Paraguay.....	Guarani.....		-.3200		
Peru.....	Sol.....		-.1538	-.0636	-.0632
Philippines.....	Peso.....		-.4975	-.4920	-.4919
Portugal and Colonies.....	Escudo.....		-.0400	-.0343	-.0343
Singapore.....	Straits Dollar.....		-.4702	-.3218	-.3198
Spain and Colonies.....	Peseta.....	Off. Free Mkt. Ex.	-.0916	-.0252	-.0252
Sweden.....	Krona.....		-.2783	-.1902	-.1902
Switzerland.....	Franc.....		-.2336	-.2272	-.2271
Thailand.....	Baht.....		-.1000		
Turkey.....	Lira.....		-.3571	-.3514	-.3513
Union of South Africa.....	Pound.....		4.0300	2.7581	2.7412
United Kingdom.....	Pound.....		4.0300	2.7581	2.7412
United States.....	Dollar.....		1.0000	-.9840	-.9837
Uruguay.....	Peso.....		-.6583	-.6478	-.6476
Venezuela.....	Bolivar.....		-.2985	-.2937	-.2937
Yugoslavia.....	Dinar.....		-.0200	-.0033	-.0032

\* September 17, 1949.

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