Established in 1904

foreign trade

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cover A sturdy old lumber truck rolls along a wooden hauling road in British Columbia with a load of 40-foot spruce logs on its way to a nearby inlet where the logs will be dumped and floated in rafts to the mill. Canadian sales to the United States of lumber milled from logs like these total millions of dollars every year. On page two, our trade office in Chicago tells how to increase this business by paying attention to requests, proposals and complaints from Midwest buyers. —NFB photo.

CANADA

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62131-8—1

What Midwest Lumber Buyers Want

How can Canadian lumber exporters boost their sales in the U.S. Midwest? The response to a questionnaire sent to lumber buyers by our Chicago office produced a down-to-earth answer to that query.

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

"We do well with those accounts that keep us informed. If the others did the same, it would be possible to sell more for them. It is difficult to use a firm as a steady source of supply if it does not send regular quotations."

This comment by a Chicago commission lumber salesman was echoed by most of the 170 lumber buyers included in a recent survey of firms in the Midwestern United States.

The Chicago office of the Trade Commissioner Service undertook this survey in the belief that it could improve its services to local buyers if it could define their problems and current buying habits more accurately. The lumber buyers with whom we are in touch regularly were asked ten basic questions. The replies were, on the whole, flattering to the Canadian industry.

The results of the survey have been broken down by type of firm. The information derived from it has suggested to us fresh avenues of approach and we believe that it can do the same for many Canadian firms. A résumé of the questions and answers is presented below.

1. Do you receive direct offerings regularly from Canadian lumber exporters?

	Yes	No
Wholesalers	48	7
Commission agents	7	3
Retailers-wholesalers	4	3
Retailers	2	3
Manufacturers of wooden products	5	11
	66	27

As a corollary to this question, we inquired about how many offering sheets were received regularly from Canadian companies.

Offering sheets received	1-5	5-10	Over 10
Wholesalers	20	16	18
Commission agents	5	3	
Retailers-wholesalers	5		1
Retailers	1	1	
Manufacturers of wooden products	4	2	3
	35	22	22

The answers tabulated above show that there are many Canadian firms that do not maintain continuous contact with the main class of buyers, wholesalers. This was the most frequent comment. But it is surely the first step in an effort to increase the market for Canadian lumber in the Midwest.

2. Would you like to receive more direct offerings?

	Yes	No
Wholesalers	50	5
Commission agents	6	3
Retailers-wholesalers	7	
Retailers	4	
Manufacturers of wooden products	7	7
	74	15

We asked this question to check whether the lack of continuous contact by Canadian firms resulted from the fact that U.S. firms are not anxious to receive such quotations. The results clearly indicate that U.S. firms are seeking more offerings.

3. Have you been visited by a representative of a Canadian lumber exporter?

	Yes	No
Wholesalers	48	16
Commission agents	5	4
Retailers-wholesalers	3	4
Retailers	1	4
Manufacturers of wooden products	6	12
	63	40

We felt that this question and allied ones would indicate how well the Canadian seller was serving his client. The results show a lack of personal contact. Only half of the firms approached stated that Canadian representatives visited them regularly, as the following results show.

4. Do Canadian representatives visit you regularly?

	Yes	No
Wholesalers	23	29
Commission agents	5	1
Retailers-wholesalers		5
Retailers		2
Manufacturers of wooden products	3	6
	31	43

Probing this question of personal contact further, we asked whether a member of the U.S. firm had visited a Canadian lumber plant. The answers were:

	Yes	No
Wholesalers	32	32
Commission agents	4	5
Retailers-wholesalers	2	4
Retailers		4
Manufacturers of wooden products	3	6
	41	51

The survey tried to determine whether the U.S. firm had established permanent Canadian contacts. Nearly 25 per cent of the wholesale firms replying had not done so. The percentages were even higher in the other classes.

5. Are the lists of Canadian lumber exporters that you receive from the Canadian Government Trade Commissioner's office useful?

	Yes	No
Wholesalers	63	7
Commission agents	6	2
Retailers-wholesalers	5	
Retailers	3	2
Manufacturers of wooden products	8	5
	85	16

As most readers know, the Chicago Trade Commissioner's Office issues lists of Canadian lumber exporters; these lists are prepared by the Forest Products Division of the Department of Trade and Commerce. They contain simply the names and addresses of Canadian exporters and the species they handle. The answers to this question confirm the value of these lists and we intend to expand this type of basic promotion.

We then asked whether these lists had resulted in new contacts and got these surprising results.

	Yes	No
Wholesalers	43	22
Commission agents	3	5
Retailers-wholesalers	1	3
Retailers	1	3
Manufacturers of wooden products	5	9
	53	42

When we asked whether they wished to receive revised lists from time to time, we found almost unanimous agreement.

	Yes	No
Wholesalers	63	4
Commission agents	7	2
Retailers-wholesalers	5	1
Retailers	3	1
Manufacturers of wooden products	8	5
	86	13

6. Are you familiar with all the commercial woods available in Canada and their specifications?

	Yes	No
Wholesalers	41	22
Commission agents	7	2
Retailers-wholesalers	4	3
Retailers	2	3
Manufacturers of wooden products	7	10
	61	40

Once again, this question was designed to discover whether some basic promotion of the information type might be undertaken.

Asked whether they wished further data on Canadian woods, we received these answers.

	Yes	No
Wholesalers	34	20
Commission agents	8	1
Retailers-wholesalers	3	2
Retailers	1	4
Manufacturers of wooden products	9	7
	55	34

62131-8—2

In an endeavour to check on the receptivity of the American buyer to Canadian products, we asked for his general opinion of the Canadian lumber industry.

Over 97 per cent of all firms replying stated that they had a high regard for the business practices of the Canadian industry; only 3 per cent made any adverse comment. This is a tribute to Canadian lumbermen as a whole. This favourable climate is a sound foundation for increased business.

7. Are you purchasing a greater percentage of your lumber requirements from Canada this year than you did last year?

	Yes	No
Wholesalers	28	29
Commission agents	3	5
Retailers-wholesalers	1	4
Retailers	2	3
Manufacturers of wooden products	3	14
	37	55

This indicates to what degree Midwest buyers rely on Canadian sources of supply. When I was talking with a commission lumber salesman in Indianapolis, Indiana, about Canadian lumber, he said to me: "Why do you bother promoting Canadian lumber? Eventually, we will have to buy it." Such recognition of Canada as a prime supplier is more and more common. It creates a receptive atmosphere for the Canadian exporter.

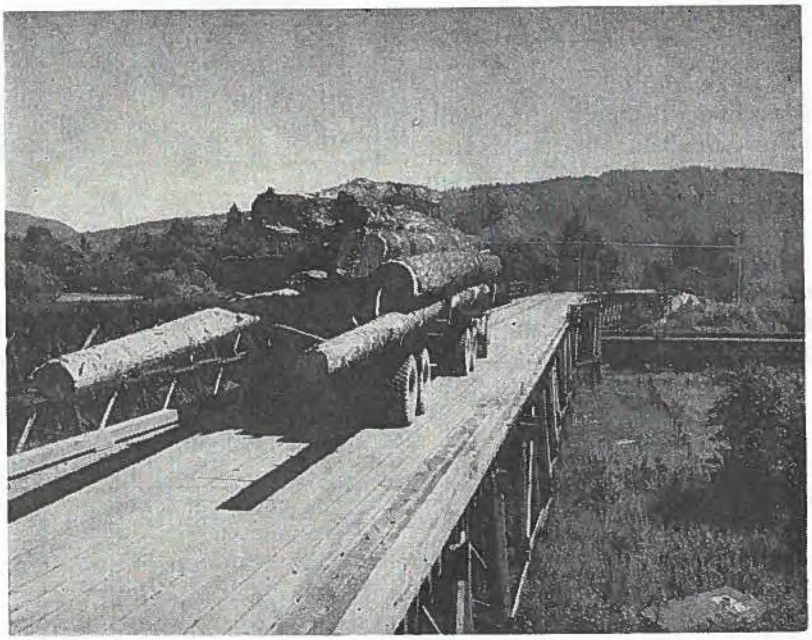
8. Do you purchase your Canadian lumber direct from a mill, a Canadian wholesaler, a U.S. broker, a U.S. wholesaler, or through a commission lumber salesman?

	Mill	Can. Wholesaler	U.S. Broker	U.S. Wholesaler	Commission Lumber Salesman
Wholesalers	52	44	7	11	5
Commission agents	6	7	1	4	
Retailers-wholesalers	4	4	1	3	1
Retailers	1		3	2	2
Manufacturers of wooden products	4	1	5	9	
	67	56	17	29	8

As the final question, we inquired how the Canadian industry and our office could best assist them. The answer was plain—by getting more quotations for them.

We feel that, as a result of this survey, we have uncovered specific areas in which we might assist U.S. buyers and help Canadian exporters. The survey also points to ways in which Canadian exporters can improve their approach to the Midwest market. These include the more frequent issuing of regular offering sheets, personal visits, arranging plant visits and the supplying of information on their own production and facilities.

The attitude of the Midwest buyers promises well for increased sales of Canadian lumber. More Canadian firms should go after this market in a systematic way. ●



Doing Business with Czechoslovakia

What products does Czechoslovakia buy from us?

Can the range be widened?

What are the trading methods used and how can a Canadian exporter approach this market?

R. K. THOMSON, *Commercial Secretary, Vienna.*

AMONG the Eastern European countries, with the exception of the U.S.S.R., Czechoslovakia has the most substantial trade with the western world. About one-third of Czechoslovakia's exports to Canada have been increasing in range and in value during the past few years and this gives some ground for hope that Canadian exports to Czechoslovakia may also rise.

Czechoslovakia has a population of approximately 13 million and an area roughly equal to that of England. Bohemia, the northwestern part of the country, has been important industrially since the days when it formed part of the Austro-Hungarian Empire.

Postwar Industrial Progress

During the last war, manufacturing capacity, particularly in heavy industry, expanded considerably and (in contrast with other parts of Europe), Czechoslovak industry suffered relatively little damage and has since been developed substantially. After the war great emphasis apparently was placed on the further growth of heavy industry; the production of consumer goods and secondary industry in general increased more slowly. The engineering industry is the most important one in Czechoslovakia and its output is now reported to be about four times as large as it was before the war. The chemical, textile, glass and ceramics industries are also large and provide a large range of products for export.

Substantial development in the production of electricity, both thermal and hydro, has accompanied this industrial progress. Czechoslovakia is a major coal producer and uses what it mines principally to generate electricity and in the iron and steel industry. It is not self-sufficient in iron ore and needs heavy imports to keep its iron and steel and engineering industries functioning; substantial quantities of ore are purchased from the U.S.S.R., with total imports during 1957 reported at 4.9 million tons. Non-ferrous metals and ores are also brought in.

Agricultural Output Smaller

Industrial production in Czechoslovakia is said to have increased an average of 10 per cent per year during the past several years. But agricultural production has lagged behind, with a reported average increase of only 2 per cent. Substantial quantities of foodgrains have to be bought from foreign countries each year and although Canadian wheat and barley have been imported in the past, the U.S.S.R. appears to be the usual source of supply. Imports of foodgrains from the Soviet Union in 1957 are reported to have totalled approximately 1.5 million tons. At the present time, 64 per cent of all agricultural land in Czechoslovakia is organized into more than 11,000 co-operatives and state farms.

How Trade Is Conducted

Czechoslovakia has a planned economy and this planning covers production and also procurement of imports and exports. Its imports are to a large extent provided for within the framework of 66 bilateral trade agreements, including those with major trading countries. Generally speaking, such trade agreements take the form of an exchange of commodities by each country according to agreed lists and values.

As in other Communist countries, trading operations, both import and export, are confined to a small number of foreign trade corporations. Each one carries out the export program of a group of similar industries and looks after the import needs of much the same group. The head offices of these foreign trade corporations, about twenty in number, are in Prague. Contact with specific industries or factories can only be made through these corporations and their officials are glad to meet visiting foreign businessmen.

62131-8—2½

Czech craftsmen using local woods and resins ply the centuries-old trade of violin-making. The country's fine orchestras and traditional love of music keep demand for violins high.

Well over half of Czechoslovakia's trade is carried on with the U.S.S.R., other Eastern European countries, and Mainland China. But a considerable part of her production goes to western countries and many of her imports—including raw materials for industry, some consumer goods and foodstuffs—are obtained from non-Communist sources. West Germany continues to be Czechoslovakia's leading trading partner in the non-Communist world; Austria and the United Kingdom are also important European markets and sources of supply. Turkey, India and Brazil provide Czechoslovakia with good markets and in recent years Syria and Egypt have developed a growing demand for Czechoslovakian goods. Czechoslovak sources report the foreign trade turnover in 1957 as 6 per cent higher than in 1956.

Canada and Czechoslovakia

Canadian imports from Czechoslovakia include a variety of goods such as foodstuffs and confectionery, boots and shoes, furs, cotton and other textile fabrics and articles, machinery, machine tools, glassware and plate glass, cement, buttons and novelty items. Imports reached $5 million in 1957, compared with $5.7 million the year before.

Czechoslovakia's purchases from Canada tend to be confined to essential goods that cannot be bought advantageously elsewhere. In recent years they have been limited largely to grain, hides, drugs, chemicals and medicinal preparations, wool rags and waste, asbestos waste, and butter. In 1957 Canada's exports to Czechoslovakia declined to approximately $1.5 million compared with the more than $24.5 million of 1956. However, about $12 million of the 1956 total represented purchases of grain by the Government of Czechoslovakia. This included $10 million worth of wheat bought on credit terms and $2 million worth of barley.

During the first six months of 1958, our exports to Czechoslovakia totalled $625 thousand and our imports from that country $2.2 million.

A new trend in the Czechoslovakian economy is the so-called "reorganization" of industry that is currently going on. The main emphasis is on decentralization and this apparently decreases the control of industry formerly held by ministries of government and gives the industries themselves greater responsibility for production plans, development and research. However, this does not seem to alter the arrangements for the conduct of foreign trade; it is still handled exclusively by the foreign trade corporations.

It is difficult to make precise suggestions about Canadian commodities which might find a market in Czechoslovakia. In general, the country's imports consist of raw materials, including chemicals. At the other end of the scale there is certainly some demand for consumer goods; requirements in this field, however, are largely obtained from other Eastern European countries, although some purchases have been made in the United Kingdom, France and other Western European countries.

Techniques of Trading

Canadian suppliers interested in selling to Czechoslovakia can approach the problem in two ways. One is to get in touch with Czechoslovak Government representatives in Ottawa or Montreal and with Omnitrade, also in Montreal. The latter is a Canadian-incorporated, Czechoslovak-owned trading company, authorized to both export and import a wide range of products. All these offices are concerned to some extent in the procuring of Canadian products that Czechoslovakia needs.

The other approach is to acquaint the foreign trade corporations in Czechoslovakia with the things one has to sell by making a personal visit to Prague. If this is not possible, write directly to the foreign trade corporations or to the Commercial Secretary, Canadian Embassy, Vienna, Austria. He is accredited to the Government of Czechoslovakia and visits Prague regularly. Any correspondence should include full details about the product, including prices, (preferably C.I.F. North European port) and sales literature. In fact, several copies of this information should be furnished so that it may be circulated to the industries represented by the foreign trade corporations. The Commercial Secretary will also be glad to give information about the possible market for specific commodities.

Canadian suppliers should bear in mind, however, that in transacting business the foreign trade corporations must conform to the Government's over-all export and import plans. Moreover, they are subject to control by the Central Bank through its administration of foreign exchange and in other respects. A shortage of convertible currency reserves also seems to limit Czechoslovak purchases from Canada. In addition, like other countries in the Soviet Bloc, it tries to balance its trade with individual countries and particularly with those, like Canada, with whom it does not have agreements covering the exchange of commodities. Its government is keenly interested in promoting barter deals and has set up a new foreign trade corporation with the sole function of facilitating them. The Canadian Government does not enter into arrangements of this nature but Canadian traders are not prevented from making private deals involving exports of non-strategic products.

The Department of Trade and Commerce in Ottawa can supply interested exporters with the names and addresses of the foreign trade corporations dealing in particular commodities.

Fairs and Exhibitions

West Indies Trade Fairs Take Shape

ON January 16 in Kingston, Jamaica, a big, shiny "Showcase of Canada" will burst out of its wrappings and business will begin at the largest all-Canadian trade fair ever held in the West Indies. Islanders will see displays of Canadian foods, forest products, machinery and textiles and be entertained by Canadian films, fashion shows and music. Five weeks later, on February 20, the same show—with a few variations—will open in Port-of-Spain, Trinidad, the capital of the year-old West Indies Federation.

After months of planning, co-ordinating, building, transporting and assembling, what will these fairs have to offer the visitors? Under a futuristic plastic dome and in specially-designed booths around it, they will find an impressive array of Canada's finest produce; in an attractive outdoor theatre, they will enjoy a program of top-flight entertainment—all designed to give West Indians and their Caribbean neighbours a closer look at Canadian products, industry and enterprise.

How many Canadian firms and associations are taking part? Final reports list 134 business and service organizations. Some 116 of them will be exhibiting at Port-of-Spain and 96 at Kingston; 78 will be participating in both fairs. From Quebec will come 69 exhibitors and from Ontario 53; there will be five from Nova Scotia, three each from New Brunswick and British Columbia and one from Newfoundland. Among the exhibitors promoting services rather than goods are the Department of Trade and Commerce with its information stand under the dome, the Nova Scotia Department of Trade and Industry, the New Brunswick Department of Development and Industry, four chartered banks, two life insurance companies, air and shipping lines, two engineering associations and an importing firm.

"Logical Trading Brothers"

The theme of the Department of Trade and Commerce exhibit is pointed squarely at Canada's two-way trade with the West Indies, a trade that began long before the American Revolution and that in 1957 totalled some \$98.7 million. Continuing and boosting this business will be a "natural", according to the lines of the new calypso that dance across the decorative panels designed and built by the Canadian Government Exhibition Commission: "We can't grow coffee, you can't grow wheat; we've always been trading the things we eat . . . You grow some things and we grow others, making us logical trading brothers." Set to music and broadcast over West Indies radio stations, the calypso will reach thousands of Islanders, using a popular folk form to get across a few trade facts and carrying a message that makes sound sense.

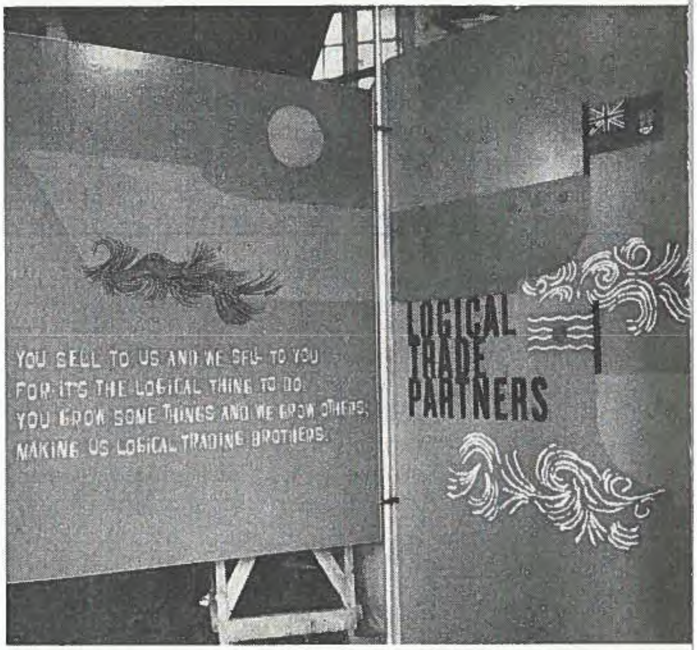
The Product Parade

From our forest industries will come displays of lumber, furniture and other wood products, fine papers and paper products, and from our West and East Coasts there will be displays of salmon from the Fisheries Association of British Columbia, salt cod from the Newfoundland Association of Fish Exporters, and sardines from the Canadian Sardine and East Coast Herring Fisheries. The exhibit of the Canadian Flour Export Committee will include some of the products from Canada's great grain-growing areas; the striking aluminum ingot, on show this summer at the Brussels World's Fair, will symbolize our huge aluminum industry that draws on Jamaican bauxite and alumina for much of its needs. Other products chosen at random from the list include automobiles, a heavy trailer and playground equipment—all in the outside display area —and stoves, electrical appliances, plastic products, auto accessories, outboard motors, business machines, shoes, clothing, liquors and tobacco.

People to See

But commodities are mute promoters and Canadian businessmen, artists, entertainers, and representatives of government will be on hand to add those important personal contacts that give life and meaning to commerce. Canada will send a cabinet minister to participate with a senior minister of the West Indies Federation in opening the trade fairs in each city. The exhibition booths will be manned by Canadian businessmen, Trade Commissioners, and Commodity Officers of the Department of Trade and Commerce from Ottawa. The Canadian Chamber of Commerce will send a delegation 65 strong that will tour the islands and meet leading businessmen and government officials.

The fairs will begin every day at 4 p.m. and run until 11 p.m. (shops generally close at 4.00); admission is nominal. Visitors will find a variety of entertainment awaiting them. In the outdoor theatre, a well-known group of Canadian entertainers will put on a popular musical variety show, the National Film Board will present some of its best art and documentary films, there will be an all-Canadian fashion show and, in Trinidad, a performance by a group of "The Little Carib Dancers".



—Capital Press Service.

On panels for Canada's booth at the West Indies fairs, a new calypso (top) highlights our two-way trade. Below, on the left, Canadian fish is dried for export to the islands and on the right, a Maritime businessman of long ago advertises what he will buy in return: "teas, tobaccos, breadstuffs, provisions, etc." The centre panel dramatizes our long-standing trade ties.

Canadians will be interested to learn that the Film Board's award-winning Norman McLaren will be represented by three of his best films: *Hoppity Hop, Begone Dull Care* and *A Chairy Tale.* Among other top NFB pictures are the animated *Romance of Transportation,* some Canadian nature films, one about the great metropolis and seaport of Montreal, and a colourful account of the Quebec City winter carnival.

Canadian Fashions

Every day at five o'clock, a fashion show will spotlight the best that Canadian clothing manufacturers and couturiers can produce. West Indian models are being chosen, and 12 Canadian designers and manufacturers are providing them with complete ensembles including hats, shoes and other accessories. Most of the garments and shoes are being made especially for the young ladies. Outfits to suit every occasion will include cocktail dresses, evening gowns, summer cottons, two-piece blouse and skirt sets, bathing suits, other sports clothes, shoes, jewellery and hosiery. A special effort is being made to suit the accessories to the dresses and two firms are lending complete collections. The accent, say the organizers, is on colour.

"The Little Carib Dancers" will add their own special colour to the show in Trinidad. Canadians will remember them from their performance at the Stratford Festival in July of this year; that was the 13-year-old company's first appearance outside the Caribbean. Their specialties are the limbo, shango and bongo, their own interpretations of native dances, which they have arranged for the modern stage. The company is composed of 21 dancers, six musicians and four drummers; a group of ten or twelve of them will be used in the fair at Port-of-Spain.

A Merchandising Show

Summing up the purpose of and the results expected from the fairs, Mr. D. G. W. Douglas, fair co-ordinator, has this to say: "Though we are taking care to put together a pretty show, this is first and foremost a merchandising exhibition; though the exhibits are designed to attract and the entertainment to please, business will be conducted on the spot." No goods will actually change hands on the premises, he hastens to add, but orders will be taken. Thus, when the ribbon is cut next month and Canadian and West Indian leaders announce the opening of the trade fairs, businessmen of both countries will lose no time in turning the show place into a show mart, continuing and expanding a successful three hundred years of commercial interchange.

—NORMAN DAHL,
Foreign Trade.

Frankfurt Busy Show-Mart

EVERY spring and fall, the brisk business life of the ancient city of Frankfurt is quickened by an influx of traders from all over the world, buying, selling, or just making contacts at the *Frankfurt International Fair.* Manufacturers, importers and exporters are certain of meeting buyers from at least 78 countries at this exhibition; their goods range from perfume to office equipment, and from jewellery to slot machines. The spring fair next year is being held from March 1-5; businessmen interested in attending should write to the German-Canadian Trade Promotion Office, Suite 1,000, 62 Richmond Street West, Toronto. Entries for the spring fair closed on November 10, 1958, but it is not too soon to be thinking of participation in the fall of '59. Frankfurt is a bustling and vigorous business centre and its history as one of the leading commercial cities of Europe stretches far into the past. Exhibiting here brings the businessman to the heart of an important industrial sector.

Success at Western Tool Show

EXHIBITORS in the Canadian Government display at the *Western Tool Show* held in Los Angeles last October were encouraged by the enthusiastic reception their products received. The show attracted 135 firms from the United States and other countries.

J. R. Johnson of the engineering and equipment division, Department of Trade and Commerce, was the fair co-ordinator and says that visitors were surprised by the quality and variety of the Canadian tools. Our manufacturers found new buyers for their hydraulically-controlled tracing attachments (for metalworking machinery), ball bearings, grinding machines, and for a precision machine using a die-casting method for assembling small component parts. Buyers also showed a lively interest in a precision method of finishing surface plates, angle plates and parallel bars. This year's successes should stimulate Canadian manufacturers of machine tools to make plans for the next U.S. machine tool exhibition that will be held in Detroit in April 1960. Mr. Johnson will be happy to answer any inquiries about the show.

General Exhibitions in 1959

JAPAN—*Third International Trade Fair,* Tokyo, May 5-22. Apply: Fair Organizers, c/o Economic Bureau, Tokyo Metropolitan Government, Marunouchi, G.P.O. Box 1201, Tokyo.

SOUTH AFRICA—*Witwatersrand Easter Show,* Johannesburg, March 17-30. Apply: Witwatersrand Agricultural Society, P.O. Box 4344, Johannesburg.

UNITED STATES—*Third United States World Trade Fair,* New York, May 8-19. Apply: Charles Snitow Organization Inc., 331 Madison Avenue, New York 17.

International Trade Fair, Chicago, July 2-18. Apply: Chicago Association of Commerce and Industry, 30 West Monroe, Chicago 3.

Hong Kong

Market for Canadian Wheat and Flour

Canadian wheat and flour sales to Hong Kong have been declining, but a higher protein content and competitive prices may soon improve our position as a wheat supplier.

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

CANADIAN flour sales to Hong Kong have in recent years declined steadily and current prospects for reversing this trend are not promising. The major factor in the decline was the establishment of the Hong Kong flour mill that began operations in 1954, but a number of other developments are adversely affecting our exports. Sales of wheat for use by the local mill partially offset our losses but even so, Canada's position in the Hong Kong wheat and flour market has been deteriorating.

Flour Sales Are Declining

The extent to which flour sales have fallen off since 1952 is illustrated in the table below.

Total flour imports have declined by approximately one-half since 1952, largely because of the operations of the local mill. In addition, transhipment trade in flour has decreased because most countries now prefer to buy direct or produce their own. It is significant, however, that Canadian flour, which in 1952 supplied two-thirds of the market, now supplies less than half, although other principal exporters have either retained or increased their share. When one considers the small percentage of wheat needed by the Hong Kong flour mill that Canada supplies, it is evident that we are being progressively squeezed out of the wheat market also.

The flour mill began importing wheat in 1954 and stepped up purchases in the following year. Its capacity was increased and imports expanded rapidly during 1956 and 1957. As the table below indicates, Canada sells only a small share of the wheat milled in the Colony and this share is declining, though both Australia and the United States are increasing their sales. To assess the significance of this trend it is helpful to analyze the disposition of Hong Kong's imports of wheat and flour. By deducting re-exports from imports of flour and wheat (expressed in terms of flour)* a close estimate of consumption of flour in the Colony may be obtained. This has ranged from 30,000 to 42,000 tons a year over the past six years. But if

*An extraction rate of 72 per cent was used but in fact the extraction in Hong Kong is probably slightly higher because there is a substantial demand for low-grade flour in South East Asia.

WHEAT FLOUR IMPORTS INTO HONG KONG—PRINCIPAL SUPPLIERS

(in long tons)

	Total Imports	Canada Quantity	%	Australia Quantity	%	U.S. Quantity	%	Japan Quantity	%
1952	46,456	31,030	67	7,041	15	8,262	18		
1953	35,989	20,342	57	6,902	19	6,429	18	2,252	6
1954	44,746	19,287	43	5,898	13	9,800	22	9,746	21
1955	33,135	15,991	48	5,439	16	11,110	34	572	1
1956	27,892	13,239	47	7,330	26	5,662	20	869	3
1957	23,229	11,166	48	6,607	28	4,600	20	798	3
1958 (6 mos.)	10,967	5,147	47	1,610	15	2,648	24	1,523	14

Source: Hong Kong Government statistics.

WHEAT IMPORTS INTO HONG KONG—PRINCIPAL SUPPLIERS

(long tons)

	Total Imports	Canada Quantity	%	Australia Quantity	%	U.S. Quantity	%
1952	283	71	25	139	49		
1953	356	27	8	306	86	18	5
1954	6,608	4,515	68	593	9	1,500	23
1955	34,636	5,865	17	26,894	78	1,878	5
1956	51,911	13,752	26	35,269	68	2,774	5
1957	58,255	5,553	10	44,535	76	8,167	14
1958 (6 mos.)	35,855	2,025	6	25,588	71	8,242	23

Source: Hong Kong Government statistics.

allowances are made for carryover stocks, the figure is probably about 40,000 tons a year at the present time.

By converting net wheat imports to flour, one can arrive at a reasonable estimate of the local mill's production. This has ranged from 25,000 tons in 1955 to approximately 42,000 tons last year. About 45 to 50 per cent of its output is consumed in Hong Kong and about 45 per cent of this is milled from hard wheat. Thus it is evident that Hong Kong bakers prefer a high-protein flour.

The remainder of local production, some 50-55 per cent, is exported throughout South East Asia. These areas are traditionally low-quality flour markets, so that more than 95 per cent of the locally manufactured flour exported is milled from soft wheat. Over-all the Hong Kong market is considered to be using about equal quantities of soft and hard wheat flour. According to the trade, Canada's shipments of both wheat and flour are almost entirely used locally and an estimate of our relative share of this market is revealed in the table below.

CONSUMPTION OF CANADIAN WHEAT AND FLOUR IN HONG KONG

(in long tons)

	Imports of flour	Imports of wheat (flour equiv.)	Total Imports	[1]Per cent of Local Consumption
1954	19,287	3,251	22,538	55.0
1955	15,991	4,223	20,214	50.9
1956	13,239	9,902	23,141	54.8
1957	11,166	3,998	15,164	[2]41.0
1958 (6 mos.)	5,147	1,458	6,605	[2]28.4

[1]Statistics covering the re-export of Canadian flour and flour milled in Hong Kong from Canadian wheat are not available and therefore a precise estimate of our share of consumption is not possible. However, as re-export of Canadian flour is known to be small, the above estimate is probably within 5 per cent of the actual figure.

[2]These estimates are probably too low because no allowance has been made for the use of carryover stocks, but the over-all trend is still downwards at an accelerating rate.

Effect on Canadian Sales

During the first three years of the mill's operations, our share of Hong Kong's flour consumption fell slightly. A portion of this decline may be the result of a reduction in re-exports of Canadian flour, because the figures in the last table assume that all flour imported was consumed here. The transhipment trade in flour was declining during this period and most imported Canadian flour was probably used in the Colony, but there was undoubtedly some re-export. In 1957 Canada's share fell significantly and the trend is continuing into 1958, but at an increased rate. This is mainly accounted for by a heavy decline in wheat imports, and some improvement may be expected by the year-end. Because these figures make no allowance for carry-over from year to year or for re-export, they can only be used as an estimate of the share of the local market which Canada held for a specific period.

Other Suppliers Are Competing

Although the major factor in the decline of flour sales is the operations of the mill, our wheat sales are being severely affected by competition from the United States. During recent years when Canadian wheat has had a lower protein content, the protein content of Hong Kong flour was boosted with U.S. high-protein wheats, because these can be bought (at a premium) at specified protein levels. Because American exports are subsidized, it is probably impossible to lower prices sufficiently to meet this situation. Japanese flour which is low in quality and not particularly popular in Hong Kong is not considered a serious threat to Canadian exports. It is claimed that Japanese flour is taken in exchange for Hong Kong exports to Japan to overcome exchange problems and consequently may be offered at cheap prices. Flour from West Germany is appearing on the market but has had no significant effect to date. Mainland China is also offering a low-quality flour at extremely low prices, but no shipments have yet been made.

The market is further complicated by shipments of American relief flour to benevolent organizations to alleviate famine. The shipments are distributed to the poor but very few have facilities to use the flour and prefer to exchange it. Thus a share of this relief flour enters commercial channels. It is understood that approximately 10.0 million pounds were shipped during the past fiscal year and local relief agencies have requested more this year. Much of this flour was of lower quality and did not influence our sales greatly but recent shipments have been of a high-protein flour and certainly will have some effect.

Protein Content and Prices Important

The reduction in wheat sales to the Hong Kong mill can be traced mainly to the success of American high-protein wheats. Because American hards with a higher protein content than Canadian grades have been available they have been used rather than Canadian to blend with Australian wheat. Flour buyers in Hong Kong tend to stress protein quantity to a greater extent than quality, thus enabling the mill to substitute American wheat for Canadian and still increase their sales. Consumers in Hong Kong may tend to accept a lower quality flour as well, but in general the Canadian position depends upon the protein content and price of our exports. It seems probable that sales of wheat and possibly flour should improve now that the protein content of our exports is rising. But the Hong Kong market will continue to be a highly competitive one for Canadian wheat and flour exporters. ●

The Detroit of South America?

Lack of exchange for buying vehicles abroad and shortage of rail transportation have forced Brazil to develop a motor car industry. Plans are ambitious and progress is impressive as São Paulo is fast becoming the country's automotive centre.

C. E. BUTTERWORTH,
Consul and Trade Commissioner, São Paulo.

TRANSPORTATION continues to be one of Brazil's major problems. With a total area larger than that of the United States and a population of over 62 million, 75 per cent of its people still live within 300 miles of the coast. The railway system is inadequate and antiquated, although a concerted effort is now being made to improve the track and rolling stock. This means that considerable traffic has been diverted to the roads, increasing the need and the demand for motor vehicles.

At one time Brazil was the biggest importer of Cadillacs in the world. However, by 1952 foreign exchange reserves had declined and the introduction of the Aranha plan, with public auctions for foreign currencies, spelled the end of the Cadillac days. Thereafter available exchange was more carefully employed to buy essentials.

Plan for Industry

The Federal Government was thus faced with both a transportation problem and a shortage of exchange to buy foreign cars. The solution appeared to be the development of a car-manufacturing industry in Brazil. It was not, however, until 1956 that an Executive Group of the Car Industry (G.E.I.A.) was formed to draw up a detailed plan for the development of the Brazilian car industry. The goal is to produce by 1961 some 200 thousand vehicles a year, 90 to 95 per cent of Brazilian manufacture by weight.

Between 1945 and 1952 the average value per year of imported vehicles and spare parts was US$142 million. This exceeded even the value of imported petroleum and its by-products (US$115 million) or wheat (US$107 million). In August 1952 these imports were drastically curbed by Advice No. 288 which prohibited the import of parts manufactured domestically. This provided the basic legislation for the national car industry.

The G.E.I.A., created in 1956 under President Kubitscheck, drew up plans to encourage the manufacture of motor vehicles by benefits to interested parties and by the eventual exclusion of those who do not avail themselves of the opportunity. According to the plan, participants must be prepared to make an increasing proportion, by weight, of the vehicle in Brazil, as follows:

President Kubitschek accepts the first car made entirely in Brazil since his plan to foster a local automotive industry was drawn up in 1956. Production goal is 200,000 a year by 1961.

NATIONAL CAR PLAN

Type of vehicle	Brazilian manufacture (by weight)			
	July 1, 1957	July 1, 1958	July 1, 1959	July 1, 1960
	(in per cent)			
Trucks	40	65	75	90
Jeeps	60	75	85	90
Light trucks and vans	50	65	75	90
Passenger cars	50	65	85	95

A foreign manufacturer or national producer who wishes to participate in the plan must submit a complete proposal to G.E.I.A. for approval. To date this Executive Group for the Car Industry has given authorization to the following plans:

PROGRAM FOR VEHICLE PRODUCTION IN BRAZIL

Manufacturers	1957	1958	1959	1960
Trucks				
General Motors				
HD-6.504	5,370	9,840	20,190	29,460
Ford				
F-600	6,000	8,000	13,000	21,000
F-350		1,600	2,000	2,200
Mercedes-Benz				
L-312	3,050	1,200		
LP-312	1,430			
LP-315		1,000	1,950	3,300
LP-321		5,880	9,200	9,200
O-321-H (Bus)	1,050	1,350	3,300	3,900
Fabrica Nacional de Motores				
Lorry FNM	3,600	3,600	4,200	6,600
Vemag				
Scania Vabis L-71		360	540	720
International Harvester				
S-184		2,000	3,000	5,000
Total trucks	20,500	34,830	57,358	82,180
Jeeps				
Willys Overland	8,900	12,950	15,000	15,000
Vemag DKW	500	1,400	2,300	3,050
M.B.A. Rover		1,500	3,000	4,800
Toyota	600	1,820	3,180	4,500
Total jeeps	10,000	17,670	23,480	27,350
General Utility				
Ford—F-100	2,250	3,000	4,000	6,000
Chevrolet—3, 104		2,520	4,512	6,576
Vemag—DKW	500	1,100	1,200	1,200
Volkswagen Kombi	4,000	5,500	7,000	9,000
Willys—Rural Utility		4,410	10,464	10,944
Total utilities	6,750	16,530	27,176	33,720
Passenger Cars				
Vemag DKW	750	2,500	4,250	5,500
Fabral AR 102/B			3,900	6,000
Volkswagen		5,000	9,000	15,000
Romi BMW		1,400	2,800	4,300
N.S.U.		400	3,600	6,000
Mercedes-Benz		5,000	9,000	12,000
Simca		3,000	6,000	12,000
Borgward		1,500	3,500	5,000
Total cars	750	18,800	42,050	65,800
GRAND TOTAL	38,000	87,830	150,064	209,050

In order to reach the goals outlined above an investment of approximately $450 million will be required.

G.E.I.A. plans to follow the same procedure for the manufacture of parts. At present the number of manufacturers devoted, either wholly or partially, to the production of car parts is about 1,300. To attain the goal set for 1961, this segment of the industry will require a further investment of approximately $74 million.

Progress Apparent

Performance to date has not quite kept pace with the above plan. However, considering the fact that it practically takes an industrial revolution to establish a motor car industry in Brazil within five years, the record has been surprisingly good. Production has increased from 6,000 vehicles in 1956 to 33,000 in 1957. The latter are mainly trucks, jeeps and utility vehicles, with an average of 40 to 60 per cent locally produced components.

Production Is Varied

Total production for 1958 is hard to estimate, but it will probably be closer to President Kubitschek's forecast of 70,000 units than the G.E.I.A.'s production schedule of almost 90,000 units. The probable 1958 production will be broken down as follows: 30,000 lorries, 15,000 jeeps, 15,000 general utility and perhaps 10,000 cars.

Some of the authorized firms will make, or are already making, several types of vehicles. Mercedes-Benz is producing two types of lorries and a bus and is about to start making cars. Vemag, a former Studebaker-Packard outlet, is in the field with a station wagon, a jeep and a light motor car (all DKW under contract with the German Auto Union), and with a Scania Vabis lorry. General Motors is already producing a six-ton truck and has started with a Chevrolet utility. Ford, which last year built a six-ton lorry and a utility, is this year also making five-ton lorries. Ford and Chevrolet are reported to be examining the possibility of producing their cars in Brazil and Volkswagen is adding light cars to the already established production of "Kombi" utilities. Willys-Overland, Brazil's foremost jeep manufacturer, will also make a rural utility vehicle and may possibly start making Willys cars in place of the abandoned Chrysler project. Romi-Isetta, which has produced minicars since 1956, also plans to make BMW cars of Volkswagen size.

Firms known to be concentrating on one type of vehicle are the government-controlled Fabrica Nacional de Motores (FNM), which is making Alfa Romeo lorries under licence, International Harvester with a

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seven-ton lorry, Rover and Toyota with jeeps, Borgward, Simca and Alfa Romeo with medium-sized passenger cars, and N.S.U. with a minicar.

From the past record it appears this ambitious plan will be fulfilled, although the specific goals may not be reached on the given dates. The pent-up demand for lorries may keep prices firm throughout 1960, although the market for second-hand lorries may fall considerably. Competition among car producers will probably be keen and it is possible that some manufacturers will abandon a market in which the economies of mass production may not be realized—especially if exports to other Latin American markets prove impossible because of high Brazilian production costs.

However, many of the largest international companies in the motor vehicle industry are bringing in substantial quantities of capital and equipment to manufacture in Brazil. Most of these firms are locating around São Paulo which has a population of over three million. It appears that the future of the Brazilian automobile industry is assured—and São Paulo may well become the Detroit of South America.

PHARMACEUTICAL RAW MATERIALS

Markets in Asia I

HONG KONG—***Canadian exporters must be competitive to make inroads in this small but steady Asian market.***

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

THE pharmaceutical trade in Hong Kong is another example of the blending of Eastern and Western customs and practices, a process which goes on continually in the Colony. Here doctors trained in Western medicine work alongside Chinese practitioners, often prescribing a totally different medicine to treat the same complaint. Obviously, then, the imports of pharmaceutical raw materials must cater to a demand for a wide variety of medicines for local consumption and for re-export to other countries in Southeast Asia. Canada participates in this trade to a limited extent, shipping fairly large quantities of medicinal roots, herbs and barks, with lesser amounts of products of animal origin and chemicals for the pharmaceutical industry. The industry in Hong Kong seems to have an insatiable demand for some strange items such as cattle gallstones, wild or cultivated ginseng, cow bezoar and various animal glands.

Industry Imports Needs

An estimated 20 to 30 manufacturers produce medicinal preparations for local use and re-export, including substantial quantities of Chinese medicines in the form of household remedies, such as pills, ointments, cough syrups and stomach and headache tablets. The more specialized items are imported as packaged medicines or pharmaceutical preparations for sale.

Although statistics on the imports of pharmaceutical raw materials are not available, Hong Kong can be considered a small but steady market for such products. The Colony obtains the bulk of its raw materials for Chinese medicines from Southeast Asian countries and brings in most of its requirements for other types of medicine from the United Kingdom, the United States, West Germany, and Japan.

Canadian Sales Small

Canadian trade statistics show that although Canada's exports of medicinal roots, herbs and barks to the Colony are relatively small, Hong Kong takes a significant proportion of what is shipped.

CANADIAN EXPORTS OF MEDICINAL ROOTS, HERBS AND BARKS

(Canadian $)

	1956	1957
Exports to Hong Kong	154,858	296,713
Exports to all destinations	301,910	415,299
Percentage of Hong Kong sales to total sales	51.3%	71.4%

Cultivated ginseng root accounts for a major portion of our sales in the area and the demand for it here remains strong. Each year Hong Kong imports approximately Can.$4 million worth, mainly from the United

States, South Korea and Japan. Canadian exports of animal origin products and synthetic chemicals represent only a small share of the local industry's needs.

Canadian exporters should understand that it is the established trading companies rather than the manufacturers who import. This practice enables the factories to buy in small quantities for immediate delivery and this is a significant advantage in view of their small-scale and limited facilities. Importing firms must have licences to bring in their goods and these generally are granted only to those concerns registered with the Chief Pharmacist of the Hong Kong Government. Special licences are necessary to trade in penicillin products and preparations containing poisons. The Government also inspects and licenses factories in the Colony.

Raw materials enter Hong Kong free of duty and this means that Canadian shippers must be competitive with all other suppliers before attempting to participate in the market here. Duty is levied on proprietary medicines only. Companies who feel confident that their prices are acceptable should, in co-operation with the Trade Commissioner, appoint a sole agent to handle their line. Demand is not large, however, and there is no evidence to suggest that it will grow with unexpected rapidity. Furthermore, because the larger exporting companies maintain representatives or agents to promote their products on the spot, it is difficult to make inroads into this intensely competitive market. ●

PHILIPPINES—*Opportunities for Canadians to sell to independent laboratories are limited; dollar allocations small except to large foreign subsidiaries which sell surplus raw materials to independents for local currency.*

W. J. JENKINS, *Vice Consul and Assistant Trade Commissioner, Manila.*

THERE are about 20 drug-producing laboratories in the Philippines. More than half of them are subsidiary or associate companies of American or European firms and order their raw materials from parent companies. Most of the independent drug companies are small. There is no local chemical industry supplying the drugmakers and none is likely to develop immediately. Generally, the Philippine pharmaceutical industry largely carries on packaging.

Most Firms Foreign-Controlled

The following American and European companies are among those that have subsidiary or associate organizations in the Philippines: E. R. Squibb & Sons, Schering Corporation U.S., Muller & Phipps Manufacturing Corporation, Pfizer Corporation, Parke Davis & Co., Merck, Sharp & Dohme Inc., Winthrop-Stearns Inc., Warner-Chilcott Laboratories, Abbott Laboratories, and Merck & Company.

Drug producers in the Philippines depend entirely on imports for their raw materials. The technician shown here is at work in one of these plants—the Lexal Laboratories in Manila.

In addition, several independent laboratories are making some pharmaceuticals under licence for foreign companies.

Imports Vary

There are no statistics available that show the volume or value of Philippine imports of pharmaceutical chemicals, but the amount going to independent laboratories is small. Imports of all types of chemicals—including fertilizers, explosives, medicines, and chemical elements and compounds, as well as pharmaceutical chemicals—total about $40 million a year. The following pharmaceutical chemicals are among those imported: sulfathiazole USP powder, sulfadiazine USP powder, sulfaguanidine USP powder, sulfamerazine USP powder, sulfapyrazine, PAS sodium powder, isonicotinic acid hydrazide USP powder, ascorbic acid USP powder, calcium lactate USP powder, calcium gluconate USP powder (oral), magnesium sulfate USP crystals or powder, riboflavin, thiamine hydrochloride USP powder, calcium pantothenate, other vitamins mainly B12, penicillin G procaine, penicillin G potassium.

Herb imports are small and are probably limited to those coming from Hong Kong, primarily for the Chinese population in the Philippines.

A drawback for Canadian companies trying to enter this market is that one of the subsidiary laboratories here has a dollar allocation large enough to permit it to import more pharmaceutical chemicals than it needs for its own production. Consequently it is able to sell chemicals to the independent laboratories for Philippine pesos. This is a big advantage to the independents who have insufficient dollar allocations.

In addition, the independent companies buy through local representatives of foreign suppliers, usually on an indent basis. This means that the necessary dollars come from the manufacturer's allocation rather than from the importer's.

Duties Are Light

Practically all Philippine manufacturers of drugs have obtained tax exemption, so that the raw materials they import are not liable for customs duty. This puts Canadian exporters on an equal footing with United States suppliers, who normally enjoy a tariff preference.

If the importing company is not tax-exempt, the Philippine duty on most pharmaceutical chemicals is 10 per cent of the C.I.F. value. Similar chemicals of U.S. origin pay 2.5 per cent duty.

Canadian Sales Doubtful

Canadian chemicals can be sold here, but Canadian companies may have difficulty in interesting a Philippine importer in representing them at present. There are probably greater opportunities for Canadian companies in quoting directly to the parent companies than in trying to appoint a Philippine agent. ●

SINGAPORE OFFICE TERRITORY—

Governments carry on limited pharmaceutical manufacture, but buy raw materials largely from non-dollar sources.

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

SOUTH EAST ASIA, industrially undeveloped but densely populated, is an important and competitive market for manufactured pharmaceuticals. The majority, especially the more complex, are imported. There are no large commercial pharmaceutical manufacturers here, but the governments do simple manufacturing of tablets, injectables, ointments, transfusion and other solutions for use in hospitals and public dispensaries. Iodine, boric acid, zinc oxide, acetylsalicylic acid, quinine, dextrose, aminosalicylate, isoniazid, morphine, codeine, cod liver oil, insulin, vitamins, penicillin, carbolic acid and sulfas are imported in bulk for preparation, mixing and packing. T.A.B. and cholera vaccines are made locally.

A few medicinal roots are used in the Singapore and Malayan government laboratories. Gentian (500 pounds from Spain), ginger (1,000 pounds from Africa and Jamaica), and locally grown cephaelis ipecacuanha (650 pounds) are used each year. Some $120 thousand worth of corticosteroids, cortisone, hydrocortisone, prednisolone, and ACTH is imported, mainly from Denmark.

The Singapore and Malayan government pharmaceutical laboratories order raw materials usually through the Crown Agents in London, and prefer to buy in the sterling area to conserve dollars. If essential materials can be found only in the dollar area, however, direct import is permitted. All pure chemicals enter the Federation of Malaya and Singapore free of duty.

Popular proprietary medicines are made from simple materials by a Chinese company in Singapore. Acetylsalicylic acid, phenacetin and caffein, usually from Europe, camphor from Germany and peppermint oil from Japan are probably the most important raw materials. Wrapped in intricate traditional packages and well advertised, the company's products are famous throughout the Far East.

A reputable Hong Kong company has recently begun tableting, bottling and packing of their household remedies near Kuala Lumpur, Malaya, and an internationally known English pharmaceutical manufacturer is planning to set up a factory to package milk foods, glucose D, vitamins and various injectables and capsules. The uniform standard concentrates for both these factories will be imported, mainly from the United Kingdom. A Japanese manufacturer is currently reported to be examining the possibility of establishing a similar operation in Singapore.

Burma and Thailand

Burma, short of foreign exchange, operates a modern government laboratory in co-operation with an English company. Few purchases of pharmaceutical raw materials are made in the dollar area. Thailand's government factory is able to buy from any source, according to price. Most but not all pharmaceutical raw materials enter Thailand free of duty. Purchases are made through agencies in Rangoon and Bangkok respectively, usually by tender. Bangkok has two local manufacturers of simple headache tablets and they also purchase imported raw materials locally.

Although the operations of the government pharmaceutical laboratories are simple, great care is taken to ensure that products are uniform and, where necessary, sterile.

At the present time most raw materials are obtained from the United Kingdom, Germany, Italy, France and the Netherlands. There is no fine chemicals industry in this part of South East Asia. ●

The Netherlands Transit Trade

Dutch firms with long experience in transit trade may be able to help Canadian exporters who wish to use this method of selling, particularly to dollar-short countries.

B. HORTH,
Assistant Commercial Secretary, The Hague.

THE NETHERLANDS has long been known as one of the great transit-trading nations of the world. No separate figures are published giving the value of this trade but it is undoubtedly an important source of foreign currency for the Dutch business community. In 1957, for example, the gross weight of goods involved in Netherlands transit trade reached 54.5 million tons—almost 5 per cent over the previous year. Although this trade is directed to practically all parts of the world, nine western European countries, Morocco and North America took 77 per cent of it (by volume) and were the source of 91 per cent of the goods involved during 1957.

The United States was the most important single destination, taking 24 per cent of all goods passing through Holland in transit. West Germany ran a close second as a destination and was by far the most important supplier of goods (59 per cent) entering into Dutch transit trade. Canada supplied 52,000 tons of goods (including fresh apples, iron ore and cowhides) in 1957 and took over 1.9 million tons in return.

Holland in Strategic Position

Holland's position astride the Rhine and Meuse estuaries has probably been the most important factor in the development of this trade. But it is not the only one. The skills learned in handling what might be called "passive" transit trade have been extended so that today there is hardly one among the hundreds of Netherlands trading firms that is not prepared to assume the risks involved in active transit trade—that is, importing goods on its own account for shipment to third countries.

In passive trade, foreign currency is acquired through providing shipping, handling, storage and insurance services. The active transit trader makes additional profits on the transhipment of goods to third countries that often do not have the foreign currency on hand to make direct purchases from the country of origin. In 1957 slightly over 73 per cent of the Netherlands transit trade involved transhipment.

Firms Must Be Licensed

This brings in the Netherlands Bank. Under present arrangements, firms engaged in the financing of transit trade must obtain a licence from the Netherlands Bank. The Bank stipulates that convertible currency advanced must be paid back in three or six months, depending upon the size and standing of the firm. Some of these firms are very large and have affiliates and representatives in many parts of the world.

Although primary commodities such as grains, hides, coffee, cocoa and chemicals are the ones that figure most prominently in transit trade, many other goods such as tropical fruits, pulp and paper, machinery, textiles and even rags and old clothing also are included.

Canadian Firms Could Profit

Some Canadian firms have been taking advantage of the services offered by Dutch transit traders or their counterparts in Switzerland and elsewhere, but there are undoubtedly others which have not given thought to this method of increasing their exports, especially to dollar-short countries.

With experience, techniques and contacts acquired through centuries of trading in the Far East and elsewhere, Dutch firms have little to learn about the transaction of trading deals of this kind. A few of the larger Dutch firms have branches or connections in Canada and the United States but most of them operate entirely from Rotterdam or Amsterdam. The office of the Commercial Counsellor, Canadian Embassy, The Hague, has compiled a list of the most important Netherlands organizations and the products in which they specialize. It invites inquiries from Canadian exporters interested in exploring the possibilities of expanding their business with the aid of these Dutch firms. •

The Trade Commissioner in Karachi recently visited Afghanistan to assess its possibilities as a market and examine its development. Here is his report on a little known country.

AFGHANISTAN

HARRY J. HORNE,
Commercial Secretary, Karachi.

A visitor to Afghanistan, an under-developed land in the heart of Asia, is at once struck by its rugged beauty, refreshing climate and the friendliness of its poor but hospitable people. It covers an area of about a quarter-million square miles, or only slightly less than Saskatchewan, and is bounded on the west by Iran, on the east and south by Pakistan, and on the north by Russia and China. The ten million population is broken into and reflects distinctly the various racial groups in areas bordering the country; each group has its own language and customs.

Nearly 75 per cent of Afghanistan is mountainous; the chief mountain range, that historic barrier, the Hindu Kush, cuts off the relatively rich northern provinces which contain three-quarters of the total arable area. In these provinces a large part of the country's food-grains, principally wheat, is grown and the famous karakul sheep graze. Most of the southern area is scrub desert suitable only for seasonal grazing. There are exceptions, such as the Helmand Valley where a huge reclamation and resettlement project is under way with U.S. aid.

Agriculture Is Mainstay

About 70 per cent of the people are engaged in farming. Although they are hampered by an uncertain rainfall and primitive agricultural equipment and methods, they produce in an average year about 2 million tons of wheat, 500 thousand tons of rice, 250 thousand tons of corn and 250 thousand tons of assorted grains, enough to make the country self-sufficient in foodstuffs. Wheat, ground and made into an unleavened bread, is the staple diet, supplemented by domestic fruits and vegetables, some of which are also exported. Livestock are grazed over the vast, sparsely vegetated areas; sheep are the most important, both for wool and karakul skins. Some two million of these valuable skins are exported every year and they are the country's largest dollar earner. Other animals raised include goats, cattle, oxen, camels, horses, donkeys and fowl.

Industry and Resources

The small amount of industrial development is confined in the main to primary textiles and domestic textile production is estimated to meet about 25 per cent of the demand. This percentage will increase upon the completion of an ultra-modern 1,200-loom cotton mill being built at Gulbahar by German technicians. It will run on power from the Sarobi hydro-electric project, a model station (also built by the Germans) that generates 22,000 kv. and supplies power to Kabul as well.

No over-all or thorough survey of the natural resources of the country has been made. From limited exploration and surface outcroppings, it is evident that there are significant deposits of various minerals. Coal is being mined on a small scale from apparently large deposits. Preliminary surveys indicate the presence of petroleum, more strongly in the north but also in the south. There is a fairly good waterpower potential.

Transportation Is Poor

The lack of adequate transportation facilities has been as big a handicap to Afghanistan's progress as the climate and its isolated position. There are no railways and, with the exception of a small amount of air travel to Kabul and Kandahar, the chief commercial centres, all movement is by road. Although some 5,000 miles of road are classified as "motorable", this term, from my personal experience, I would change to "passable during certain periods of the year". Road improvement is given major emphasis in various aid and development schemes and the United States is sponsoring a badly needed vehicle-maintenance centre. The government motor monoply which controls all imports of vehicles has standardized on a limited number of brands of U.S., Czech and Russian trucks. Although the U.S. trucks are reasonably satisfactory, the others do not seem to be built or powered heavily enough to stand up under the triangular pressure of poor roads, overloading, and the generaly inadequate vehicle maintenance.

Because Afghanistan is landlocked, all seaborne freight going into or coming out of the country must pass through Karachi. The Pakistan railway from Karachi terminates before reaching the border and this makes customs and bonding procedures tedious and difficult. A Pakistan-Afghan Transit Trade Agreement just signed has eased many of the problems in the movement of goods. Another major step forward is forecast by the recent offer of assistance by ICA to improve Pakistan rail facilities and extend the present railheads into Afghanistan. This will simplify customs operations and speed up the handling of shipments in transit.

. . . a Business View

With a per capita income estimated at less than $40 per year, there is a pressing need for progress. Economic development has been slow but during recent years, with outside help, the pace has been quickening. An interesting feature of foreign aid is that both East and West are helping. Russia has given a $100 million credit at 2 per cent interest repayable over 30 years and United States aid approximates this amount with $50 million earmarked for the Helmand Valley project, $15 million for civil aviation, and an ambitious program of roadbuilding, commodity and technical assistance. Czechoslovakia, China, Poland and Germany are also helping in various ways.

A Five Year Plan was adopted in 1956. It emphasizes agricultural development, transportation and communications, community improvement, exploitation of natural resources and the setting-up of new factories. It is reviewed annually and the rate of investment is adjusted to available resources. Many industrial and commercial projects are financed by the Afghan National Bank and its subsidiary operating companies.

Government monopolies play a large part in the country's trade and development. They control the import of all motor vehicles, the import and export of petrol, the import and sale of sugar, the import of tobacco and cigarettes, and the most important dollar-earner, the export of karakul skins. These monopolies get preferred exchange rates, are not required to obtain an import licence, and do not pay customs duties. All earnings accrue to the State.

Purchasing on Government Account

Although there are no quantitative import restrictions, the bulk of all purchasing is done by, or on behalf of, government agencies, as they either can purchase more favourably or have exclusive monopoly rights, or both. This limits straight commercial transactions chiefly to consumer goods for which there is only a small market. Normal commercial dealings are difficult in Afghanistan. It is practically impossible to open a letter of credit, adequate warehousing and freight forwarding facilities are limited, and the shortage of good agents is so acute that reliable ones are swamped with offers.

Trade is further complicated by multiple exchange rates. The official basic rate of Afghanis 20.25 equal U.S. $1 is used for government imports and 32.35 Afghanis equal U.S. $1 for supplies for development schemes. To obtain these rates of exchange import licences are required. All other goods may be imported freely because there are no quantitative import restrictions or dollar-area discrimination. However, exchange to pay for such imports must be bought in the free market. The free rate currently varies between 50 to 60 Afghanis equal U.S. $1.

Afghanistan has a single-column tariff, assessing duties ad valorem and usually based on fixed values for most articles. As well, some items are subject to surtaxes and others to a type of sales tax. The exchange rates for exports are most complex, starting with Afghanis 21.60 equal U.S. $1 for proceeds from karakul exports, with more favourable rates for exports of cotton and wool (26.40), sesame (42.40), sheepskins and goatskins (45.60), carpets and flaxseed (48.40), up to 48.80 for casings. These rates vary somewhat with the free rate and the above have been calculated on a free-rate basis of 52.00 equal US$1.

Buying and Selling

There are no up-to-date statistics on trade and the best available indicator is the Pakistan "in transit" record of goods handled for Afghanistan. The 1957 figures show imports for Afghanistan totalled $21 million. The principal categories were textiles $8.3 million, vehicles $2.1 million, machinery including parts $1.9 million, mineral oils $1.6 million, instruments including electrical $1.5 million, rubber manufactures $1.2 million, metals and manufactures, tin, building and engineering materials, hardware and cutlery, and paper and stationery. Exports for the same period totalled $23 million, principally agricultural products (fruits and vegetables $9.2 million and raw hides and skins $7.4 million), woollen manufactures including carpets $4 million, drugs and medicines $1.5 million, raw wool, raw cotton and seeds.

Canada's trade with Afghanistan is minute; exports in 1957 totalled only $88,000, principally radio wireless apparatus. There were no imports from Afghanistan into Canada in 1957. Possible imports are walnuts, pistachios, currants and handwoven carpets.

At present and probably for some time to come Afghanistan will present only a limited market for Canadian products. Exporters interested in small-volume business who wish to examine the prospects for specific products should write to the Commercial Secretary, High Commission of Canada, Karachi. ●

Commodity Notes

Agricultural Machinery

NORWAY—Norwegian producers of agricultural machinery are developing an extensive foreign market, particularly for tractor ploughs. The value of exports has risen from Kr.153 thousand in 1953 to Kr.3.7 million in 1957. During the first half of 1958 foreign sales totalled Kr.3.4 million, nearly as much as in the whole of last year. The bulk of these exports go to Finland and Sweden, though smaller amounts are also sold to other countries, such as the United Kingdom and New Zealand—Oslo.

Aluminum Alloy

AUSTRIA—The Austrian Foundry Institute in Leoben has developed a new aluminum alloy that is said to have very high stress points, particularly in drawing, bending and stretching. A number of foreign firms are reportedly interested in production rights—Vienna.

Asbestos Pipelines

FRANCE—Russian trade journals report that asbestos cement pipes for natural gas pipelines are being used in the petroleum fields in Bachkirie in the southern Urals. The first experimental pipeline, some 18 miles long, connects the Vegonovsk gasfields with the city of Salavata. The pipes are said to be fireproof, corrosion-proof, and to last longer than other types. In addition, their lightness eases transport over rough terrain—Paris.

Automobiles

RHODESIA—The British Motor Corporation, comprising the Austin Motor Company and the Nuffield Group, will build an assembly plant (the Federation's first) in Southern Rhodesia. B.M.C. makes Austin, Morris, Wolseley, M.G. and Riley cars, Austin, Morris and B.M.C. trucks, and Nuffield tractors. The corporation's sales to the Federation totalled more than £2½ million last year—Salisbury.

Beef

UNITED KINGDOM—The first shipment of 200 tons of beef arrived from Bechuanaland on October 20 and the quality of the carcasses and their dressing received favourable comment. The only criticism was that the carcasses were too lean, though there is a growing preference in Britain for lean meat. Future shipments depend on the availability of shipping space which, at certain times of the year, is needed entirely for fruit—London.

Car Batteries

CEYLON—The Ministry of Industries has decided to set up a factory to make car batteries. The project, which may be either partly private or wholly state-owned, will be designed to meet the full Ceylonese requirements. The Ministry has obtained the services of a Chinese expert to make the preliminary investigations. Japanese interests have also offered technical and financial assistance and the offer is being examined. Ceylon uses about 32,000 car batteries a year, at a cost of about Can.$400 thousand. An initial production target of 25,000 is estimated, to be increased in a short time to meet total needs. Principal sources of supply at present are the United Kingdom, Germany, Japan and Australia—Colombo.

Chemicals

UNITED STATES—Shell Chemical Company, a subsidiary of Shell Oil, has awarded contracts for $10 million in new facilities to make glycerine and acrolein at its Norco plant. The new equipment will have a production capacity of 35 million pounds of glycerine a year, plus substantial amounts of acrolein. The glycerine will be produced by a new Shell-developed process using acrolein and hydrogen peroxide. A hydrogen peroxide unit was completed at the plant earlier this year—New Orleans.

Citrus Fruit

ISRAEL—Israel hopes to export a record nine million cases of citrus fruit in the 1958-59 season; less than eight million were sold during the previous year. Exports include oranges, dates, grapefruit and lemons. The United Kingdom and other West European countries are the main markets. Some 3.25 million cases have been allocated for the U.K. and

50,000 for Canada. Last season 56,000 cases of oranges and mandarins valued at $277 thousand were shipped to Canada, compared with 9,000 cases in 1956-57. Citrus fruit is Israel's most important foreign exchange earner; because prices were good, last season's shipments brought $50 million—Athens.

Copper Concentrate

IRELAND—St. Patrick's Copper Mines Ltd., an Irish-Canadian enterprise in the Vale of Avoca, began producing copper concentrate in commercial quantities on October 15, 1958. The company has mineral rights covering 6,745 acres, surface rights of 169 acres and prospecting rights of over 40 square miles. It is the largest copper mine in Europe with an estimated production of 12,000 tons a year. Some £3 million has been spent on the development. The mill, which concentrates ore by the flotation process, will produce 160 tons of copper concentrate a day and 300 to 400 tons of iron pyrites concentrate. The copper and iron pyrites concentrates will be exported through the port of Arklow—Dublin.

Flour

VENEZUELA—On October 25 another flour mill, Molinos Nacionales C.A., was officially opened at Puerto Cabello. The five-million-dollar mill, in which a Canadian firm holds interests, has a daily production capacity of 4,100 bags, though its present output is 3,500 bags a day. A considerable amount of Canadian wheat is being used—Caracas.

Milk

UNITED KINGDOM—Milk production in England and Wales in September reached 135 million gallons, 4 per cent less than in the same month last year; production in August totalled 144 million gallons. Milk sold for liquid consumption rose to 112.7 million gallons in September, compared with 109 million in the previous month. Because of falling production and increasing consumption, milk sold for manufacturing purposes fell in September to 22 million gallons, compared with 35 million in August. In September last year 30 million gallons were sold for manufacturing—London.

Oil

SOUTH AFRICA—The South African Government's oil-from-coal plant, SASOL, has increased its output from 30 per cent of capacity to 50 per cent over the past year, and expects to be in full production (66 million gallons a year) by 1960. Gasoline output reached nearly two million gallons in May of 1958 and byproducts, including diesel oil, are also being turned out in quantity. The management forecasts that the plant's byproducts will eventually make SASOL the largest chemical producer in the Southern Hemisphere—Johannesburg.

Oil, Natural Gas

PAKISTAN—Eight foreign oil companies are looking for oil in Pakistan in co-operation with Pakistani capital. During the first half of 1958, almost one million barrels of crude were produced.

Sales of natural gas in Pakistan rose to over 10.8 billion cubic feet against 7·8 billion cubic feet in the preceding year. The Government is encouraging industrialists to use natural gas in order to save foreign exchange spent on fuel oils and coal. Savings last year were estimated at Rs.20 million (Rs.4.9 =Can.$1.00)—Karachi.

Paper

SWEDEN—Swedish paper exports have fallen by about 10 per cent so far this year; they totalled 513 thousand tons against 563 thousand for the same period last year. The greatest reduction was in exports to France. In the United Kingdom, sharp increases in domestic production have cut into purchases from Sweden. British imports of kraft paper have fallen to 33,000 tons from 40,000 in the same period last year, and purchases of newsprint paper to only 10,000 tons; the latter is probably due to consumption from stock. Exports to India have fallen off to a fraction and sales to South Africa have declined. On the other hand, West Germany has imported more—Stockholm.

Trade Commissioner on Tour

The following officer of the Trade Commissioner Service is on tour in Canada. His itinerary is:

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong:

Winnipeg—Jan. 5-6 Vancouver—Jan. 8-21

When he completes his tour Mr. Forsyth-Smith will return to his post in Hong Kong.

Businessmen who wish to see this officer should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

TV Takes Hold in Australia

Australian manufacturers meet much of the heavy demand for TV sets and equipment, and until import controls on manufactures from dollar countries are eased, Canadian suppliers may find it difficult to cash in on the buying boom.

J. C. BRITTON, *Commercial Counsellor, Sydney.*

TELEVISION in Australia is now a booming business; its development has been spectacular. The first station began to operate 22 months ago, on the eve of the Olympic Games at Melbourne. Now the number of registered TV sets has reached about 300 thousand and some 10,000 new ones are being sold every week. The demand for programs has yielded the customary batch of westerns, whodunits, and movies from the earlier days of film. Advertisers have been quick to exploit the new medium, as they have elsewhere. Radio remains popular but it is apparent from diminishing movie audiences, particularly in the state capitals where television is established, that TV is beginning to have an adverse effect on the motion picture industry.

More Stations Planned

TV's excellent coverage of the Olympic Games two years ago assured its popularity with sports-loving Australians. After this success, demands for television stations from state capitals other than Melbourne and Sydney began almost immediately and have continued uninterruptedly ever since. The Australian Broadcasting Commission announced in Canberra in July that plans have been completed to establish stations costing a total of £A2.5 million in Brisbane, Adelaide, Hobart and Perth in less than two years. The Commission has set November 1959 as the target date for the opening of the station in Brisbane, February 1960 for Adelaide, March 1960 for Perth, and May of the same year for Hobart.

The Federal Government has not yet allocated licences for commercial stations in Brisbane and Adelaide and inquiries into the granting of commercial stations in Hobart and Perth have not yet been heard. It is expected that licences for commercial stations in the state capitals will be approved, because there are already two such stations in both Sydney and Melbourne.

The Australian Broadcasting Commission is currently operating non-advertising stations in Sydney and Melbourne. The program standard is generally good and as television develops, more and more opportunities are being offered to local talent. Some very good live telecasts are being made and commercial stations are producing programs of about 60 per cent Australian content. The stations are also beginning to telecast visiting artists and celebrities. Television has not yet been used in Federal or State Parliaments, though Federal debates have been broadcast for many years.

The popular use of TV for entertainment does not obscure its educational value: apart from the usual lighter shows, informative and instructive programs are continually being screened. National leaders in the political, educational and religious fields are frequently brought into the homes of viewers, operating techniques have been demonstrated by eminent visiting surgeons in a Sydney hospital, and children's sessions are a daily event.

An increasingly important use of television is in commerce and industry. Already one of the large Melbourne banks is employing closed-circuit television to increase its efficiency in checking signatures. A large steel rolling mill at Port Kembla uses closed-circuit television in its steel-rolling process, increasing both safety and efficiency.

Imports Decline

Australia is now manufacturing all the components for black and white television (commercial coloured television is not likely to be operating for some time). A limited number of sets were imported, principally from the United Kingdom and Germany, when television first started but as the industry expands these imports are steadily declining. Television viewing tubes continue to be bought abroad but as domestic supplies are becoming available, purchases are much smaller. Sets in Australia are made to operate at 240 volts, 50 cycles, and consequently any bought from North America have to be adjusted. However, the restrictions on dollar expenditures and the theoretical prohibition on imports of manufactured goods from countries such as Canada and the United States are so far an effective barrier to such imports. The regulations covering the import of programs have been liberalized to the extent that television stations in both Sydney and Melbourne are permitted to buy a variety of program material—such as westerns, documentaries, dramas, etc.—within an over-all quota from dollar countries.

The following table shows Australian imports of television sets, cameras and viewing tubes in the fiscal year 1956-57:

IMPORTS 1956-57

	No.	A£
Television sets		
United Kingdom	5,048	169,842
Other Commonwealth countries	6	395
West Germany	1,323	41,326
Other countries	116	2,193
Total	6,493	213,756
Television cameras		
United Kingdom	....	24,377
West Germany	....	37,756
Netherlands	....	8,880
United States	....	42,020
Total		51,590
Viewing tubes		
United Kingdom	33,783	472,214
Canada	2	18
West Germany	3,362	36,011
Netherlands	29,206	343,245
United States	69,170	592,448
Other countries	5	198
Total	135,528	1,444,134*

* includes parts, £334,174.

A typical 21" table-model television set in Australia costs about A£220, plus approximately £20 for an antenna. This same model may be bought in instalments for a 10 per cent deposit, monthly payments of £6.10.0 for four years, and insurance of £5 a year. Production statistics show the trend towards larger screens: from June 1956 to June 1958, sets with screens 17 inches and under totalled 159,877, and over 17 inches, 251,804.

Television is now one of Australia's most important industries: there are more than 20 firms manufacturing complete sets and about 28 making component parts. The picture on these sets is reputedly clearer than it is elsewhere in the world and it certainly has reached a high standard; manufacturers have obviously profited from experience gained in North America and Europe.

Other Industries Affected

The impact that television has had on advertising, movies, and the living habits of Australians will be understood by televiewers in North America, though it cannot be said to have noticeably disrupted normal social, cultural, trading and business habits. Some industries, however, have had to adjust their organizations, often to advantage. Such is the case with the furniture and cabinet makers.

In Sydney, sales, particularly of lounge-room furnishings, are spiralling. Furniture sales were 4.2 per cent higher in March 1958 than they were in March 1957. The emphasis is on lightweight durable furniture and competition is keen. This is not the only benefit to the industry: it is making a high proportion of the television cabinets sold in Australia, a practice somewhat different from certain overseas countries such as the United Kingdom, where the electrical industry makes most of its own cabinets. Some of the larger Australian TV manufacturers turn out cabinets but most of them are produced by the furniture trade.

The Tariff Board has recently begun hearings on furniture, television and radio cabinets and it is also examining the effects on the industry of the Japanese trade agreement. The percentage of advertisers' appropriations now diverted to television is increasing and advertisers in the national retail field are transferring the weight of their advertising from afternoon to morning papers, or to television. The new medium has been taken in stride and it is expected that the industry will continue its meteoric expansion in the next few years.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Indonesia, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Europe and Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

New Zealand Tightens Import Controls

Mounting deficit has forced New Zealand to cut down on imports. Changes in licensing regulations will affect Canadian sales in various ways, as this explanation of the new controls makes clear.

JOHN MACNAUGHT,
Assistant Commercial Secretary, Wellington.

FURTHER cuts in imports and important changes in the system of licensing are provided for in New Zealand's Import Licensing Schedule for 1959. The Government has not indicated how much total import spending is to be reduced, but the value of goods imported in 1959 will certainly be substantially below 1958. Export earnings have not recovered from the low of recent months and this has aggravated a serious balance-of-payments deficit. This year New Zealand has been forced to borrow £54.4 million in foreign markets and some further borrowing will be necessary in 1959. Canadian exports to New Zealand, which totalled $17 million in 1957 and $10 million in the first eight months of 1958, will be affected by the new restrictions. However, the New Zealand Government states that no greater cuts will be applied to dollar goods than to all other goods.

Global List Extended

Although most of Canada's principal exports are affected by the intensified controls, the 1959 import policy has one bright feature—it contains provisions for global quotas on a longer list of commodities. Up to the present, licences have not been issued for imports of certain goods from dollar sources and where, in other cases, licences were issued, the treatment was not as liberal as that given to other suppliers. With the exception of a reserve list of about 40 main categories of commodities, an importer may now use licences he receives for goods for which an allocation is provided to buy in the best market. This move is in keeping with the sterling-area policy of lessening dollar discrimination. No doubt the possible further development of markets in North America for New Zealand's chief exports also had a bearing on the decision to relax discrimination.

In 1959, Canadian suppliers of goods on the global list will be on an equal footing with all countries as far as import control is concerned and may compete freely for the limited value of licences and exchange allocation. By permitting greater diversification of our exports, this move should work to reduce the impact of the tighter controls on other goods.

The immediate benefits of this ruling, however, may be more apparent than real. One must keep in mind two factors. First, although global licences are to be issued, the quotas for many of the goods on the world list are small and in some cases unknown—that is, applications are to be considered on individual merit. Competition from Continental and United States suppliers for the available allocation will be stiff. The second factor is that a number of items now eligible for global licences were previously on our dollar list. Where licences were granted on the same basis as for non-dollar suppliers, our position is not greatly altered. In addition, many items which were not on the dollar list before but which are now global are of relatively minor interest to Canada, because of adverse competitive conditions or our inability to supply these commodities. However, some new business should develop and among the goods of possible interest to us are metallic elements, some agricultural machinery, adding and computing machines, typewriters, weed killers, elasticized fabrics, dry paints and colours, manila envelope paper and cutlery.

Some Main Exports Excluded

Canadian exporters will welcome provision for global licences as a major step in reducing discrimination against dollar goods, but it is unfortunate that the list of items excluded from world availability includes all our chief exports. Commodities covered by the reserve list called the "M" list contributed over 45 per cent of the value of our exports to New Zealand in 1957 and these are naturally the goods in which we are most competitive. Among the chief commodities affected are canned fish, newsprint, fine paper, lumber and automobiles. Canned fish including salmon will get licences to the value of 75 per cent of 1958 licences issued for imports from Canada. The specific provision for newsprint is not indicated but significant cuts will be made. (The rapidly developing domestic newsprint industry is also beginning to meet New Zealand's needs, thus reducing imports.) Fine papers have been cut to 80 per cent of 1958 licences for paper from Canada. The reduced allocations for lumber and automobiles are not yet known.

The system of allocating exchange, however, is non-discriminatory and the basic percentage allocation for these goods and others on the "M" list from dollar sources is the same as for non-dollar imports. The essential feature is that a licence is not issued for use in any country but must be used only for imports from the dollar country specified on it or from a non-dollar source.

Other main features of the 1959 Licensing Schedule are:

- The abolition of the "A" category of the 1958 Schedule which permitted licences to be granted up to the value applied for. It has been replaced by a quota system on a percentage basis, related in most cases to 1957 imports. Most quotas are relatively generous and affect such Canadian goods as various chemicals, certain metals, plastic moulding powders, hat hoods, yarns, ball-bearings and sparkplugs. Trading adjustments will not be severe.

- The provision of a "C" category to cover items applications for which will be considered individually; no specific basic provision is made. Any licence issued may be used anywhere.

- The maintenance of a "D" category that, as in past years, is included to cover items for which allocation will be made only under exceptional circumstances.

Trade and Tariff Regulations

Germany

ADDITIONAL DOLLAR IMPORTS LIBERALIZED—The Government of the Federal Republic of Germany has announced a decision to liberalize additional imports from Canada and other dollar countries, effective November 9, 1958. Liberalized products are admitted into Germany without an import licence and free from quantitative restrictions. The new liberalization affects a number of goods which are of interest to Canadian exporters, including the following:

> Industrial oleic and stearic acid; carbon black; sheep, lamb, goat, and kidskin leather for leather clothing (except glove leather); various pulp and paper products; unwrought silver and silver alloys; unwrought platinum and platinum alloys; certain nickel manufactures; radio navigational aid apparatus, radar apparatus and radio remote apparatus; certain toys and working models, of a kind used for recreational purposes, of rubber.

A few items which were previously partly liberalized have now been fully liberalized, including various manufactures of high carbon steel and alloy steel, and receiving, amplifying, tuning, small rectifying and small transmitting tubes.

Information concerning particular commodities in the German list of liberalized dollar imports may be obtained from the International Trade Relations Branch of the Department.

India

CONTROLS ON TRANSHIPMENT OF FIREARMS—The Ministry of External Affairs of India has just advised that the Government of India has decided to waive the requirements of the rule that foreign ships carrying arms and ammunition to foreign ports in transit through Indian waters should obtain import and export licences. Amendment has in this sense been made in the Indian Arms Rules 1951, but this will not exempt foreign ships from observing the international practice of declaring in the manifest all items of cargo on board.

The Government of India may also declare some foreign ports ineligible for the benefit under the present exemption.

Ireland

NEW WHEAT DUTY—The Government of the Republic of Ireland under Imposition of Duties (No. 49) (Wheat) Order, 1958 has imposed a customs import duty of £2 per ton (2,240 lb.) on wheat imported on and from November 15, 1958. In the press notice issued, this imposition of duty is described as a temporary equalization levy on imported wheat, the proceeds of which will be used to meet the cost of the additional relief to growers and to supplement the funds of An Bord Grain. The contribution to An Bord Grain, together with the proceeds of the levy of 5/9d. a barrel on wheat delivered by farmers, will not suffice to meet the losses of the Board on the disposal of the sound wheat for feed, and the remainder of such losses, at present estimated at some hundreds of thousands of pounds, will have to be borne by the Exchequer. (An Bord Grain was recently set up by the Government to administer the sale and handling of native-grown wheat.)

Because this season's wheat crop has fallen in quality very much below the standard expected, large imports of wheat will have to be made. It is expected that these imports will amount to approximately 300 thousand tons at a cost in the vicinity of £7 million. Because imported wheat is very much cheaper than domestically grown wheat and despite the £2 per ton duty, it is proposed that a reduction of ½d. in the price of a four-pound loaf, with corresponding reduction in the price of retail flour, can consequently be made—Dublin.

South Africa

IMPORT PERMITS FOR 1959—The Union Government has just gazetted the program for issuing import licences during 1959 and it follows in general the pattern set for 1958. In announcing the policy, the Minister of Economic Affairs stated that although the country's foreign exchange position shows steady improvement, the reserves are not yet sufficiently high to justify any further relaxation of control. It is intended that,

(a) industry shall continue to get its full reasonable requirements of imported machinery and raw materials but the availability of such materials from local sources will be taken into account,

(b) consumer goods will remain under quota, and

(c) motor vehicle permits will continue on the basis of the replacement of retail sales (excluding passenger cars valued over $2,240).

Before the end of the year, initial permits will be issued automatically to registered importers, based on the value of their 1958 licences, with 33⅓ per cent for importers of raw materials and machinery and 25 per cent to 50 per cent for importers of consumer goods, depending on the commodity. The second round of permits is to be issued in March 1959.

Details concerning licensing treatment to be accorded to specific commodities may be obtained from the International Trade Relations Branch.

Trinidad

IMPORT CONTROL NOTICE—The Control Authority, Trinidad, advised importers on November 22 that no further licences will be issued for the import of goods for 1958, except in special circumstances.

All goods subject to import quotas which arrive in the Colony after December 31, 1958, or which are paid for after that date, will count against quotas for 1959, notwithstanding the fact that such goods may have been ordered against 1958 quotas.

Importers are therefore advised to reserve a sufficient portion of their 1959 quotas to cover expected arrivals or payments in 1959 against 1958 licences.

With respect to allocations under the Token Imports Scheme, the issue of licences against 1958 quotas will be continued up to December 31, 1958, but these licences will be valid for arrival of goods in the Colony not later than March 31, 1959.

United States

"ESCAPE CLAUSE" APPLICATION DISMISSED BY TARIFF COMMISSION—On November 28, 1958, the Tariff Commission dismissed, on jurisdictional grounds, an application for an "escape clause" investigation on barbed wire, filed by the Atlantic Steel Company, Atlanta, Georgia, and others. In this case the Commission was confronted with a question of whether the "escape clause" protective principle prevailed over an historic policy of Congress to admit barbed wire free of import restrictions for the special and particular purpose of benefiting the American farmer. The Commission held that the policy of Congress with respect to barbed wire, which was established in 1913, precludes the application of the "escape clause" procedure to barbed wire in the absence of a clear expression from Congress of a contrary intent.

Venezuela

NEW TARIFF NOMENCLATURE ADOPTED—Effective January 1, 1959, the nomenclature of a new Venezuelan Customs Tariff will come into force. Exporters to Venezuela should use this nomenclature in the preparation of consular invoices for shipments because the Venezuelan Customs law requires that merchandise should be described in Spanish in the same terms as those indicated in the Customs Tariff Law. (The description to be used should be available from the Venezuelan agent or importer concerned.) If the precise description under the new nomenclature is not obtainable, a transition period of a few months may be granted, during which both the new and the old nomenclature will be acceptable to the Venezuelan Customs authorities. In all cases, Canadian exporters should be extremely careful in preparing documents for shipment to Venezuela. Failure to comply with Venezuelan Customs and consular regulations will result in fines.

Complete information on the new nomenclature is expected to be available shortly from the International Trade Relations Branch of the Department.

General Notes

Australia

TELEPRINTER SERVICE INSTALLED—The Overseas Telecommunications Commission has installed equipment for teleprinter service between Australia and overseas countries as follows: to Vancouver, for calls throughout Canada; to San Francisco, for the United States, Honolulu, Puerto Rico, Argentina and Brazil; to London, for the United Kingdom, Europe and South Africa, and to Osaka, for Japan. Also planned is a service through Colombo for connections in Ceylon, India and Pakistan—Melbourne.

Ceylon

GIANT MULTI-PURPOSE SCHEME—The Government has initiated work on a giant multi-purpose project for the development of the Mahaveli Ganga basin. This is the biggest river in Ceylon and is about 210 miles long. The project when completed is expected to irrigate 400 thousand acres, settle 100 thousand families, provide work for nearly one million people in subsidiary fields of employment and generate 200 thousand kilowatts of power. The main investigations for the project are being handled by a team of American engineers. The cost of the investigations alone is estimated at Rs. 6 million (Can. $1.2 million) and the entire development scheme is expected to cost over Rs. 1,000 million (Can. $200 million). The Government is seeking foreign aid to meet the major part of the cost because of the magnitude of the undertaking; it has decided that all of the investigations and possibly the entire construction program will be carried out by foreign agencies. Despite the considerable demand on its financial resources, it is felt that the scheme will benefit Ceylon out of all proportion to its cost—Colombo.

India

ATOMIC POWER STATION—The Government of India has decided to establish a 250-megawatt plant 60 miles west of Ahmedabad in Bombay State. Work on the Rs.400 million project will start in 1959 and the plant is expected to begin operating seven years later. Besides generating power for industry, the plant will produce "concentrated fissionable material of plutonium" required by more advanced power stations to be built under the Atomic Energy Commission's 15-year program—Bombay.

Netherlands

CAUSE OF RED HERRING DISCOVERED—The Fishery Research Institute at Ymuiden has discovered the cause of the chemical reaction which reddens the brine, fins and meat of herring lots. The colour is caused by minute quantities of sodium nitrite in the brine, a few thousands of a per cent of which is enough to change a barrel of pickled herring into red herring. Such minute quantities are harmless to humans; the permissible sodium nitrite content in certain meats is many times higher.

Foreign fishing fleets have known red herring for decades. In 1900, the phenomenon was reported for the first time but then it was attributed to bacteria. In 1951, the Fishery Research Institute at Ymuiden began its research and was assisted by operators of fishing vessels, fish dealers and the Netherlands Herring Inspection Service who supplied samples of red herring—The Hague.

Northern Ireland

EXTERNAL TRADE IN 1957—Northern Ireland's external trade in 1957 reached a record £616 million, £41 million more than in 1956. Exports increased by £24 million to £297.9 million and imports rose by £18 million to £318.4 million. Her adverse trade balance fell by a little over £6 million to £20.5 million.

Imports of manufactured goods were valued at £183 million, an increase of £13 million over the previous year. Food, drink and tobacco showed little change at £80 million, but imports of animal feedstuffs decreased by £1.1 million (bran and pollards from £3 million in 1956 to £2.3 million in 1957). Imports of wood and timber slumped from £4 million to £3 million—hewn and sawn hardwood from £458 thousand to £302 thousand, and softwoods from £3.2 million to £2.5 million. The falling-off in these commodities accounts in part for the 1957 reduction in the value of direct seaborne imports from Canada, which totalled £9.4 million against £12.7 million in 1956.

The principal supplying countries (apart from Britain and Ireland) in 1957 were: United States £12 million, Canada £9.4 million, Belgium £4.2 million, France £2.8 million, Australia £2.7 million and Rhodesia and Nyasaland £2.7 million.

Exports included livestock, eggs, machinery, cotton goods, linen and rayon goods, condensed and dried milk, and footwear and apparel—Belfast.

Pakistan

NEW FERTILIZER PLANT—Construction has begun on a new fertilizer factory at Multan in West Pakistan. It is expected to cost roughly $32 million and is being built by the Pakistan Industrial Development Corporation in co-operation with a group of French firms who have undertaken the project on a turnkey basis. The agreement provides for deferred payment of approximately 75 per cent of the total cost. The factory will use natural gas from the rich Sui field and is expected to produce 103 thousand tons of ammonium nitrate and 59,200 tons of urea by the end of 1960—Karachi.

Rhodesia and Nyasaland

FOREIGN TRADE—For the fifth successive month, the value of imports into the Federation of Rhodesia and Nyasaland declined from the previous month. August imports totalled £12.9 million compared with £13.2 million in July. The value of exports also declined, though this is a common seasonal trend. Exports, including gold, were valued at £13.6 million in August, giving a favourable balance of £700 thousand. In July and August 1957, the visible trade gap started to widen and credit restrictions were imposed in January 1958. In the first eight months of the year the Federation's imports reached £103.4 million and its adverse trade balance £7·2 million —Salisbury.

South Africa

FINANCIAL PAPER—Early in 1959 the *Southern Africa Financial Mail* is expected to begin publication in Johannesburg. Initially it will come out every two weeks but eventually it will be issued weekly to provide an authoritative review of commerce, industry, investment and finance in this area. It will be owned by S.A. Associated Newspapers Limited of Johannesburg and the Financial News Limited of London. A number of South Africans prominent in economic, business and financial circles will serve as an editorial advisory council—Johannesburg.

Trade Office Opened in Iran

CANADIAN businessmen interested in expanding trade with Iran will welcome the opening of a new office of the Trade Commissioner Service in Tehran. Alex B. Brodie arrived in Teheran on October 21 to take over as Commercial Counsellor of the Canadian Legation. Mr. Brodie, who was formerly Commercial Secretary in Athens, Greece, will be responsible for developing trade with Iran which was formerly included in the territory of our Pakistan office.

Iran, with its population of 20 million, is one of the most promising countries in the Middle East. Oil has become a major source of foreign exchange and is, after agriculture, the sole productive natural resource. It also furnishes most of the funds to carry out the one-billion-dollar second Seven Year Development Plan that began in February 1955 and will run to mid-1962.

Iran has a relatively liberal import policy. Early in 1957, import quotas for most individual items were abolished. Today import licences are issued automatically for most goods, with the exception of specified commodities. The restricted goods include bacon fat, food products, salt, chemicals, skins, toys, silks and other textile products, and metal manufactures. In tariff matters, Canada and Iran accord each other most-favoured-nation treatment. As a result, imports from Canada into Iran are subject to rates of duty no higher than those applied to similar commodities from other foreign countries.

Canadian exports to Iran in the first nine months of 1958 totalled $1.2 million compared with $1.7 million for all of 1957 and $790 thousand for 1956. Figuring largely in these sales were lamps, lanterns and stoves; passenger cars and parts; synthetic fibres, thread and manufactures; tires and tubes; steel plates, sheets and strips; hardware; refrigerators and washing machines; antibiotics, and agricultural machinery. During 1957 our purchases from Iran reached $546 thousand, compared with $1 million in 1956 and $2 million in 1955, and consisted of crude petroleum, carpets, dates and walnuts.

Inquiries about trade with Iran should be sent to Mr. Brodie, Canadian Legation, c/o Central Post Office, Tehran, Iran.

foreign trade service abroad

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

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* *P.O.* Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Czechoslovakia, Hungary	R. K. Thomson Commercial Secretary for Canada	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis Canadian Government Trade Commissioner R. A. Bull Assistant Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor Commercial Secretary J. R. Roy Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	V. L. Chapin Commercial Counsellor C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	C. E. Butterworth Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	W. R. Van Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	P. A. Savard Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 30-065
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy 4 Trondhjems Plads COPENHAGEN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Tria 1602

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde Ciudad Trujillo	*Mail:* Apartado 451 *Cable:* Canadian *Tel.:* 8138
France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor J. H. Bailey Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy, 35 Avenue Montaigne, Paris 8e	*Mail:* (City Address) *Cable:* Canadian *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor W. J. O'Connor Assistant Commercial Secretary (Agriculture) G. F. Mintenko Assistant Commercial Secretary	Canadian Embassy 22 Zitelmannstrasse Bonn	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Bonn 21971
Germany	E. H. Maguire Consul J. M. T. Thomas Vice Consul	Canadian Consulate 69 Ferdinandstrasse Hamburg	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 326149
Ghana Gambia, Nigeria, Sierra Leone	M. B. Bursey Commercial Counsellor	Office of the High Commissioner for Canada E 115/3 Independence Ave. Accra	*Mail:* P.O. Box 1639 *Cable:* Canadian *Tel.:* 4824
Greece Israel, Turkey	P. V. McLane Commercial Counsellor L. D. R. Dyke Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. Athens	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5 Avenida 10-68, Zone I Guatemala City, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* Canadian *Tel.:* 5590
***Haiti**	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau Port au Prince	*Mail:* P.O. Box 826
Hong Kong Cambodia, China, Laos, Vietnam, Macao	C. J. Small C. M. Forsyth-Smith (absent) Canadian Government Trade Commissioner W. M. Miner Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. Hong Kong	*Mail:* P.O. Box 126 *Cable:* Canadian *Tel.:* 28336
India	B. A. Macdonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Office of the High Commissioner for Canada 4 Aurangzeb Road New Delhi 1	*Mail:* P.O. Box 11 *Cable:* Canadian *Tel.:* 40191
India Calcutta, Madras, Goa	Canadian Government Trade Commissioner W. J. Collett Acting Trade Commissioner	Gresham Assurance House Mint Road Bombay	*Mail:* P.O. Box 886 *Cable:* Canadian *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 Djakarta	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation Tehran	*Mail:* Central Post Office *Cable:* Cantracom *Tel.:*
Ireland	H. A. Gilbert Commercial Counsellor for Canada	66 Upper O'Connell St. Dublin	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 44251

Territory	Officer	City Address	Mail and Cables, Office Telephone
Italy Libya, Malta, Yugoslavia	S. G. MacDonald Commercial Counsellor K. F. Osmond Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter, Commercial Counsellor W. G. Pybus Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 48-4116
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	C. J. Van Tighem Commercial Counsellor D. B. Laughton Commercial Secretary A. A. Lomas Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	B. C. Butler Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Secretary J. MacNaught Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	J. C. Depocas Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	H. J. Horne Commercial Secretary J. D. Blackwood Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary W. J. Jenkins Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Taiwan	H. L. E. Priestman Consul General and Trade Commissioner R. H. Gayner, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	Richard Grew Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	Offices 110-113 Central Africa House Corner First St./Gordon Ave. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571

Territory	Officer	City Address	Mail and Cables, Office Telephone
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner I. V. Macdonald Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio España Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	B. I. Rankin Commercial Counsellor N. W. Boyd Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Secretary	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	Minister (Commercial) G. H. Rochester Commercial Counsellor (Timber) D. A. B. Marshall Agricultural Counsellor W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	H. A. Gilbert Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	Dr. W. C. Hopper Minister (Commercial) Wm. Jones Commercial Secretary W. A. Stewart Assistant Commercial Secretary G. P. Morin Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States—*con.*	H. E. Lemieux Consul and Trade Commissioner F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	F. B. Clark Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	R. F. Renwick Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner J. R. Midwinter Vice Consul and Assistant Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	T. M. Burns Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
*United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor W. G. Brett Assistant Commercial Secretary R. D. Sirrs Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada P. T. Eastham Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner M. S. Strong Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

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

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

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

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

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

For conversion to United States dollar equivalent multiply by 1.0366051.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent December 8	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05359	18.66	(1)
		Free	.01453	68.82	
Austria	Schilling		.03710	26.95	
Australia	Pound		2.1630	.4623	
Bahamas	Pound		2.7038	.3698	
Belgium, Belgian Empire and Luxembourg	Franc		.01936	51.65	
Bermuda	Pound		2.7038	.3698	
Bolivia	Boliviano	Free	†	†	
British Guiana	Dollar		.5633	1.78	
British Honduras	Dollar		.6760	1.48	
Brazil	Cruzeiro	General Category*	.004740	210.97	*Nov. 12 (2)
		Special Category*	.003186	313.90	
		Official Selling	.05126	19.51	(3)
Burma	Kyat		.2026	4.94	
Ceylon	Rupee		.2028	4.93	
Chile	Peso	Free	†	†	(4)
Colombia	Peso	Certificate	.1506	6.64	
Costa Rica	Colon	Official	.1718	5.82	
		Controlled free	.1453	6.88	
Cuba	Peso		.9647	1.03652	tax 2%
Czechoslovakia	Koruna		.1340	7.46	
Denmark	Krone		.1397	7.16	
Dominican Republic	Peso		.9647	1.03652	
Ecuador	Sucre	Official	.06432	15.55	
		Free	.05797	17.25	
Egyptian Region, United Arab Rep.	Pound	Official	2.7702	.3609	
	"	Export account selling	2.1225	.4711	
El Salvador	Colon		.3859	2.59	
Fiji	Pound		2.4358	.4105	
Finland	Markka		.003015	331.67	
France, Monaco and North Africa	Franc		.002300	434.78	(5)
French colonies in Africa	Franc		.004600	217.39	(6)
French Pacific	Franc		.01265	79.05	(7)
Germany	D Mark		.2306	4.34	
Ghana	Pound		2.7038	.3698	
Greece	Drachma		.03215	31.10	
Guatemala	Quetzal		.9647	1.03652	
Haiti	Gourde		.1929	5.18	
Honduras	Lempira		.4823	2.07	
Hong Kong	Dollar	Free*	.1667	6.00	*Nov. 28
		Official	.1690	5.92	
Iceland	Krona	Official	.05924	16.88	(8)
India	Rupee		.2028	4.93	
Indonesia	Rupiah	Effective buying	.03186	31.39	*Nov. 6 (8)
		Effective selling	.02549	39.23	
Iran	Rial	Certificate	.01274	78.52	

*Latest available quotation date. †Not available.

Country	Unit	Type of Exchange	Can. dollar equivalent December 8	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7011	.3702	
Ireland	Pound		2.7038	.3698	
Israel	Pound		.5359	1.87	
Italy	Lira		.001549	645.58	
Japan	Yen		.002680	373.13	
Lebanon	Pound	Free	.3031	3.30	
Mexico	Peso		.07718	12.96	
Netherlands	Florin		.2559	3.91	
Netherlands Antilles	Florin		.5156	1.94	
New Zealand	Pound		2.7038	.3698	
Nicaragua	Cordoba	Effective buying	.1462	6.84	
		Official selling	.1368	7.31	
Norway	Krone		.1351	7.40	
Pakistan	Rupee		.2028	4.93	
Panama	Balboa		.9647	1.03652	
Paraguay	Guarani	Official	.008691	115.06	
Peru	Sol	Certificate	.03885	25.74	
Philippines	Peso		.4823	2.07	
Portgual & Colonies	Escudo		.03367	29.70	(9)
Singapore and Malaya	Straits dollar		.3154	3.17	
Spain and Dependencies	Peseta	Controlled free	.02297	43.54	(8)
Sweden	Krona		.1865	5.36	
Switzerland	Franc		.2251	4.44	
Syrian Region, United Arab Rep.	Pound	Free	.2695	3.71	
Thailand	Baht	Free	.04614	21.67	(8)
Turkey	Lira		.1072	9.33	
Union of South Africa	Pound		2.7038	.3698	
United Kingdom	Pound		2.70375	.36986	
United States	Dollar		.9646875	1.0366051	
Uruguay	Peso	Free	.1097	9.12	
		Basic buying	.6369	1.57	(8)
		Principal selling	.4587	2.18	
Venezuela	Bolivar		.2880	3.47	
West Indies Fed.	Dollar		.5633	1.78	(10)
	Pound		2.7038	.3698	(11)
Yugoslavia	Dinar		.003215	311.04	(8)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros..
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Transportation Notes

Belgium

GHENT PORT IMPROVEMENTS—Ghent is not often considered to be an ocean port because of its distance from the North Sea, though it has always had access to it by natural waterways or canals. At present, ships up to about 8,000 tons can enter the port. As a result of a recent agreement with the Netherlands Government (yet to be ratified), work is expected to begin shortly on a new lock on the Dutch side of the border that will permit the entry of vessels of up to at least 40,000 tons. In the meantime work has begun on doubling the width of the Ghent-Terneuzen Canal. With improved facilities, Ghent expects to attract more industries to serve the newly-created European Common Market—Brussels.

Israel

SHIPPING SERVICES EXPAND—Zim Shipping Line (Israel's biggest) has signed an agreement with Ghana to operate jointly the new Black Star Line servicing West African and North European ports. In April 1958 Zim started a Great Lakes service, with three ships going as far as Chicago and serving both Toronto and Montreal. More recently, Zim joined with Hong Kong interests to form the Gold Star Line; beginning with four chartered vessels, it will ply between Japan, United States, and West Africa. Zim's other services include a twice-monthly run between Israel and the Rumanian port of Constanza and a fortnightly sailing between Haifa and Piraeus —Athens.

Netherlands

AMSTERDAM-MOSCOW AIRLINE—The Netherlands and the Soviet Union have concluded an aviation agreement enabling the Royal Dutch Airlines (KLM) and Aeroflot to operate services between Amsterdam and Moscow. The first flight was made on July 21, 1957. For the first year the two companies will make a once-weekly return flight to each city. This will presumably be increased to twice a week next summer. Aeroflot will be allowed to pass over the Netherlands on its Brussels and Paris flights, and to make technical landings at Shiphol airport, near Amsterdam, if necessary. KLM will fly to Moscow both direct and via Warsaw, the German Federal Republic, Berlin or Copenhagen. Aeroflot will act as general representative of KLM in the Soviet Union and KLM will perform this function for Aeroflot in the Netherlands—The Hague.

Portuguese East Africa

BEIRA BUSY PORT—The port of Beira, with modern equipment including 44 wharf cranes, 11 automobile cranes, 16 tractors and some 200 mobile units, serves transit rail traffic to Southern Rhodesia and Nyasaland. This traffic accounts for more than 80 per cent of the cargo handled. Because of the development of neighbouring territories, the port soon may handle about five million tons of goods a year—Johannesburg.

United States

NEW OUTLET TO THE SEA—The Tidewater Channel, officially called the Mississippi River-Gulf Outlet, will consist essentially of about 76.5 miles of channel excavation, including an east entrance in the Gulf of Mexico which will widen gradually to 600 feet and deepen to 38 feet. This $100 million project will have a bottom width of 500 feet and a minimum depth of 36 feet. The channel, which begins at the intersection of the existing intracoastal waterway and the industrial canal, will have a bridge, a turning basin 1,000 feet by 2,000 feet, a retention dyke across Chandeleur Sound and protective jetties and wing dykes at the entrance.

The Tidewater Channel, a second outlet to the sea, will especially benefit general cargo commerce; a conservative estimate of the saving in ships' time and cargo-handling, etc., is $6.8 million a year. More than 8,000 acres of industrial sites border on or have easy access to the inland portion of this seaway. Building is ahead of schedule and the first five-mile stretch should be open for ships during the first half of 1959. For the remaining 71 miles an interim 36-foot channel, 250 feet wide, will be ready for ocean-going vessels in June 1963. The entire 500-foot channel width should be navigable by June 1967 —New Orleans.