

foreign trade

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COVER

Canada's trade with Europe last year largely followed the customary pattern. (Left) Wheat, being loaded onto barges in Rotterdam Harbour for shipment inland, continued to be our leading export to Europe. Sales of metals like aluminum rose; (center) an aluminum piston, made in Germany from Canadian ingot, coming out of the permanent mould. First among our purchases from Europe was iron and steel products, particularly non-farm machinery, like this standard for a hydraulic press being assembled in a West German plant. For a full report on Western Europe in 1958, with emphasis on trade, see pages 2 to 39.



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L. A. CAMPEAU,
Area Trade Officer, Europe.

THE economic expansion in most Western European industrial countries came to a halt in 1958, continuing a trend apparent in the second half of 1957. The recession in North America affected Western Europe both directly and indirectly. United States purchases, both from Western Europe and from other overseas countries, did not increase and the latter development affected the ability of these countries to buy more European goods. The leveling-off of industrial production spread to the majority of Western European countries and, in some instances, there was even a downturn—for example, in Belgium, Finland, Greece and Norway. Expansion came to a standstill in the Netherlands, Sweden and Switzerland. In Western Germany, output continued to rise but more slowly, and some industries found conditions difficult. In Italy, Austria and France, industrial expansion also persisted at a declining rate.

The trade of European countries continued to increase in 1958 but, as in industry, the pace was slower. Exports from Western Europe to the dollar area rose, but less than in the previous years. One possible explanation of the sustained level of Western European exports to dollar countries is the fact that a large part consists of consumer goods and consumer incomes in the importing countries were well maintained.

Moreover, European exports of cars continued to rise rapidly to meet growing demand for small models in some non-European countries. The efforts of Western European exporters to promote sales to overseas markets, particularly the United States and Canada, also bore fruit.

Effect on Canadian Trade

The slight recession in Europe during the year, plus the fall in industrial output in key European markets, weakened the demand for certain products, some of them traditional Canadian exports to Europe. Despite this, in 1958 Canadian exports to Europe rose to \$578.9 million from \$556.8 million in 1957 and constituted about 12 per cent of our total export sales. This \$578.9 million represented an increase of 4 per cent over the previous year, as against a 3 per cent increase in 1957.

Most of Canada's principal trading partners bought more Canadian goods than in 1957; this was particularly true of the Benelux countries and West Germany. In fact, West Germany took more than one-third, by value, of our total shipments to Europe.

The commodities contributing most to the rise in sales to Europe included copper, aluminum, nickel, aircraft, and internal combustion

CANADA'S TRADE WITH EUROPE

- ★ Pace of industrial and trade expansion in Europe slowed last year.
- ★ Canada sold slightly more to these countries, despite fall in traditional exports.
- ★ Purchases from Europe increased, with iron and steel products in lead.



engines. Sales of the two latter went mainly to Belgium and West Germany, and of nickel chiefly to Norway, West Germany and Italy. Flaxseed and rapeseed, rye, barley, asbestos fibres, drugs and chemicals, iron ore, wood pulp and pulpwood, newsprint paper, hides and skins, whisky, uranium, canned salmon, and non-ferrous metals also did well.

As in 1957, wheat retained its position as the main commodity going to Europe, with large shipments to the Soviet Union, Norway, and the Netherlands. Poland and West Germany bought less than in the previous year.

What Canada Bought

Canadian imports from Europe were up about \$12 million in 1958, chiefly because of larger purchases from France, West Germany, the Netherlands and Switzerland. Iron and steel products (particularly rolling mill products, non-farm machinery, pipes, tubes and fittings) maintained their position as our leading import from Europe, even though the total went down slightly. Imports of passenger cars, on the other hand, showed a marked increase. France stepped up its automobile sales most, with smaller increases in imports from West Germany, Italy, Sweden and Czechoslovakia. Textiles, particularly wool fabrics, continued to be an important import during the year.

Markets Summarized

The following paragraphs summarize trade prospects with the individual countries of Western Europe.

Austria—The Austrian economy showed considerable strength in 1958. Late in the year, the Government announced an increase in dollar liberalization to bring it approximately into line with OEEC liberalization. This measure, however, was still not implemented at the time of writing. Agricultural products remain subject to import controls and prohibitions. Prospects for Canadian exports are difficult to forecast, but the expected increase in liberalization should give our exporters some encouragement.

Belgium-Luxembourg—Recession dominated the Belgian economy throughout 1958 but gave way to a degree of stabilization by the year's end. Canada has a favourable balance of trade with BLEU to which shipments of wheat contribute substantially. Prospects for expansion of Canadian sales this year seem good.

Denmark—The recession in North America had little effect upon industrial activity and employment in Denmark. External convertibility was introduced and this led to the reduction of restrictions on dollar imports to the same degree as on imports from Western European countries. Danish exporters have been active over the past few years improving their position in the Canadian market, and the value of Danish sales to Canada exceeds that of Canadian sales to Denmark. However, Canadian exporters last year saw their sales go up moderately.

Finland—In recent months, Finland's production and foreign trade have both expanded and her foreign

exchange reserves have increased. In 1958, trade between Canada and Finland, and particularly Canadian exports to Finland, rose. A number of commodities shared in this increase. Our shipments to Finland may rise further in the foreseeable future because the Finnish authorities are following policies designed to bring about economic expansion.

France—Throughout 1958, the over-all trade picture in France was characterized by strict licensing, restricting imports chiefly to essential raw materials and capital goods. In recent years, many Canadian exporters have found it difficult to obtain import permits and thus find a regular market in France for manufactured goods. However, trade and economic measures taken by the French Government at the turn of the year, particularly trade liberalization and external convertibility, have brightened the outlook for 1959 and the picture is already improving. The freeing of many imports paves the way for Canadian exporters of certain raw materials and various other products to enter what is practically a new market.

Greece—Greece continues to be an extremely competitive and price-conscious market where it is sometimes difficult for Canadian goods to compete with those from traditional suppliers. However, the past year saw significantly larger shipments of Canadian seed potatoes, canned salmon, pulp, farm machinery, copper ingots and a few other products. There is some possibility of our increasing sales to Greece, especially of materials and equipment needed for the five-year plan. Much of this business is



CANADIAN TRADE WITH EUROPE

	Exports			Imports		
	(in millions of dollars)					
	1958	1957	1956	1958	1957	1956
Austria	7.5	6.7	5.2	4.8	4.4	3.9
Belgium-Luxembourg	69.7	60.4	57.8	36.0	44.0	52.7
Denmark	5.0	3.5	3.5	7.8	8.6	6.2
Finland	2.3	0.9	1.9	0.6	0.5	0.5
France	45.2	57.5	53.2	41.1	36.2	32.6
West Germany	201.9	151.9	134.1	105.9	97.6	89.3
Greece	4.7	4.1	2.5	0.4	0.5	0.3
Ireland	8.7	8.3	10.1	1.4	1.2	0.4
Italy	29.9	62.8	37.7	32.8	33.0	24.9
Netherlands	75.0	69.8	54.6	30.0	25.4	23.8
Norway	56.0	55.5	57.7	3.2	3.1	3.8
Portugal	2.3	2.6	1.7	3.0	2.7	2.3
Spain	6.7	5.9	5.1	6.7	5.6	5.7
Sweden	11.0	12.1	7.9	14.1	15.6	17.3
Switzerland	29.5	25.0	33.5	26.9	24.7	22.3
Soviet countries*	23.3	29.6	70.7	9.7	10.1	9.8
Yugoslavia	0.2	0.2	0.2	0.8	0.6	0.9
Total	578.9	556.8	537.4	325.2	313.7	296.8

*U.S.S.R., Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania.

placed through public tenders and these give Canadian firms a chance to gain a foothold in the Greek market.

Ireland—Canadian exports to Ireland in 1958 rose moderately over 1957 because reductions in wheat and newsprint were offset by increases in lumber and barley exports. There is little likelihood of any major change in imports from Canada in 1959, unless the current import restrictions are modified.

Italy—During 1958 Italian exports held up well but Italy's imports from other countries dropped considerably. This brought a decline in the trade deficit and, with the growing tourist trade and other invisible earnings, contributed to a rise in the foreign exchange reserves. Canadian exports shared in this over-all import decline and the products particularly affected were wheat, flaxseed and rapeseed, salt cod, synthetic fibres, newsprint, iron ore, pig iron, aluminum, asbestos, drugs and chemicals, and synthetic resins. The improvement in the exchange reserves should help Canadian exporters to this market, and particularly those with industrial

raw materials and certain foodstuffs to sell.

Netherlands—Recovery and stabilization, with a steady increase in foreign exchange reserves, were the main developments in the Dutch economy last year. Although total imports from the dollar area dropped considerably, Canada's position in this market remains strong, with sales up almost \$5.2 million in 1958. The Netherlands should continue to offer promising opportunities to Canadian exporters, particularly of industrial raw materials. A further dollar liberalization measure taken in April 1959 has eliminated the discrimination between imports from dollar countries and those from Western Europe and has enhanced trade prospects for Canadians.

Norway—Norway's dollar reserves increased in 1958 and at the end of the year she introduced external convertibility. As one consequence, she decided to liberalize all imports from the dollar area already free-listed from the OEEC countries. In 1958, Canadian sales to Norway increased slightly over 1957. Indications are that this will be the experience this year.

Portugal—Portugal saw industry continue a slight expansion last year with output up 6 per cent. The country earned a surplus on its balance of payments and the tourist trade flourished. But trade with Canada declined slightly and, because many imports from dollar countries are still strictly controlled, opportunities for Canadian traders are limited largely to certain raw materials, machinery and equipment unobtainable from non-dollar sources.

Spain—Last year, Spain became a member of the International Monetary Fund and the World Bank and explored membership in the OEEC. However, its foreign exchange situation remained difficult. Import licences for goods payable in dollars are still being granted only when these cannot be bought to equal advantage from a non-dollar source. Until Spain's payments situation changes, it is difficult to see any major development of Canada's trade with that country.

Sweden—The value of total Canadian trade with Sweden fell slightly from the record achieved in 1957. This decline was the result of the general recession which affected both Sweden's export and import trade. However, the Swedish market appears to be, in the longer run, a growing one for raw materials of the kind that Canada supplies and there are few restrictions on imports from dollar countries. However, competition continues to be stiff.

Switzerland—The Swiss economy last year readjusted itself after the previous boom and settled down to more stable conditions. The value of Swiss purchases from Canada increased by almost 14 per cent over 1957, with wheat accounting for most of this increase. Although the Swiss market is not large, it is one of the most competitive in the world because of the strong Swiss currency and the freedom from import restrictions. In

addition to foreign competition, Canadian manufacturers exporting to Switzerland must contend with a diversified domestic industry. Any further improvement in Canada's share of the Swiss market will depend on the ability of Canadian traders to compete.

West Germany—Germany's exports reached a new record in 1958 and she became the world's second largest exporter of manufactured goods. Imports declined by 1.8 per cent in value below 1957. Canada's sales to Germany went up \$50 million over 1957; the chief factor in this increase was sales of jet aircraft. Other Canadian exports remained about the same as in 1957.

West Germany has, over the past few years, liberalized extensive lists of dollar imports, although certain major Canadian products, including grains, still are subject to import licensing and quantitative restrictions. The outlook for continued large exports to that country appears good.

The Outlook

The moves towards external convertibility made by a number of Western European countries last December represent an important step towards the restoration of a world-wide system of trade and payments. It is still early to assess the practical effects of these steps upon Canadian exports to Europe, although they appear to be important largely because of their implications for the future. They have certainly established a framework within which other European countries will follow the lead given by Denmark, the Netherlands and Norway, who have removed the discrimination in the import lists against dollar imports. In the short term, however, many European countries are maintaining a cautious attitude and the improvement in foreign exchange reserves and the establishment of external convertibility do not suggest any immediate or significant change in trade prospects there. ●

JUNE 20, 1959

Austria

- ★ Foreign exchange reserves reach new high.
- ★ Tourist trade brings in record revenue.
- ★ Further liberalization expected shortly.

H. K. ROTT,
Office of the Commercial Secretary, Vienna.

THE world-wide down-trend in business during 1958 made itself felt in Austria as elsewhere. Exports declined and the trade deficit rose slightly. Nevertheless, the Austrian economy proved to be both vigorous and adaptable. Domestic demand took up part of the slack resulting from the drop in exports and the gross national product continued to rise, though more slowly. Receipts from tourists reached a record and this, coupled with imports of capital, led to a further substantial rise in gold and foreign exchange reserves. The prospects for 1959 appear to be good, partially because exports are showing signs of recovery.

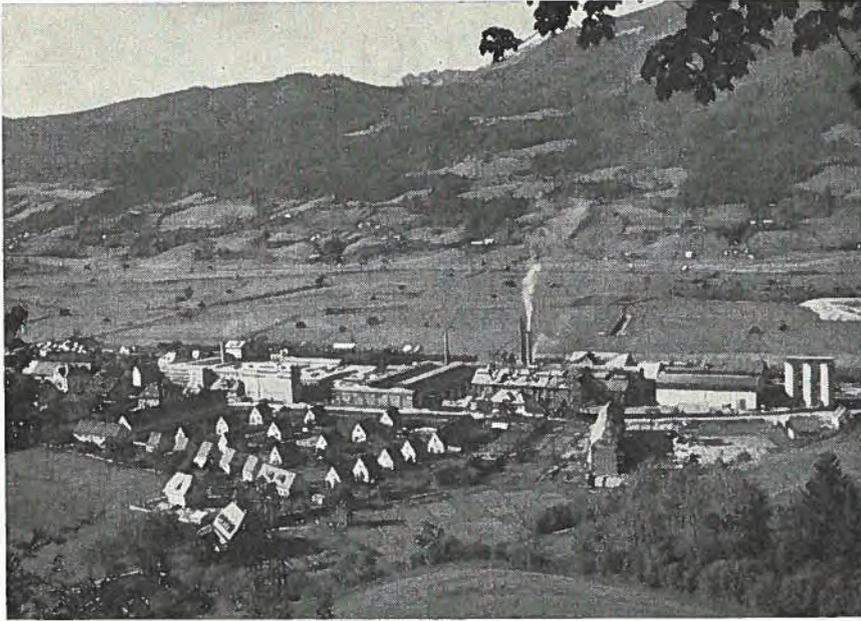
Production, Prices, Trade

Industrial production, one-third of which is normally exported, increased by only 2.9 per cent in 1958 compared with 5.7 per cent in the preceding year, but agricultural production achieved a notable rise of 10 per cent. The gross national product reached a postwar peak of Sch.128.9 billion (approximately \$5 billion), a nominal increase of 5.8 and a real increase (calculated at constant prices) of 3.4 per cent. In 1957 the corresponding percentages were 10.1 and 5.7. Private consumption in 1958 accounted for Sch.79.4 billion (5.2 per cent more than in 1957), public consumption for Sch.18.4 billion (6.9 per cent more) and gross investment Sch.28.6 billion (5.9 per cent more).

Employment conditions were not quite as good as in 1957. The average rate of unemployment increased from 4.9 per cent in 1957 to 5.3 in 1958. This was due not so much to the slowing down in the rate of economic growth as to the higher productivity that labour achieved in 1958. It is interesting to note that under present conditions in Austria, the labour force is described as "fully employed". The relatively high average rate of unemployment results primarily from a high degree of seasonal unemployment.

Prices increased by 2.3 per cent and wages by 4.9 per cent so that real income showed a further modest advance. The rise in income was a primary cause of the increased demand for consumer goods that helped to neutralize the effect of the decline in exports.

Exports decreased 6 per cent in value to Sch.23,863 million, and imports by only 5 per cent to Sch.27,875 million. At the same time, the terms of trade moved in



Some Canadians regard Austria as a picturesque country, full of attractions for the tourist. But it also has an efficient and productive industry. The Palten Valley, for example, has one of the most advanced magnesite plants in Europe; in 1957 Austria produced 1.2 million metric tons of this ore, later roasted to transform it into magnesium oxide.

Austria's favour. This can be seen from the fact that the volume of exports decreased 4.4 per cent but the volume of imports actually increased by 2 per cent. The trade deficit was higher in 1958 than in the preceding year, but this presented no serious problem because Austria enjoyed net earnings from the tourist trade and other invisible items that more than compensated for the deficit in commodity trade.

Tourist Earnings High

Receipts from tourists increased by almost 20 per cent to Sch.4,335 million; the tourist trade is thus increasingly assuming the role of equalizer in the Austrian balance of payments. Austria is particularly well endowed as a country attractive to visitors, with beautiful scenery, a number of cultural attractions, and relatively low prices. On the European continent, only France and Italy—much larger countries—derive larger incomes from tourists than Austria does.

Further Liberalization Expected

The small surplus in the balance of payments on current account, plus capital imports of some Sch.3 billion (twice as large as in 1957), raised Austrian gold and foreign exchange reserves to a record Sch.17.2 billion (approximately \$664 million) by the end of 1958. As a result of this favourable development the Austrian National Bank had no difficulty in joining the central banks of several other European countries in the movement towards external currency convertibility at the end of 1958. Since that date, non-residents of Austria have been free to exchange schilling balances held in Austria into the currency of their choice, including dollars.

Of perhaps greater interest to Canadian exporters is the fact that the improved balance-of-payments position permitted the Austrian Government to announce further measures of dollar import liberalization at the end of September 1958. These measures were designed to grant imports from dollar countries about the same degree of freedom as that enjoyed by imports from OEEC countries—but they have not yet been implemented. In the meantime, however, commodity imports from Canada and the United States appear to be treated more liberally in the sense that import licences are being granted rather more freely. The new liberalization list will be published in *Foreign Trade* as soon as it is officially released. Unofficial newspaper accounts indicate that, in addition to most raw materials and semi-manufactured products still subject to restrictions, a number of consumer goods may be liberalized. These are said to include certain products of possible interest to Canadian exporters, such as pharmaceutical specialties, surgical and medical supplies; electric stoves, boilers and coffee machines; pumps, spraying machines; various dried and preserved fruits and vegetables, etc. It has been reported, however, that certain agricultural and food products will continue to be subject to import restrictions.

What Canada Traded

The extension of liberalization will create new opportunities for Canadian exporters and may be expected to lead to greater trade between Canada and Austria. So far, this trade has been on a modest scale even though it has increased in volume. According to Austrian statistics, only 0.9 per cent of Austrian imports in 1958 originated in Canada and only 0.5 per cent of Austrian exports went to Canada. Nevertheless, the

drop in Austria's foreign trade did not affect the exchange of goods with Canada. According to DBS statistics, Canadian sales to Austria in 1958 increased by 12.2 per cent and reached a value of \$7,535,878. Austrian statistics, which credit imports to the country of origin, set the figure at approximately \$9 million. The difference indicates clearly that an appreciable amount of Canadian exports to Austria may not be sold to Austria directly.

Canada's most important exports to Austria continued to be agricultural products and raw materials such as wheat, drugs and chemicals, nickel and asbestos. All of these, with the exception of nickel and asbestos, went to Austria in larger quantities than in 1957. Exports of Canadian asbestos were more than halved because Austria bought Russian asbestos under a bilateral trade agreement. In addition to raw materials and agricultural products, Canada also shipped to Austria modest quantities of foodstuffs such as canned fruits, sardines and meat products, and certain manufactured goods such as office machines, oil-burners and skates. Austrian exports to Canada consisted of a wide range of semi-manufactured products and consumer goods and reached a total value of \$4,790,770, an increase of 8.1 per cent over 1957.

Looking Ahead

On the whole, the prospects for the Austrian economy in 1959 appear to be good. It is expected that employment will remain high because of further increases in consumer and government spending. Favourable weather conditions in March and April have already reduced unemployment below that of spring 1958. Moreover, large-scale investments are still being made to equip the economy for the stiffer competition expected if plans for the association of other western countries within the Common Market should be realized. So far this year, Austria's foreign trade has shown signs of recovery and does not appear to have been affected by tariff discrimination on the part of Common Market countries, who are Austria's most important trading partners.

Aside from further liberalization, the future of Canadian exports to Austria will depend more and more on the willingness and ability of Canadian businessmen to adapt themselves to European commercial practices and on their readiness to enter into personal contact with prospective customers. It has been the experience of this office that the latter cannot be over-stressed. Once Canadian exporters have assured themselves that there are opportunities for the sale of their products in Austria, they should consider including it in their European itinerary. ●

R. K. Thomson, Commercial Counsellor in Vienna, is at present making a tour of Canada. Businessmen who would like to consult him about trading with Austria should see the itinerary published on page 41.

Belgium

★ Slowdown continues in most industries.

★ Recent increase in imports looks encouraging.

★ Canadian sales off only 5.6 per cent in '58.

J. R. ROY, *Assistant Commercial Secretary, Brussels.*

THE 1957-58 recession struck Belgium relatively late and perhaps somewhat harder than some other countries in Western Europe. Local reports state that the economies of West Germany, France and Italy merely ceased to expand in 1958, and those of Switzerland and the Netherlands began to move ahead again by the end of the year. The Belgian economy is stable at present, with a promising increase in domestic consumption offset by an unchanging volume of exports and little change in investment. There are as yet few signs of recovery.

Industry Looks for an Upturn

The current level of industrial activity is unaltered from that for most of 1958 and is well below 1957. Demand for products of the capital and durable consumer goods industries is still weak but the market for some non-durables is strengthening. Some improvement is noticeable in the textile industry where, largely because of the high level of domestic sales, output was down less in the last quarter of 1958 than in previous quarters. A record was set recently in the production of fertilizers, for which there is a strong export demand.

In other major sectors, activity has been slow. Paper and paperboard production in the last quarter of 1958 fell by 9 per cent compared with the same period in the previous year. Belgian coal mines now have pithead stocks equivalent to three months' production because of weak home and export markets and the 1958 general strike in the coal-mining area. But stocks have continued to grow even though the extraction rate in January slumped 20 per cent below that of twelve months earlier. Under the European Coal and Steel Community Treaty, the High Authority of the ECSC has been seeking to cure what it considers differing levels of efficiency in this industry; these are particularly apparent in Belgium. The Belgian Government has actively supported the High Authority in this task.

Steel production revived briefly last autumn but in January it was still 9 per cent below the level for the same months in 1958. The improvement was due mainly to increased demand for Belgian steel in the United States, Central America and the Far East. In the metalworking industries, on the other hand, there

has been no upturn and last December another 2,600 workers were laid off.

Although the construction industry has made a brisk comeback, manufacturers of cement and brick have not yet felt the impact. There has been renewed activity in the glass industry, but this is mainly because of orders from the United States and other European countries.

The recession has naturally affected employment. The number of unemployed rose seriously early this year, even taking seasonal influences into account. In February 1958 the first effects of the recession were already noticeable and recorded unemployment stood at about 6 per cent of the working population. In February of this year it was over 9 per cent (about 300 thousand persons) but by early March the situation was definitely improving.

Retail prices remained steady during 1958; the upward pressure exerted by a steady demand for consumer goods was counterbalanced by lower prices for certain foodstuffs. Wholesale prices, on the other hand, slid by about 6 per cent in the same period, mainly because of a fall in the prices of imported raw materials that gradually affected domestic products. January and February of 1959 witnessed a further drop of 1.5 per cent.

Balance of Payments Favourable

Last year at this time money was in short supply in Belgium. During 1958, however, this situation improved, largely because of a favourable balance of payments. The improvement in the balance of payments resulted from: one, a better trade balance as imports declined (stocks were reduced because of the recession); two, more favourable terms of trade (relationship between export and import prices); three, a slump in Belgian investment abroad, and four, more foreign exchange brought into the country because of the Brussels World's Fair.

In January, however, this trend showed signs of reversing, though the net balance of payments remains favourable. On December 27, 1958, Belgium, with several other European countries, announced full external convertibility of its currency. At that time also, France devalued the franc and shortly thereafter there was a repatriation of French capital from Belgium. There were other causes for an outflow of capital, particularly speculation against the Belgian franc. For Canadian traders, convertibility in Belgium had limited practical effects because the Belgian franc was, to all intents and purposes, freely convertible before, both internally and externally.

External Trade Falls Off

Total Belgo-Luxembourg Economic Union exports slipped by 4.4 per cent to \$2,929 million in 1958. However, the fall in imports was greater: BLEU im-

ported \$3,010 million worth of goods (or 10.3 per cent) less than in the previous year. The contraction in trade took place chiefly during the first six months of 1958 and it remained stable thereafter.

The recent reversal in the country's favourable balance-of-payments position was caused partly by a deteriorating balance of trade early this year. The volume of exports fell considerably in February because of the strike in the southern coal-mining area and bad shipping weather. On the other hand, there was a gradual stepping-up of imports as industry began to restock.

Despite significant unemployment, and in contrast to trends in foreign trade, home sales were satisfactory in 1958 and continued so in early 1959. Sales of clothing, footwear and tobacco remained buoyant for the entire period. Department store sales climbed about 7 per cent and though this figure reflects the strengthening of the relative position of department stores, there is evidence that sales have been improving in other distribution sectors too.

The implementation of the Common Market Treaty seems to have had little effect on Belgian trade so far. As a direct result, some quotas for imports from member countries have been enlarged by 20 per cent and certain import duties have been reduced by 10 per cent. Some of these tariff reductions apply also to Canada and to other countries not participating in the Common Market. The effects of the changes at this stage, however, are not very significant and they are not likely to influence Belgo-Canadian trade noticeably. Of perhaps more importance to Canadian exporters is the fact that many North American firms are establishing branch plants in Belgium in order to supply the European market from local production.

Interest in the Common Market in Belgium at present is centred around the desire to place the country in a better trading position vis-à-vis its partners. The main problems are the competitive positions of Belgian collieries, transport and agriculture.

Canadian Exports Steady

Canadian exports to Belgium have been affected relatively little by the recession. Our sales to that country in 1958 declined by 5.6 per cent in value, whereas total Belgian imports fell by 10.3 per cent. The changes in Canadian trade with Belgium appear to coincide with local trends: demand for foodstuffs and consumer goods remained fairly strong last year, but imports of raw materials fell considerably. The main exception was aluminum. Belgium has a sizable aluminum fabricating industry that was very active in 1958 because its prices were competitive in the United States, Netherlands and Venezuelan markets, to mention only the ones most important to it. As a direct result, the total tonnage of primary aluminum imported increased by over 50 per cent and Canadian sales almost trebled in

value. The figures for January and February 1959 show that Canadian exports to BLEU increased by 23 per cent in value compared with the same period in 1958, but were still 15 per cent below the level for 1957. This pattern fits that of Belgian foreign trade as a whole.

The accompanying table shows the ten principal groups of Canadian exports to the Belgo-Luxembourg Economic Union. They do not include exports of Canadian aircraft and parts to Belgium in 1957 and 1958 that were not sold on a normal commercial basis.

PRINCIPAL CANADIAN EXPORTS TO BENELUX

	1957	1958
	(in dollars)	
Cereals	\$23,738,203	\$23,126,861
of which wheat	23,129,392	22,964,000
Seeds: clover, flax, timothy, mustard, rape	5,999,319	2,627,170
Asbestos: crude, milled fibres, waste, refuse, shorts	4,523,338	2,402,710
Lead	2,527,128	2,782,137
Drugs and chemicals	2,436,289	1,308,033
Iron ore	1,176,397	215,502
Steel: plates, sheet, strip, bars, cable, wire and scrap of iron and steel	1,301,809	361,520
Aluminum: primary and semi-fabricated	1,550,632	4,381,932
Salmon and lobster, all types	1,003,158	1,007,753
Other	7,573,745	10,714,382
Total	\$51,830,018	\$48,928,000

A Price Market

There is no reason to believe that Canadians will not be able to maintain the volume of exports to BLEU. Businessmen should remember, however, that they must be prepared to meet strong European and Asian competition in bulk goods such as asbestos, synthetic resins and wood pulp, and in specialties such as salmon. Price remains the determining factor in sales and experience has shown that unless there are major differences in quality, Belgian importers accept the cheapest offer. In recent months Asian and East European suppliers have been shipping goods of greatly improved quality to Belgium.

Canadian sales of manufactured goods to this country account for about one-sixth of our total exports to Belgium and are spread over a wide range of products. Canadian exporters may increase shipments of these goods and of specialty foods by quoting low c.i.f. port-of-entry prices, and by providing attractive labelling and catalogues in the local languages, with designs to appeal to local tastes. If possible, they should also grant payment terms similar to those currently used for the Canadian market. It is almost essential to take these things into account in the Belgian market because neighbouring European suppliers pay close attention to them.

JUNE 20, 1959

It is not likely that the recession will deepen in Belgium, but few sectors of the economy have yet shown signs of recovery. A long-term policy recently adopted by the Government and aimed at increasing economic activity is expected to improve domestic demand for goods and services. The general outlook for the export trade is better, thanks to renewed activity in important export markets such as the United States and the Netherlands. This will, no doubt, stimulate the home market but in any event imports have already increased, a possible indication of renewed optimism among local manufacturers. Figures just published show that the value of Belgian imports in March reached a record. Under the circumstances, employment is expected to rise and business conditions generally to show a marked improvement by the third quarter of 1959.

Trade Associations In Common Market

The European Common Market involves more than a reduction of tariffs and the elimination of quotas among the six countries. The economic and social policies of the partners will be brought gradually into harmony and the changes will affect commerce and industry throughout the Community.

To study the implications of these changes and prepare to meet them, various trade organizations have grouped together; in some cases this grouping has included countries outside the Community. Among such groups or associations the following have been announced:

- Pharmaceutical products manufacturers
- Rainwear manufacturers (includes also Britain, Sweden, Switzerland and Austria)
- Airline companies (with the exception of the Netherlands)
- Department stores (includes also Austria and Switzerland)
- Chambers of Commerce
- Manufacturers' associations
- Milk producers
- Film industry
- Rubber industry
- Brewing industry
- Cotton industry (under study)

Closer association of other industrial and commercial interests, either on a formal or informal basis, will be a natural development of this European economic integration—Brussels.

Denmark

- ★ Foreign exchange reserves are rising.
- ★ Market for dollar products has broadened.
- ★ Canadian exports are making headway.

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

DENMARK, which escaped the brunt of the recession, is benefiting from the recovery that other countries are making. It is debatable, however, whether the speed-up in economic activity between the first quarters of 1958 and of 1959 should be attributed to external causes or to the fact that the winter of 1957-58 was long and hard and the past winter proved to be mild. In 1958, when many other countries were suffering industrial cutbacks, Danish agricultural and industrial production was reasonably well maintained. Producers received lower prices but the effect on the national economy was more than offset by the reduced cost of imported raw materials and fuel. Inventories were drawn upon and imports therefore cut down. Exports of industrial products went up 10 per cent last year, with machinery and ships doing particularly well. Danish fisheries enjoyed a record year. Although the merchant marine earned less, the net effect of these varied developments was a rapid increase in Denmark's foreign exchange reserves.

Developments Affecting Trade

This was the situation when Denmark joined with the United Kingdom and other European countries in adopting, at the turn of the year, external convertibility with the dollar. The convertibility measures were soon followed by a series of steps in the liberalization of dollar imports that removed the differentiation between licence-free imports from Western Europe and the dollar area. Details of the newly liberalized items were published on page 24 of the May 9, 1959, issue of *Foreign Trade*.

Denmark is continuing to explore the possibilities of an association of the six countries of the Common Market with other Western European countries. She is not a member of the Common Market, although Danish agricultural interests have been proposing that the country should join it and the debate continues. In the meantime, proposals for a Scandinavian Customs Union are being kept alive and Denmark, in common with other European countries outside the EEC, has been negotiating bilateral trade agreements with Common Market countries to prevent new import discrimination as a result of the operation of the Rome Treaty. In December 1958, for example, Den-

mark concluded with the Federal Republic of Germany a three-year agreement that, with the notable exception of butter, keeps open export channels to that market.

Apart from the constant need to expand its exports in order to pay for increasing imports, a basic problem for Denmark is the encouragement of new investment from both external and internal sources. The Danes recently borrowed \$40 million from the International Bank for Reconstruction and Development and also floated a bond issue in New York. This money will be used to expand the capacity of Danish power stations and to buy diesel locomotives for the state railways. A separate loan is being raised in Zurich.

The Federation of Danish Banks and other financial institutions have set up a Credit Institute (for which an initial capital of D.Kr. 60 million has been subscribed) to be used in granting medium-term credits to smaller enterprises. The Institute is providing the same services as the Canadian Industrial Development Bank. It is, however, organized as a consortium of institutions already in the credit field.

The Federation of Danish Banks has also stimulated the building industry by establishing another Credit Institute to finance residential construction. This Institute provides third-mortgage loans for the construction of apartments and one and two-family houses, thereby moving into a credit area which the Government is vacating. Denmark is today experiencing a building boom that includes the construction of office buildings and hotels as well as residential housing.

Trade Expansion Likely

All business indices are pointing upward at the moment. In addition to gains in the construction industry, the output of consumer goods is increasing and the unemployment figure is smaller than it was a year ago. New car sales are substantially higher. Foreign trade is marking up new records, as higher prices for bacon and butter have helped to increase the value of exports. The value of animal products exported has gone up 30 per cent and industrial exports are 22 per cent higher than last year. Thus the basic conditions are as good as they have ever been for the expansion of trade with Denmark.

Denmark has to purchase all its fuel supplies abroad. Fuel oil is gaining on coal and coke and the construction of a power reactor station is under study. Its light industry requires steady imports of industrial raw materials and agriculture needs to purchase feed grains and high-protein feeds. Among the food products that have been liberalized is cheese, and it is understood that canned peaches and frozen salmon are among those for which licences are granted freely. Canned vegetables, on the other hand, are still subject to restrictions. Natural-fibre textiles, including finished woollen and cotton garments, are now liberalized, as are synthetic fibre yarns and fabrics.

The United Kingdom continues to be Denmark's largest supplier and its biggest market, with West Germany a close second. Last year Sweden overtook the United States and captured third place. Canada comes well down in the list but its commerce with Denmark is growing: the \$3.5 million in Canadian sales to that country in 1957 climbed to \$5 million last year. Most of the rise resulted from greater sales of skim milk powder. However, the improvement in conditions in Denmark, coupled with the removal of many import controls, should result in the expansion of established trade and the introduction of new items in the exchange between Canada and Denmark.

What Canada Sells

In exploring the market potential in Denmark it is worth examining in detail Canadian products already selling in this market. The following table is divided between products that gained in 1958 and those that lost ground.

PRINCIPAL CANADIAN EXPORTS TO DENMARK

(in Canadian dollars)

Increased sales in 1958 over 1957

Commodity	1957	1958
Rye		50,843
Wheat	364,130	571,418
Whisky	50,010	55,184
Tires for passenger automobiles		3,768
Bright flue-cured leaf tobacco	91,324	149,755
Frozen salmon	526	60,967
Raw cattle hides	19,302	63,015
Skim milk powder		1,451,267
Commercial fishing nets and twine	147,155	281,451
Gas engines and parts	98,545	167,713
Bookkeeping and calculating machines	52,259	144,653
Copper	103,575	124,107
Zinc spelter		71,650
Radio apparatus	12,109	75,959
Sparkplugs	31,140	37,010
Acids n.o.p.		66,629
Polystyrene	3,764	13,065
Drugs and chemicals	419,329	466,844
Gun and rifle cartridges	1,999	20,487

Decreased in 1958 from 1957

Commodity	1957	1958
Maple sugar	16,489	12,196
Linseed oil cake and meal	286,584	
Senega root	12,200	1,100
Synthetic fibre thread and yarn	92,903	8,272
Douglas fir planks and boards	41,046	10,864
Automobiles (over \$1,000)	261,421	158,935
Nickel	32,939	6,211
Asbestos milled fibres	871,204	531,345
Asbestos waste	112,577	40,740
Synthetic resins	55,531	20,572

Another way to study the market is to look at Danish imports from the United States side by side with those from Canada. Except for fuels, certain oil-seeds and cotton, Canada should be able to compete effectively in the following lines shown in the Danish trade statistics.

SELECTED DANISH IMPORTS FROM CANADA AND THE UNITED STATES

(in million D.Kr.)

Commodity	From Canada	From U.S.
	1958	1958
Grain and grain products	2.8	136.1
Feedstuffs	7.4	24.1
Tobacco	1.2	76.5
Untreated caoutchouc	3.1	3.4
Oil seeds and nuts		125.7
Raw minerals	1.3	11.6
Spinning materials		28.6
Fuel		155.6
Chemical raw materials and compounds	0.8	12.0
Raw products of coal and oil	0.4	3.1
Pharmaceutical preparations		8.9
Other chemical products	0.2	30.6
Textiles (other than wearing apparel)	2.4	7.0
Base metals		6.7
Machinery	1.4	44.8
Electrical machinery	0.5	25.0



—UN Photo

Farmers on Samos Island watch a demonstration of Swedish-made farm machinery, bought by the Farmers' Union on the island to help members achieve more efficient operation.

It would also be well worthwhile to analyze the list of items recently freed from import control as it appears in the May 9 issue of *Foreign Trade*.

Of the 12 per cent of Danish trade still remaining under import control, consumer durable goods and other fully manufactured items are outstanding. If there is any doubt about the import opportunities for any product, an inquiry should be addressed to the Commercial Counsellor, Canadian Embassy, Copenhagen, who is glad to report to individual Canadian firms on market prospects and to make contacts with potential agents and importers. ●

Finland

- ★ Dollar free list improves trade prospects.
- ★ Trade with Western Europe increasing.
- ★ Canadian sales still small but are growing.

A. P. BISSONNET,
Commercial Counsellor, Stockholm.

MY reports on Finland for the past two years have reflected a certain degree of pessimism about economic conditions and prospects in that country. Now, however, one can say that Finland's economy came through 1958, a difficult year, creditably and that the country achieved a greater degree of monetary stability than at any time since the war.

The full effects of the devaluation and import liberalization of September 1957 were felt in the following year in several important ways, particularly in the steady rise in Finland's foreign exchange reserves.

These satisfactory results were not achieved without some difficulties. The credit restrictions that were imposed were partly responsible for a rise in unemployment, which at one time reached a total of 79,000 out of a population of 4.4 million. This remains one of the major problems. Towards the end of 1958 more credit was made available and production and business generally appeared to be improving. In the first quarter of 1959 this trend seemed to be continuing.

Industrial Experience Varied

The volume of industrial production fell by 5 per cent last year compared with 1957, but in December and in the early months of 1959 output improved steadily. Within industry itself, experience varied: the important woodworking industry produced 10 per cent more than in 1957 but the clothing and textile sectors had a difficult time.

The all-important pulp and paper industry kept its production up during 1958 and exports of newsprint rose by about 5 per cent. Sulphite pulp output went up by 2 per cent, sulphate pulp fell slightly, and mechanical pulp was off 16 per cent. Production of fibreboard and cardboard was well above 1957 levels. Over the next four to five years, the plan is to increase capacity in most of these industries, with some help in the form of a World Bank loan, the terms of which were announced recently. Newsprint production is expected to rise during the year.

Finland cut about 6 per cent less timber last year; included in this figure is a drop of about 30 per cent in pitprops. Output of sawn lumber was up by about 20 per cent. The timber industry too will benefit from the World Bank loan.

Shipbuilding is becoming more important in Finland and 1958 was, on the whole, a good year for it. Finnish shipyards have a good deal of work commissioned by the Soviet Union under the terms of the Finnish-Soviet trade agreement. In January the yards launched the *Moskva*, said to be the largest diesel-powered ice-breaker in the world. They are also building other vessels for the Soviet and for other countries, and altogether there are indications that the Finns are becoming more competitive in this line in the western world.

Farmers Fare Well

The Finnish farmer, thanks to favourable weather in the last half of the growing season, had good 1958 crops, both in quantity and quality. The bread grains crop totalled about 346 thousand tons, up 18 per cent from 1957. Other harvests were equally good. Finland is not, however, self-sufficient in bread grains and must rely on imports to meet about half of its total needs. Total wheat imports in 1957/58 amounted to 325,437 tons. One of the principal sources of imports of bread grains is the Soviet Union. It is reported that under the terms of a trade agreement with the Soviet Union, signed in March of this year, Russia will supply about 235 thousand tons of wheat and 100 thousand tons of rye, in addition to substantial quantities of oats, oil cakes and cotton. Smaller quantities of wheat have been imported during the past year from western sources, including 55,200 tons from the U.S., chiefly under aid programs.

Direction of Trade Changes

Finland's trade in 1958 was marked by a change in the relative importance of trade with the Soviet Bloc, particularly Poland, Czechoslovakia, and the Soviet zone of Germany. One reason for this was the liberalization of imports from western countries; another was the lack of demand in Finland for Soviet products. The western country that gained most from this change was the Federal Republic of Germany; its share of the

Finnish market rose from 11.4 per cent in 1957 to 16.6 per cent in 1958. In general, exports to Western Europe went up 5 per cent and those to the Soviet Bloc went down 4 per cent.

In March, Finland signed a new trade agreement with Russia covering 1959. It provides for an increase of about 15 per cent in Finnish imports from the U.S.S.R. and covers some 20 per cent of the country's total trade.

The value of both exports and imports, expressed in Finnmarks, increased in 1958 over 1957, as the figures below show. However, it should be remembered that the Finnmark was devalued in September 1957. Actually, the value of imports declined when allowance is made for the devaluation, largely because of the severe credit restrictions, and the value of exports also fell, because of lower prices in world markets for pulp and paper.

	1958	1957
Imports into Finland	Fm.233,302 million	227,927 million
Exports from Finland	Fm.247,934 "	212,385 "

The trade deficit of Fm.15,542 million in 1957 was replaced by a trade surplus of Fm.14,632 million in 1958.

FINLAND'S TRADE WITH SELECTED COUNTRIES

(millions of Finnmarks)

	Imports		Exports	
	1957	1958	1957	1958
United Kingdom	40,169	40,124	46,041	54,811
U.S.S.R.	40,356	41,937	42,433	42,780
West Germany	25,910	38,608	18,839	26,946
United States	12,767	12,479	10,725	11,472
Canada	196	409	134	173

Canada's Share

Canadian trade with Finland in 1958 totalled \$2.8 million in value last year, a significant rise from the \$1.4 million of 1957, largely because of increased Canadian sales to that country. Where total trade is small in value, the sale of one cargo of wheat makes a considerable difference—and Finland bought a ship-load of our wheat in December. Total sales to Finland in 1958 reached \$2.3 million, compared with \$900 thousand in 1957. Our imports from Finland totalled \$560 thousand, compared with \$480 thousand in 1957. In addition to wheat, Canadian products that made gains in the Finnish market included fresh apples, forage-crop seeds, steel, gas engines, power chain saws, sparkplugs, acids, medicinal preparations, and aircraft. (Three of the latter were sold, with a total value of \$107 thousand.) Sales of pumps, synthetic resins, and drugs and chemicals showed some decline. Finnish

exports to Canada of granite and plywood both were up.

Cultivating the Market

Opportunities in the Finnish market in 1959 appear to be slightly better than in the immediate past. With a dollar free list in force* for certain imports and an improving foreign exchange position, price seems to be the primary consideration in this competitive market, particularly for products now on the free list.

Businessmen may find a trip to Sweden, combined with one to Finland, (one hour 20 minutes by air from Stockholm to Helsinki) rewarding. The proximity of the Scandinavian capitals and the market characteristics they have in common are well worth exploring. ●

*Information available from International Trade Relations Branch, Department of Trade and Commerce.



White birch logs from Finnish forests float downstream to the mill. About 6 per cent less timber was cut in Finland's forests last year, but output of sawn lumber increased by 20 per cent.

France

- ★ Foreign exchange reserves are rising.
- ★ Trade in May virtually in balance.
- ★ Further dollar liberalization expected.

R. CAMPBELL SMITH,
Commercial Counsellor, Paris.

IN the space of five months, France has made impressive progress in restoring her exchange reserves. Since the December measures of convertibility, devaluation and trade liberalization (see *Foreign Trade*, April 11, 1959), over \$1,000 million has flowed into the country. Twelve months ago reserves amounted to no more than \$19 million. It is estimated that France has now climbed back well over half the way to her reserve position at the end of 1955.

Confidence in the franc has been sustained. Foreign currencies are no longer being traded outside the official market. The foreign exchange allowance for French tourists has been restored. There have been no arrears in debt settlements and certain standby credits made available have been withdrawn at the French Government's request.

The country is well aware, none the less, that the pace must be kept up if it is to overtake its European partners and meet scheduled payments on \$826 million in debts falling due in the next eighteen months.

Trade Deficit Shrinks

In the first four months of this year, France's trade deficit fell to one-third the level of the same period a year ago. The preliminary figures for the first half of May demonstrate that trade is virtually in balance for the first time in four years. The value of total exports in the month of April was nearly 159 billion francs—or not far short of the Government's goal of 170 billion francs monthly average for this year.

Although results thus far are encouraging, to the end of April the monthly average amounted to just under 136 billion francs. The gap between performance and objectives thus continued to be considerable. However, France is encouraged by the further narrowing of this gap in recent weeks.

Further Liberalization

Meanwhile, on May 7 the Government took another step to ease import restrictions on a number of OEEC imports. It is now confidently expected that this will be followed early in July by a substantial further liberalization of imports from Canada and the United States. In December and January a big slice of indus-

trial base materials was liberalized from the dollar area and it is expected that manufactured goods—particularly equipment, machinery and other essential capital goods—will be among those having their turn.

What liberalization will mean to exporters in the dollar area is still uncertain. The worst effects of the mild recession that began in France last year appear to be passing and general economic activity is showing a gradual upturn—although it has not yet regained the level of a year ago. The main declines were in the housing, textile and durable goods sectors. The rate of industrial recovery over the next few months will depend significantly on how inventories are built up and this in turn will influence the buying of foreign raw materials, stocks of which are not high at present.

The Government is taking active measures to encourage industrial investment and if domestic consumption (which is tending to grow) develops further, it is expected that imports of equipment, capital goods and raw materials will chalk up a substantial advance. On the other hand, coupled with these investment aims the Government has been studying, in consultation with manufacturers, what can be done to develop the output of plant equipment inside France and reduce the country's heavy exchange outlays on foreign manufactures. This might have an impact on various imports in the not too distant future but any general consequences will probably be marginal over the short term. Over a period of years, however, and with the implementation of the Common Market, the effect of such efforts could be appreciable.

Common Market

In line with the provisions of the Rome Treaty, France's import quotas on non-liberalized imports from her EEC partners were increased by 20 per cent on January first of this year and duties have been cut by an average of 10 per cent. Although comparable concessions in many customs duties have been made to non-Common Market countries receiving most-favoured-nation treatment (including Canada) and although a wide range of imports are liberalized, France for the first time had a favourable balance of trade with the rest of Western Europe in the first quarter. Whether this is valid evidence that France will continue to hold its own in intra-EEC trade is hard to say. It is an important indication, none the less, that French industry can compete with its partners on the export side as well as at home. Moreover, in the next two months cereals from this year's crop will be available for export. With favourable growing conditions prevailing, the outlook for major crops—for the first time in four years—is good.

France's experience within the EEC is obviously extremely short but the broad consensus of French industrialists seems to be one of hopeful assurance that they will not only hold their ground, with losses and

gains in various sectors, but also win new ground. Many industries have been preparing assiduously for three years for the revolution in economic relations that the Rome Treaty is to bring about amongst the Six. Mergers, inter-industry technical exchanges and rationalization have been taking place and the shape of the new industrial giant is gradually taking form. As the outside common tariff of the Community and internal tariff removal advance, this process will undoubtedly quicken.

Looking Ahead

The French view is that the bold steps taken have proved to be well-timed and successful beyond expectation. It was predicted that devaluation and the other accompanying measures in December would result in a sharp rise in internal prices of about 8 to 9 per cent. Instead they have held fairly steady at about 4 per cent above previous levels. Labour has acted with restraint. This has been a big factor in the Government's calculations on the ultimate outcome of its "back-to-prosperity" program. ●

A further report on features of the French internal economy and marketing prospects will be published in a forthcoming issue of Foreign Trade. A story on the French automobile industry will also appear shortly.

Greece

- ★ Income from industry and agriculture falling.
- ★ Government seeking ways to increase exports.
- ★ Canada retains small share of market.

P. V. McLANE, *Commercial Counsellor, Athens.*

ECONOMIC activity in Greece began to slow down a year ago and this trend has become more apparent in recent months. It has affected industry, causing a drop in employment and in the purchasing power of industrial workers. Farm income has fallen also. As a result, the demand for both domestic and foreign goods has slumped. In addition, the rapid growth of industry in recent years has led to an expansion of public and private credit and this has increased outstanding debts. This in itself may reduce the availability of credits in the near future.

External factors have also had their effect: Greece has found it difficult to sell her agricultural exports in the face of falling demand abroad and keen competition



These currants, dried on floors in the open air and under the scorching Greek sun, will earn dollars in the export market. Last year Canada alone bought \$483 thousand worth of them.

from other countries with similar products. Stocks of agricultural goods are therefore piling up. The worldwide decline in shipping has cut Greek income from services, and at the same time emigrant remittances have fallen off. Foreign loans and credits usually help to pay for many of the country's imports; they are still available and some special loans have been arranged recently. However, the unfavourable economic climate has made it difficult to go on with new projects.

Larger Exports Needed

With commodity surpluses piling up and income falling, the Greek Government is exploring every means to promote exports. The possibility that higher tariffs may be imposed on certain imports into the European Economic Community is causing concern. Greece has negotiated or is at present negotiating agreements for the sale of her agricultural products with the countries participating in the Common Market and she already has a number of bilateral trade agreements with other countries, including many in Europe, both inside and outside the Iron Curtain. Trade missions are being sent to a number of countries.

Greece recently imposed import quotas on certain products from Western European countries, Canada and the United States (see *Foreign Trade* of May 9, 1959), with the object of improving her bargaining power with the countries from which she bought more than she sold. These restrictions have had little effect so far because of the general slackening-off in demand for foreign supplies. It has been reported that no further import controls are planned at present.

In recent years the effort to put the Greek economy on a broader, more diversified base has made some progress. A five-year investment program, aimed at increasing the national income and reducing unemployment, has been announced. It covers industrialization, development of agriculture, the tourist trade, transportation, the electrical industry, education, and health and welfare. The total cost of the program is estimated at about \$3,453 million and the financing is expected to come from local and foreign sources. The contribution from public and private savings (including transfers from abroad) is placed at \$2,683 million. The Greek authorities are hopeful that foreign assistance will provide the balance of \$770 million, in the form of gifts, long-term loans, capital investment by private enterprise, or other forms of credit. Some foreign aid has already been extended, including some from the United States, German state loans, and German and other credits.

Trade Declines

Trade figures for the first quarter of 1959 show Greek imports valued at \$124.8 million compared with \$143.5 million in the first quarter of 1958—a drop of \$18.7 million, or 12.3 per cent. Exports totalled \$43.9 million compared with \$52.9 million in the first quarter of 1958, a reduction of \$9 million or 17.1 per cent. The total deficit for January-March 1959 fell by \$9.7 million to \$80.9 million, compared with \$90.6 million in the same period of 1958.

Greece's principal foreign exchange earners are tobacco, sultanas, currants, cotton, minerals, olive oil, citrus, olives, grapes, and wine. In 1958, 47 per cent of her exports went to Western European countries, 15.5 per cent to Eastern Europe, 15 per cent to the U.S. and 8.2 per cent to Britain.

Imports cover a wide range of foodstuffs, industrial raw materials, metals, machinery, petroleum, pulp and paper. Some 51 per cent of Greek purchases were from Western Europe, 15.6 per cent from the U.S., 13 per cent from the U.K. and 7.2 per cent from Eastern Europe.

Trade with Canada

Canadian sales to Greece in 1958 reached a value of \$4,656,898, up some \$535,475 from 1957, and credit is due to the Canadian firms selling in this market and to their Greek representatives. Our exports cover a wide range of products (which helps to keep Canadian brand names to the fore). The principal ones sold during 1958 were:

Ships sold	1,160,320	Potatoes, certified	
Aluminum ingots	460,344	seed	206,856
Tires, tubes and rubber manufactures	394,909	Furskins	200,920
Flaxseed	338,433	Newsprint	196,020
Reapers, threshers and combines	278,896	Tallow	188,773
		Sulphite pulp	127,113
		Copper ingots	111,900

Gas engines and parts	107,547	Drugs and chemicals	39,400
Automobiles	78,309	Polystyrene	39,082
Steel sheets and plates	61,800	Synthetic fibres	30,097
Whisky	47,885	Copper tubing	25,310
Medical preparations	43,215	Washing machines	24,788
Bolts and nuts	42,698	Flour of wheat	21,878

Greece is a very competitive market. Although Canada's share of it has never been large, Canadian firms can and do sell here and should continue their efforts. The Greek economy is less buoyant now, but there is monetary and exchange stability. Industrial production has been rising and the national income keeps moving up. As the new five-year plan gains momentum, there should be greater demand for machinery, raw materials, and many other products which Canada should be able to supply. ●

Ireland

★ Trade holds up well despite small deficit.

★ Two big industrial projects announced.

★ Prospects for Canadian sales improve.

G. SHERA,

Office of the Commercial Secretary, Dublin.

THE optimism about business conditions in Ireland that we expressed in our report from Dublin last year could well be repeated in this current review. The Republic's growing economic stability was reflected in part in the government budget brought down in April this year: it introduced no new taxes but instead, reduced income tax by sixpence in the pound and increased old age and other pensions. Exchequer receipts for the year ended March 1959 totalled £236,524,561 and expenditures £235,979,861, leaving a balance of £544,700.

Foreign Trade Steady

Looking at the estimated balance of international payments, current external account showed a deficit of £1 million in 1958 compared with a surplus of £9.2 million in 1957. However, there have been deficits before—£35.5 million in 1955 and £14.4 million in 1956. The excess of imports in merchandise trade in 1958 (adjusted for balance-of-payments purposes) totalled £64.5 million, an increase of £12.8 million over 1957. The 1958 figure was almost the same as

that for 1954, but was £7.4 million less than in 1956. Net invisible receipts totalled £63.5 million during 1958, some £2.6 million higher than the £60.9 million of 1957. Receipts from tourists in 1958 climbed to £20.8 million, or £2.3 million over the previous year.

Total imports into the Republic during 1958 were valued at £198.4 million, £14.2 million more than in 1957. Total exports last year, at £130.7 million, declined slightly, but the value was kept high, despite a fall of 3.6 per cent in volume, by a rise of 3.5 per cent in price. Terms of trade in the Republic in 1958 improved substantially over the preceding year, and if export prices had remained unchanged, the excess of imports over exports, instead of increasing by only £14.9 million, would have risen by £28.0 million.

Farm Year Started Well

Although 1958 was an exceptionally wet year with hardship and loss to the Irish farmer, his plight was somewhat eased by better prices for beef, a satisfactory beet crop, and government assistance for wheat. The weather at the beginning of 1959 was very good and permitted early planting. If the remainder of the year is reasonably fine, the harvest should be abundant.

Cattle herds in 1958 were expanded by about 1 per cent, from 4.45 to 4.5 million. There was a particularly satisfactory increase in the one-year-old and under-two-years categories and a rise of 12.6 per cent in dairy heifers in calf. The industry also reported steady progress in the eradication of bovine tuberculosis.

Employment Picture

The total labour force figure, at 1,191,000 in 1958, declined by 15,000 from 1957, representing a fall of 10,000 among those at work and of 5,000 not at work. The main decreases in the number of those at work were 4,000 in agriculture, etc., and 6,000 in construction; the number in manufacturing is estimated to have risen by some 2,000. It is hard to forecast employment for 1959 but it is doubtful whether there will be any significant change.

New Industries Planned

During 1958 two major industrial projects were announced—the establishment of an oil refinery at Whitegate, Co. Cork, and a shipbuilding industry at Rushbrooke, Co. Cork. Other projects are planned, including the establishment of a nitrogenous fertilizer plant in Offaly. It is hoped that when these and other developments get under way the employment situation will improve considerably. The Government offers incentives—such as capital grants and full freedom to repatriate capital and earnings—to foreign companies who are considering extending their activities to this country.

The consumer price index, which stood at 107.7 in February 1957, rose to 115.4 a year later and to 116.6 in May 1958 (mid-August 1953=100). For the remainder of 1958 the retail price level showed no significant change but because of a rise in prices of some foods the index for February 1959 increased to 117.7. In general, the wholesale price index has changed in much the same way over the period. It rose sharply during 1957 and the first part of 1958—from 103.5 in December 1956 to 114.0 in April 1958; the rise in domestic costs outweighed the effect of the decline in import prices. Since then there has been relatively little change.

Trade with Canada Increases

For the past three years, exports to Canada from the Republic have climbed steadily; in 1956 they totalled £430,256, in 1957 £786,507 and last year £829,051. The most important commodities in this trade are still chocolate crumb and chocolate preparations; raw wool; cordage, cables and ropes; sisal floor coverings; imitation jewellery, and leather footwear. Many of these goods have gained a foothold in the Canadian market and should at least hold their own if not do even better in the future.

Imports from Canada for 1958 increased over 1957 by some £2.1 million, largely because of substantially larger wheat imports following the abnormally bad harvest in the Republic last year. The leading Canadian products besides wheat include newsprint, barley, lumber, cereals, aluminum, linseed, hides and skins, and chemicals. Apart from these, Canada sells a diversified list of consumer goods to Ireland made up of canned goods, leather, cooking and heating apparatus, drugs and medicinal preparations. There are also some agricultural products such as grass and clover seed.

Last year saw greater purchases of lumber to replenish stocks that had dwindled over the last few years. Chemicals too were bought in larger quantities and bacteriological products appeared as an important item for the first time. Newsprint imports fell slightly in 1958 because of more favourable quotations from other sources.

Canadian imports should hold their own in 1958, with possible increases in some instances. In April a number of import levies were removed, (*Foreign Trade*, May 23, page 28) and though in many instances these levies were changed into import customs duties, there were certain reductions in rates. Because Canada and the United Kingdom, in most cases, enjoy preferential tariff rates, Canadians may expect to win some additional business in the near future.

For a recent report on "Italy Today" and conditions there, see "Foreign Trade" of May 23, 1959.

Netherlands

- ★ Balance of payments improves remarkably.
- ★ Dutch exports continue six-year rise.
- ★ Sales to and purchases from Canada increase.

B. HORTH,

Assistant Commercial Secretary, The Hague.

THE year 1958 proved to be one of economic recovery in the Netherlands. The inflationary trend of 1955-56 that led to the introduction of fairly severe spending restrictions in 1957 was brought to a decided halt. In fact, improvement began almost immediately following the so-called "guilder crisis" of August 1957, when the Dutch authorities instituted special measures to maintain the value of their currency. By the end of 1958, foreign exchange reserves totalled nearly fl.5,500 million, a 70 per cent increase over the low point reached some 15 months earlier.

Industrial Production Recovers

The remarkable improvement in the balance of payments was the most spectacular economic event in Holland during 1958, but the country had solid achievements in other sectors as well. Industrial production, which was down about 2.5 per cent in the first half of the year, recovered in the second half and by year-end equalled the 1957 figure. A number of industries set new production records. Petroleum output, for instance, rose 6.5 per cent to 1.62 million tons and crude steel jumped 21 per cent to 1.44 million tons. Labour productivity in industry increased by more than 2½ per cent.

Total consumption rose slightly over 1957 and approached the 1956 level. However, taking population increase into account, per capita consumption has declined about 2½ per cent since 1956. This decrease has taken place almost entirely in durable consumer goods, reflecting the effectiveness of the Government's restrictions on spending.

Industrial Investment

A less favourable development for which the deflationary program was at least partly responsible was the rather sharp drop in industrial investments. These were down about 10 per cent, despite the reintroduction in May of tax concessions for new investments. For the longer term, the Netherlands Government has made it clear that it fully realizes the part that industrial investments will have to play in providing employment and a satisfactory real income for the growing Dutch population. A government note on industrialization

published in May forecast that fl.11 million would be required for an investment program that would provide jobs for 140 thousand people during the five-year period ending in 1962.

How Prices Reacted

Prices and wages remained reasonably stable in Holland during 1958. The cost of living rose about 2½ per cent compared with a 10 per cent rise in 1957, as food and clothing prices declined slightly but were offset by higher medical and educational costs. Although no general wage increases were granted during the year, wages rose on the average about 4½ per cent. Wholesale prices averaged about 2 per cent lower during 1958, although at the end of December the general index stood at precisely the same level as in December 1957, indicating a rising trend once more.

Employment Problems

After several years of labour shortages, unemployment was higher during 1958 than it had been for several years. It reached a peak of some 130 thousand in January and February—equivalent to about 3½ per cent of the labour force—and many more workers were on short time. After a sharp improvement through the spring and summer months, it reached about the same level in early 1959 as one year earlier, although little was heard of any reduction in hours of work. Since then, the situation has improved rapidly. At the end of the first quarter, both the early dry spring and the improved economic outlook had contributed to a reduction of about 26,000 in the number of unemployed males compared with December 1958.

Outlook for 1959

How much better will 1959 be than 1958? Current Netherlands estimates foresee production and consumption rising 3.3 and 3.5 per cent respectively, consumer prices declining 1 per cent, and investment remaining at about the same level as in 1958. Exports are expected to increase 6 per cent in volume compared with 8½ per cent in 1958, and imports are expected to increase 9 per cent this year after dropping 5 per cent in 1958. The 1958 current account surplus of fl.1.5 billion will be reduced if these trends materialize but foreign exchange reserves are nevertheless expected to rise, notwithstanding a forecast net capital export and special contributions to be made to the new European Fund and to the International Monetary Fund under the proposed revision of quotas.

Foreign Trade Recovers

During 1958, Dutch exports paid for 89 per cent of imports compared with only 75 per cent in 1957. Recovery was assisted by the lower import bill which, in turn, reflected principally lower prices paid for

foreign goods. Imports of raw materials and semi-manufactures were down in value 13 per cent and investment goods 15 per cent; imports of consumer goods remained close to the 1957 figure. As in 1957, about 60 per cent of Dutch imports came from Europe; the chief supplier was West Germany, followed by Belgium-Luxembourg. None the less, the decline in purchases from these two countries accounted for about one-half the fall in Dutch imports from Europe. Imports from the United States, however, fell about 24 per cent. Raw materials and semi-manufactures, which constitute more than four-fifths of U.S. exports to Holland, fell proportionately with consumer and investment goods.

Dutch exports have risen each year since 1952—by 52 per cent in all up to the end of 1958. Four-fifths of this gain came in manufactured goods and the remainder mainly in unprocessed agricultural products, up 13 per cent over the same period. During this time, the average price of manufactured goods imported decreased 7 per cent. In 1958 Dutch exports to all parts of the world increased, with the exception of Asia, where they declined 13 per cent, solely because of smaller shipments to Indonesia. Exports to West Germany were up 7 per cent in value and to the United Kingdom 14 per cent. West Germany purchased more electrical apparatus, rolling mill products and gasoline; the United Kingdom increased imports of butter, potatoes, fuel oils and rolling mill products. Exports to the United States were also up 14 per cent, chiefly because of increased sales of canned meat and meat products and of electrical apparatus.

Trade with Canada

Although Netherlands imports from Canada increased 10 per cent in 1958 to fl.206.8 million, exports, at fl.95.5 million, gained 17 per cent over 1957. This shift in the Dutch balance of trade with Canada, though less marked than the change vis-à-vis the United States, meant that in 1958 Dutch exports paid for 48 per cent of imports from Canada, compared with 39 per cent one year before.

The table above compares selected Canadian exports to the Netherlands over the past two years. Within this group, Canada was the leading supplier of four items in both years—wheat, linseed, asbestos and Douglas fir lumber. In two other grains, buckwheat and rapeseed, we moved from second to first position in 1958. For one item—primary aluminum—we fell from first to third position in 1958, behind Austria and the U.S.S.R. Although our wheat exports were well maintained for the 1958 calendar year, sales in the current crop year are running behind last year's level. This may be attributed in part to the current scarcity of Manitoba 5's, and also in part to the emergence of substantial quantities of U.S.S.R. wheat in the Netherlands market.

SELECTED CANADIAN EXPORTS TO THE NETHERLANDS

	1958		1957	
	Amount (metr. tons)	Value ('000 guilders)	Amount (metr. tons)	Value ('000 guilders)
Wheat	399,664	94,059	333,492	83,432
Linseed	51,094	26,245	109,281	56,834
Turnings of ordinary steel, rolled, not plated	39,978	15,040		
Iron ore	181,838	8,088	67,567	4,033
Rapeseed	15,333	5,975	1,473	663
Rye	22,395	4,451	2,902	697
Pulpwood	m3 54,287	2,706	152,885	9,930
Raw asbestos	6,231	2,687	14,947	8,586
Douglas fir lumber	m3 9,226	2,484	7,051	2,312
Canned salmon	632	2,069	183	823
Corn	9,269	1,873	20	14
Primary aluminum	872	1,658	4,721	10,302
Fresh apples	3,295	1,370	752	391
Buckwheat	5,284	1,309	1,480	371
Synthetic scent and perfume	70	1,203	55	971
Wood pulp bleached or bleachable	2,020	1,177	1,885	1,098
Barley	5,138	1,043		
Polyethylene	410	1,020	229	663
Salted cow hides (non-European)	992	993	564	545
Zinc ore	6,380	865	1,928	338
Punch card machines (units)	63	692	10	551
Polystyrene	323	650	164	355

Canada moved to second position in 1958 as a supplier of fresh frozen and canned salmon and fresh apples. Apart from aluminum, we were the third largest suppliers in 1958 of mustardseed, rye, fresh lobster, canned lobster and crab, zinc ore, synthetic scent and perfume, non-European salted cow hides, unbleached wood pulp, sparkplugs, frozen beef tongues, whisky and polystyrene. In all but the last three products, Canada either retained or improved her 1957 position. Final mention might be made of iron ore, exports of which doubled in 1958, moving Canada from eighth to fifth position as a supplier.

Practical Effects of Common Market

How well Canada retains her position in the Netherlands market during the next few years will, of course, depend to a significant degree on the way in which the Common Market develops. Although as yet the tariff and quota reductions initiated at the beginning of this year appear to have had no pronounced effect on Dutch trade, they brought tangible proof to traders that the Common Market was under way. As in the other member countries, Dutch firms have started to take practical steps to ensure that they will be able to compete within the larger community.

Mergers, combines, marketing and research agreements are all evidence of this trend. For example, within the past few months two leading cable manufacturers and two of the leading machinery manufacturers have merged; Algemene Kunstzijde Unie (A.K.U.) and the Netherlands State Mines have established a joint plastics sales office; six leading manufacturing firms have formed a subsidiary to promote the interests of Netherlands industry in the construction of atomic power stations, and there have been a number of mergers and absorptions within the milling industry. The setting-up of European investment funds, of which there are several, is another practical step designed to promote investment in the major industries of Europe.

Certain countries, principally the United States, are continuing to establish branch plants in the Common Market countries and Holland is one of the most favoured locations. At the end of 1958, 171 foreign manufacturing firms had established subsidiaries in the

Netherlands, and 92 were U.S. companies. Similarly, 144 firms had entered into some form of co-operation with Dutch manufacturers.

In addition to direct investment, foreign buying of leading Dutch stocks such as Unilever and Philips has certainly been a factor pushing the prices of these issues to new highs.

An apt illustration of Dutch preparation for the Common Market is provided by the DAF, the new small Dutch car which recently began to come off the assembly line. Competitively priced, equipped with a fully automatic revolutionary belt transmission, and produced in one of the most modern factories in Europe, the DAF should do well in the Common Market. It should also serve as a symbol to Canadian exporters of the growing industrial stature of the Netherlands and hence of her increasing need for the raw materials and semi-manufactures that Canada is well equipped to supply. ●

Norway

- ★ Export industries report sales down.
- ★ Liberalization widens Canadian opportunities.
- ★ Purchases from Canada up last year.

B. G. R. BARTON,
Office of the Commercial Counsellor, Oslo.

NORWAY faced a number of difficult problems in 1958. Total national production dropped for the first time in years, with a 1 per cent decrease in gross and a 2.5 per cent decrease in net volume compared with 1957. Unemployment rose to a new postwar high; by the end of December the country had 41,800 registered as out of work and the Government provided two special grants, totalling Kr.110 million, to assist employment. Manufacturing was the most severely affected: it had 14,000 fewer employees during the last quarter of 1958 than in the same period of the previous year. Labour in the forests was down 3,000, probably more because of poor weather conditions during the winter than decreased demand.

The fish oil and meal and the fish-canning industries were affected by the poor catches of both sprat and herring. The pulp, paper and electro-metallurgical industries felt the depressing influence of general world trends and sales abroad did not measure up to expectations. The textile, clothing and woollen goods industries, on the other hand, suffered most from a fall in domestic demand. Because this falling-off was not as great as the total drop in production, it seems probable that stocks were reduced.

The cost of living mounted throughout the year, rising from 154 in January 1958 to 163 in December, and to 164 in February 1959. Foodstuffs showed the largest increase in price, chiefly the result of the removal of subsidies on milk, butter and cheese on July 1, 1958. Wages in Norway are tied to the cost-of-living index and a new round of wage increases was implemented in the summer of 1958, when the index reached 160 points. To prevent further increases, on March 1, 1959, subsidies on milk, butter and cheese were re-established. In addition, the Government has asked manufacturers to reduce prices voluntarily, especially on consumer goods. Nearly all branches of industry have responded and have made reductions amounting on the average to about three-quarters of 1 per cent. Subsidies and price cuts combined brought the index down to 162 in March.

Retail turnover throughout the past year was higher than in 1957 and was accompanied by a substantial expansion of both commercial and private credit. The Government has intimated that it may consider making savings obligatory for young people who, as in many other countries, account for a relatively high money turnover.

Industry Considers Future

Norwegian industry has expressed considerable interest in the proposed Scandinavian Common Market and European Free Trade Area. It has expressed itself as favouring a European plan, seeing in the purely Scandinavian scheme difficulties in competing with the much larger Swedish manufacturing industry and

with Danish agriculture. In such a limited plan, both of these could undercut Norwegian domestic prices. On the other hand, Norway's chances of increasing her own exports to these two countries are considered small. The industry feels, however, that a broader European market would give all three Scandinavian countries a greater outlet for their production.

Trade Shows Deficit

Turning to trade, Norway's balance of payments on current account was changed from the 1957 surplus of Kr.303 million (about \$42.5 million) into a deficit of Kr.1,060 million (about \$150 million) in 1958. Additions to the merchant fleet and the continued decline in freight rates have had an important bearing on these developments. Imports of ships went up by Kr.760 million over 1957 but the income from shipping services fell by Kr.675 million. Exports of ships dropped by Kr.255 million. The capital account, however, accumulated a considerable surplus. Of the total capital inflow of Kr.1,462 million (more than Kr.1,000 higher than in 1957) half was made up of loans on ship imports. A considerable amount resulted from the

repayment from abroad of loans granted earlier by Norway on ship exports.

In commodity trade, imports declined by Kr.571 million and exports, excluding ships, went down Kr.300 million. In both cases, lower prices resulted in the decreased values; lower volume accounted for only 1 per cent of the loss in imports and only 2½ per cent in exports. (The effect of the poor herring catch on exports has already been noted.)

Convertibility and Liberalization

On December 27, 1958, Norway announced the external convertibility of its currency, in concert with a number of other European countries. The Norwegian convertibility does not apply to certain specified countries with whom trading agreements providing for the clearing of trade values are in force. However, Norwegian importers may now purchase Canadian and United States dollars as freely as Western European currencies.

One of the effects of the introduction of European external convertibility was the winding up of the European Payments Union, which has served as a clearing-house for trade among the participants. Norway had a final debit balance with the Union of some \$87 million. The settlement of EPU debts is now subject to bilateral agreements between creditor and debtor countries.

Related to the introduction of external convertibility in Norway was the liberalization of all those imports from the dollar area that were previously free of restrictions only if they were imported from countries in the OEEC. (See *Foreign Trade* of January 31, 1959.) Many newly liberalized commodities are of interest to Canadian exporters—for example, canned salmon and lobster, artificial sausage casings, dried legumes, round and sawn wood, wood pulp, veneers, newsprint and various other papers; leather; dressed fur skins; abrasive materials; firebrick, and cellophane. Information on particular items may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Trade with Canada

There are no figures available yet to show whether convertibility has brought any increase in trade with the dollar area. Canadian exports to Norway, however, increased slightly in 1958 over 1957. The table on page 22 lists those items worth \$100 thousand (Canadian dollars) or more during one or both years.

On the whole it appears that traditional Canadian exports to Norway are being well maintained and that new ones are being introduced, mainly raw materials or capital goods. Canadian apples have gone over well in this country and interest in maintaining imports is high.



Young Norwegian girls are busy gutting herring, used for fish oil and meal, or for canning. Last year's catch proved poor.

CANADIAN EXPORTS TO NORWAY

	1958	1957
	(in Canadian dollars)	
Nickel in matte or speiss	\$35,571,977	\$32,831,889
Copper, fine, in ore	6,631,682	7,197,273
Wheat, n.o.p.	5,544,348	4,086,684
Flaxseed, n.o.p.	1,985,582	1,561,512
Drugs and chemicals, n.o.p.	890,396	1,036,587
Ores, n.o.p.	769,586	4,640,517
Zinc in ore	649,521	174,284
Rye	534,635	
Aluminum in primary forms	465,314	30,586
Copper ingots, bars, billets	390,349	407,027
Pigments, n.o.p.	290,505	
Nets, twine, commercial fishing	241,310	158,731
Gas engines and parts	208,569	164,683
Ontario winter wheat	169,605	55,470
Asbestos milled fibres	159,000	170,940
Carbon graphite electrodes	127,385	164,962
Bookkeeping, calculating machines and parts	122,617	81,985
Apples, fresh	121,436	28,141
Shoe machinery and parts	112,531	
Stoves, heating apparatus, n.o.p.	18,178	101,272
Total exports, including all items	55,984,854	55,548,041

The range of Canadian imports from Norway is a wide one and a short list must of necessity leave out a large number of commodities of smaller value. However, the following gives the more important products imported in 1958, with their equivalent values in 1957:

CANADIAN IMPORTS FROM NORWAY

	1958	1957
	(in Canadian dollars)	
Anchovies, sardines, canned	938,310	910,080
Alloys, n.o.p., for manufacture of steel	279,927	5,034
Wire rods, steel, hot rolled	250,791	
Herrings, salted	143,936	109,958
Sportsmen's fishing tackle, n.o.p.	123,927	96,007
Fur skins, mink, undressed	122,315	16,359
Kippered herrings, canned	89,773	71,456
Furniture, mainly of wood	81,221	41,773
Vegetable products, n.o.p.	70,044	5,009
Squid, fresh	66,688	
Fish hooks, commercial	66,627	68,623
Clothing, rubber, n.o.p.	38,242	29,600
Cash registers	36,563	44,124
Skis, racquets and frames, bats	32,990	45,477
Guns	31,290	35,529
Cranes	30,119	48,685
Manufactures of iron and steel, n.o.p.	27,338	9,767
Grinding wheels, bonded	23,707	24,030
Adding machines and parts	22,497	25,400
Electric light fixtures, n.o.p.	20,069	33,688
Total	3,228,960	3,145,299

This year Norway is expected to make repayments on foreign debts totalling a little less than Kr.400 million (about \$55 million). To this should be added an estimated deficit on the current balance of goods and services of Kr.1,200 million (about \$165 million). Norway expects to cover some Kr.500 million of this by loans from abroad for the import of ships and a further Kr.290 million is to come from other foreign loans. The remainder, if the estimate is correct, will have to be covered by drawing on the country's foreign exchange reserves. Mention has also been made of a possible withdrawal from Norway's quota in the International Monetary Fund. Foreign exchange reserves at the moment total Kr.2,350 million (\$330 million), compared with \$185 million at the end of 1955.

Many Norwegians express the hope that difficulties within the fishing industry and the unemployment problem will be eased by state aid. But they realize that subsidies would be only a temporary remedy and that the various industries themselves must seek a more lasting cure. An expansion of manufacturing would, it is felt, solve many of the current economic problems and Norwegian interests would therefore welcome foreign investment capital. ●

Portugal

- ★ Imports down sharply, trade deficit smaller.
- ★ No down-turn in economy apparent.
- ★ Import restrictions limit Canadian sales.

RICHARD GREW, *Commercial Counsellor, Lisbon.*

PORTUGAL appears to have escaped the down-turn in economic activity evident throughout most of 1958 in the United States, Canada, and in some parts of Western Europe. In general, business remained good and industry, with one or two exceptions, continued to expand, though more slowly than in 1957.

The balance of payments last year showed particular improvement. In 1957, for the first time in a decade, Portugal had a balance-of-payments deficit of \$6 million. At the end of 1958, this had been converted into a surplus of \$28 million.

In line with most other Western European countries, Portugal announced last December the external convertibility of the escudo, which has since remained steady at its former level. At the time these moves were made, the European Payments Union came to an end. Portugal had a deficit with EPU of approximately \$36 million. It owed \$19 million to West Germany, \$5.3

million to Belgium, \$4.8 million to the Netherlands, and \$2.9 million to Britain, plus smaller amounts to seven other countries. On the credit side, France owed Portugal \$3.6 million.

A Look at Agriculture

Agricultural production declined compared with 1957, though the latter was an exceptionally good year, with a record wheat harvest. The 1958 yields were satisfactory for nearly all products except olive oil and wine. Wheat production did not measure up to 1957 but the harvest was larger than the ten-year average and a carryover of 180 thousand metric tons is expected. Portugal will probably not be in the market for imported wheat in the near future unless the current crop proves to be well below average and up to the present, prospects are good.

Production of olive oil fell sharply and is estimated at only about 54 per cent of the 1957 figure. To meet the deficiency, olive oil is being imported on government account and the price to the public kept at the same level.

Cattle numbers have not risen and Portugal continues to import meat products—mostly frozen beef and pork—to a total of 5,000 metric tons last year. All purchases are made by government tender through local firms acting on behalf of their overseas principals. South American suppliers are said to quote the most favourable prices.

Fisheries Catch Increases

Fisheries production rose slightly in 1958, though prices were lower. Output of sardines was the largest in many years but other types of fishing did not have the same success. Prices for fresh fish have declined about 20 per cent below the previous year.

Cod fishing had a poor season (mainly as the result of bad weather and difficulty in procuring bait) and production went down by 6,000 tons. Six vessels of the cod-fishing fleet were lost, most of them with cargoes aboard, but the loss in production had no effect on prices, which are controlled. Portugal also imports cod from Norway, Iceland, France, Germany and Canada. Contracts for supply from the first four countries have already been made for the current year and prices in every case have been maintained at the same level as a year ago.

Industry Makes Gains

Industrial production, with the exception of mining, increased about 6 per cent over the previous year. Foodstuffs, chemicals, non-metallic minerals and certain types of textiles (excluding cotton piece goods) were chiefly responsible for this gain. The cotton textile plants, mainly located in the north of the country, are feeling the effects of competition in Portuguese overseas markets from Japan and Hong Kong. The

pulp and paper industry also had problems, with output of pulp down 10 and of paper down 16 per cent. Overseas demand for Portuguese minerals and ores fell off and production declined 20 per cent below 1957, which itself was not a satisfactory year.

Increased industrial production has been assisted significantly by hydro-electric development. Last year power capacity increased 20 per cent over 1957 and this increase is expected to be equalled in the current year. The largest distributor of electricity in Portugal reports a rise of 25 per cent in consumption in 1958 over 1957.

The second six-year Economic Development Plan began in January 1959 and is expected to stimulate the construction and other industries. Signs point to a further advance in industrial output in the months ahead. The flourishing tourist trade has prompted the completion of new hotels and others are being built.

Import Trade Declines

The value of Portugal's foreign trade declined to \$747.9 million last year from \$772.1 million in 1957, almost entirely because of a fall in imports. The trade deficit was down to \$185.5 million from \$208.5 million in 1957, or by an amount corresponding almost exactly to this fall in imports. The tables following give details on exports to and imports from the various trading areas.

EXPORTS FROM PORTUGAL

	1958		1957	
	millions of dollars	% of total	millions of dollars	% of total
Portuguese overseas provinces	77.1	27.4	73.9	26.21
EPU countries	135.3	48.1	120.7	42.84
United States	23.5	8.3	23.9	8.48
Canada	2.9	1.1	2.7	.95
Others	42.4	15.1	60.6	21.52
Total:	281.2	100.0	281.8	100.00

IMPORTS INTO PORTUGAL

	1958		1957	
	millions of dollars	% of total	millions of dollars	% of total
Portuguese overseas provinces	69.0	14.7	57.4	11.71
EPU countries	301.2	64.7	286.4	58.41
United States	33.1	7.1	53.1	10.82
Canada	2.4	.5	2.8	.57
Others	61.0	13.0	90.6	18.49
Total:	466.7	100.0	490.3	100.00

Portugal's leading supplier continued to be West Germany, and despite the decline in total imports, Germany's sales went up by about \$1 million. The United Kingdom retained its position as the second supplier, but its exports to Portugal fell by \$4.4 million.

Imports from the United States dropped by \$20 million and it went from third to fifth place as a source of Portuguese imports. The table gives further details.

PORTUGAL'S MAIN SUPPLIERS

	1958		1957	
	millions of dollars	% of total	millions of dollars	% of total
West Germany	82.6	17.6	81.6	16.69
United Kingdom	60.4	12.9	64.9	13.24
France	36.0	7.7	40.4	8.25
Belgium-Luxembourg	34.2	7.3	30.4	6.21
United States	33.1	7.1	53.1	10.82
Italy	17.1	3.7	15.3	3.12
Switzerland	15.1	3.2	14.4	2.94
Netherlands	13.7	2.9	13.0	2.66
Sweden	12.9	2.7	11.9	2.43
Total:	305.1	65.1	325.0	66.36

Portuguese exports showed relatively little change last year. The only decline came in sales to the United Kingdom, down \$7.7 million. Shipments to Switzerland remained the same, and those to other markets showed modest increases, as the table illustrates.

PORTUGAL'S CHIEF CUSTOMERS

	1958		1957	
	millions of dollars	% of total	millions of dollars	% of total
United Kingdom	31.9	11.3	39.6	14.03
United States	23.5	8.3	23.9	8.48
West Germany	21.3	7.6	19.2	6.83
France	18.6	6.6	14.4	5.12
Italy	12.0	4.3	11.8	4.20
Belgium-Luxembourg	10.7	3.8	10.3	3.53
Netherlands	6.9	2.5	6.5	2.32
Sweden	6.5	2.3	6.2	2.21
Switzerland	3.7	1.3	3.7	1.32
Total:	135.1	48.1	135.6	48.04

The creation of the European Common Market and the move towards limited convertibility do not seem to have had any discernible effect so far in Portugal. External trade has been following the 1958 pattern, with values much the same as in the previous year. The one exception is a fairly large rise in French exports to Portugal, probably because of the devaluation of the franc.

Canada and Portugal

Canada's exports to Portugal last year dropped slightly from the 1957 figure—to \$2.3 million from \$2.6 million. The experience of our exporters was mixed; some products gained and others lost ground. The most notable gain was in sales of salted cod which, for the first time in the past few years, reached significant proportions; shipments of flaxseed, semi-fabricated

aluminum, and tobacco also increased. Copper, both scrap and ingot, and asbestos were the two products that fared less well. Bait fish, the fifth most important purchase from Canada in 1957, did not appear in the 1958 statistics.

The table following gives further details on Canada's sales during the past two years.

CANADIAN EXPORTS TO PORTUGAL

	1958 (Value \$)	1957 (Value \$)
Cod, light salt, 43 per cent or less moisture content	527,281	63,041
Flaxseed, n.o.p.	392,730	359,330
Aluminum	240,738	146,997
Tobacco	179,983	123,860
Drugs and chemicals, n.o.p.	102,093	118,514
Flour of wheat	99,815	83,877
Gas engines and parts	97,437	76,221
Plates, sheets and strips, steel	89,433	128,518
Asbestos	71,970	409,658
Radio wireless apparatus, n.o.p.	47,492	13,883
Synthetic resins, n.o.p.	46,023	9,459
Calf skins and kips, raw	45,700	9,588
Scientific apparatus, n.o.p.	40,165	29,226
Copper	39,043	397,536
Synthetic fibre thread and yarn	37,007	17,052
Films, n.o.p.	36,559	29,323
Drills and sowers	30,209	3,383
Total, including all exports	2,280,093	2,605,226

Canada has bought from Portugal in the last two years chiefly four types of commodities—cork and cork products, wines, anchovies and sardines, and binder and baler twine. These made up about 77 per cent of our purchases from Portugal. The first three are traditional imports, but binder and baler twine is a newer item; before 1957, imports into Canada were negligible.

PORTUGUESE IMPORTS INTO CANADA

	1958	1957
Cork and cork products	1,403,094	1,291,278
Wines	372,851	348,576
Anchovies and sardines	315,314	295,315
Binder and baler twine	227,308	106,552
Total, including all imports	2,967,418	2,664,338

In 1957, Canada had an import surplus of about \$60,000 in its trade with Portugal; in 1958, this figure widened to \$687 thousand. The market for Canadian goods in Portugal continues to be limited by import restrictions, especially on consumer goods. The United Kingdom and Western Europe receive priority in the allocation of licences for many imports. As before, the outlook is best for industrial materials and basic food-stuffs, which traditionally make up the larger part of Canadian exports to that country. ●

Spain

- ★ Foreign exchange shortage limits expansion.
- ★ Dollar imports still rigidly controlled.
- ★ Canadian primary products in good demand.

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

CLIMATE and topography, and the character of the people themselves, vary so widely in Spain from north to south that it is difficult to present a satisfactory over-all picture. However, the country as a whole is making progress and the economy is expanding rapidly—at the cost of some inflation. Most Spaniards are living better today than they did ten or fifteen years ago, though the cost of living has risen about 40 per cent during the past two years. This rise has largely wiped out the benefit of the large wage increases handed out late in 1956.

The rapid industrialization has naturally brought some disruption in its wake because Spain is traditionally an agricultural country. For example, the foreign exchange requirements of the I.N.I. (Instituto Nacional de Industria) enterprises far surpass the earnings from agricultural exports on which Spain mainly depends. As a result, the gold reserves have dropped sharply. The country's foreign trade balance shows a deficit every year and, in spite of economic aid from the United States begun in the fall of 1953 and now past the billion-dollar mark, certain basic economic problems remain unsolved.

The U.S. aid program has brought great benefits to the country and has been administered with an eye to minimizing any inflationary effects. The large sums of pesetas accumulated in counterpart funds are being used for agricultural projects such as soil conservation, irrigation and reforestation; to increase electric power output; to improve transportation facilities; to provide certain raw materials needed in industry, and to obtain foodstuffs in short supply such as edible oils. Proposed U.S. aid in 1959 includes the supply of \$96.4 million worth of agricultural surplus commodities (\$50.9 million for edible oils), and a Development Loan Fund grant of \$22.6 million (\$14.9 million for the rehabilitation of the Spanish railways and \$7.1 million to assist in the settlement of workers on newly irrigated farm land). The latter will help to boost Spain's agricultural output.

National Income Rises

Last year the national income rose to pesetas 438,934 million, a 12 per cent increase over the previous year. Agriculture, which employs over 40 per cent of Spain's working population, appeared to be faring well and the output about average. Industrial production had its bright spots, such as chemicals, and its dark ones, such as the textile industry and the mines; the latter suffered because of the fall in world prices for base metals. The authorities recognize the need for greater productivity in Spain and, with U.S. technical and financial aid, have launched a program of power development—hydro-electric and thermal, with atomic power plants in the offing. A more efficient railway network will also help.

The need to step up agricultural production is just as urgent if Spain's economic problems are to be solved. However, this may call for more attention to



This new village, Torrecera in the province of Cadiz, illustrates the progress that Spain is making, despite a trade deficit and a continuing drain on foreign exchange. Counterpart funds from U.S. aid are channelled into projects like this.

CANADIAN EXPORTS TO SPAIN

	1958	1957
Total Exports:	\$6,718,215	\$5,914,578
Principal Items:		
Cod, light salt	917,912	886,790
Cod, heavy salt	14,000	124,180
Wood pulp, sulphite kraft unbleached	27,790	
Pulp, sulphite bleached	144,503	643,986
Scrap iron or steel	529,244	
Bars, iron or steel	103,426	149,983
Plates, sheets and strips, steel	139,669	44,578
Gas engines and parts	389,794	6,683
Aluminum in primary forms	2,208,652	1,351,118
Copper scrap, slag, skimmings	65,763	144,017
Nickel, fine	37,227	307,855
Ores, n.o.p.		218,183
Asbestos, milled fibres	603,378	934,389
Drugs and chemicals, n.o.p.	826,136	495,750
Dental, surgical, hospital equipment		118,560

SPANISH EXPORTS TO CANADA

	1958	1957
Total Exports:	\$5,900,829	\$5,596,416
Principal Items:		
Olives, sulphured or in brine	1,639,719	1,256,936
Almonds, shelled	1,027,340	349,001
Onions, fresh	206,131	186,019
Tomatoes, canned	20,917	18,860
Tomato paste, canned	85,279	56,176
Olive oil, n.o.p. edible	119,207	90,853
Ginger, spices, n.o.p.	193,623	228,308
Wines, non-sparkling	269,471	270,459
Hatters fur, not on the skin	76,258	134,115
Cork slabs, boards, tiles n.o.p.	338,999	476,569
Cork slabs, boards for mfrs.	430,912	493,857
Cryolite or kryolite		345,600
Mercury or quicksilver	59,657	127,256
Tiles, earthenware, n.o.p.	89,148	64,293
Salt for fisheries	110,530	190,629

export marketing, especially of the important orange crop. After comparatively good sales in 1957, there was talk about doubling Spain's orange output and it was said that there should be no difficulty marketing at least two million metric tons of fruit abroad. At the end of last year, however, exports of oranges totalled much less than one million tons, though the crop was excellent. Britain and the Common Market countries constitute Spain's chief markets for agricultural produce.

Spain has never been an important exporter of industrial products and finds it difficult to compete with other Western European countries. Many of her factories do not have up-to-date equipment and modern production methods and she has not had the foreign exchange to remedy this situation, especially in the textile plants. The Spanish worker, though excellent, at present is able to turn out only about 40 per cent of the average production of his counterparts in the OEEC countries.

Search for Oil

One of the encouraging developments in Spain this year is the boom in oil prospecting. The new Petroleum Law that came into force in December of last year has given an impetus to the search for oil in Spanish territory and especially in the Spanish Sahara. There U.S., German and French experts are operating. About two dozen foreign oil companies are about to undertake prospecting in Spain itself (some of them in partnership with Spanish companies) and some drilling is already under way. It is too early to talk about prospects but geologists feel optimistic that oil will be found in some quantity in the Spanish Sahara and competition is keen

for leases there. Oil prospecting is an expensive business and means large dollar expenditures in Spain itself.

Tourists Bring Dollars

Another large dollar-earner is the tourist trade which has become a year-round industry in Spain. This promises to be a banner tourist season; already hotel accommodation in Madrid has run short and it is heavily booked for some time ahead. A number of luxury resort hotels have been completed on the Mediterranean coast and are open for business; others are under construction. Statistics on tourist arrivals are apt to be misleading because of the large number that cross the border from France for a very brief stay. But many hundreds of thousands of visitors remain some time and the money they spend helps a good deal with the foreign exchange problem.

Imports Still Controlled

Per capita, the value of Spain's foreign trade is the lowest in Western Europe. Imports are still rigidly controlled, even to many products almost essential to keep industries running. The policy of austerity to which the Spanish Government is for the moment committed creates problems for the industrialist but also for all traders. It seriously affects trade with hard currency countries. During 1958 the Ministry of Commerce sought diligently for new markets for agricultural products and the Spanish authorities are endeavouring, to the greatest possible extent, to obtain these markets through bilateral agreements. Agreements have been signed with several Iron Curtain countries (with whom Spain does not maintain diplomatic representation) and indications are that this East-West trade is increasing.

Spain has also been working towards full membership in OEEC; this will involve a number of changes in its foreign exchange policy and the modernization of its customs tariff. Work on the latter is said to be nearing completion but there is no final word yet on what the exchange policy will be. However, the Minister of Commerce stated recently that there will be no devaluation.

Trade with Canada

Canadian exports to Spain exhibited a modest increase last year and Spanish imports into Canada showed a smaller rise. The table gives details. The official policy of only buying from hard currency countries what cannot be purchased elsewhere has tended to keep Canadian sales down. However, there is a real and insistent demand for such Canadian primary products as aluminum ingot, crude asbestos, nickel, wood pulp, and various other commodities.

If the Spanish foreign exchange position were to improve, so would Canada's prospects in this market. Spanish industrialists are ready and even eager to do a larger amount of business with Canada if some of the current problems can be solved. ●

Sweden

- ★ Markets for forest products now improving.
- ★ Trade deficit continues; exchange reserves up.
- ★ Canadian sales down slightly in 1958.

A. P. BISSONNET,
Commercial Counsellor, Stockholm.

THE trend towards recession in the Swedish economy evident during most of 1958 seems to be disappearing and in recent months the country has appeared to be heading for a period of increased activity without any great risk of inflationary pressure. The Swedes view the long-term outlook, however, with some caution.

The consumer price index has remained unchanged for almost a year and foreign exchange reserves have been well maintained. Although there are some misgivings about the future, foreign trade is now developing more favourably than a year ago, and unemployment, according to the latest statistics, is decreasing.

Industrial Output Varied

Industrial production in 1958 remained almost unchanged in volume compared with 1957, although output of consumer goods decreased slightly. Steel and

other metal manufacturing has shown some improvement; so has the pulp and paper industry. Production in the important iron ore industry was about 7 per cent lower in 1958 than in the preceding year.

Sweden's most important industry, forest products, is perhaps of greatest interest to Canadian readers. The lumber industry in 1958 had a production increase of 2 per cent but pulp production dropped by 6 per cent. The market for lumber has improved in the last few months, with greater demand in Britain and especially on the European continent. Prices, on the other hand, have remained fairly steady. The pulp and paper market has been less favourable and production and prices have been cut. However, recent reports are more encouraging and exports of pulp have risen in the past few months. Optimism over the long term prevails and nearly all Swedish pulp producers are planning increases in capacity over the next three or four years.

Wallboard production and exports in 1958 were both up over 1957. Production rose by 24,000 tons to 533 thousand in 1958 and exports by 10,000 tons to 350 thousand for the same period.

Sweden's engineering industries reflected the more or less unchanged situation in production and export. Members of this industry feel that low prices and keen competition from abroad do not make the outlook for exports very encouraging. The shipbuilding industry maintained a fairly steady output, thanks to orders contracted several years ago. The next few years may be critical, however, if new orders do not come in. One particularly bright spot is the automobile industry, where a growing North American market, especially in the United States, has resulted in increased production and gratifying export earnings.

Crop Conditions Good

Agriculturally, Sweden had a fair to average year in 1958. The crop of bread grains fell more than 15 per cent below the large 1957 crop and more than 30 per cent below the average of the last five years. It was, however, of good quality. It is estimated that imports of between 150 thousand and 170 thousand tons of low-quality wheat and a similar quantity of rye will be made to meet demand. Fodder crops were larger than in the previous year and other crops about average. Autumn sowing was normal and took place under good conditions. The spring crop reports are not available at the time of writing, but conditions so far have been good, with an exceptionally early spring. The opportunity for Canada to sell wheat to Sweden under these conditions has been curtailed because the demand was centered on low-quality, low-priced wheat.

A good Swedish crop and good crops in Europe generally will cut into the market for Canadian apples this year.

One of the greatest economic problems in Sweden during the past year has been the foreign trade deficit. In the last few months, in the lumber industry at least, anxiety about this has been somewhat allayed by increased export volume, if not prices. By far the most important Swedish export is forest products, which accounted for 37.6 per cent of total sales abroad last year. Of this, 12.1 per cent represented lumber and the rest pulp, paper and cardboard. Iron ore accounts for another 10 per cent of exports and basic metal products for 13.3 per cent. Thus 61 per cent of exports consist of raw materials or their immediate derivatives. In 1958 Swedish export volume fell by 2 per cent and value by 5 per cent; imports declined some 3 per cent in value. For the calendar year 1958, Sweden's key exports—iron ore and forest products—decreased by 15 per cent and 22 per cent respectively compared with 1957. Two commodities—automobiles and ships—showed substantial sales increases abroad. Swedish exports of automobiles to the United States, non-existent three years ago, now account for one-quarter of exports to that country.

Sweden's principal trading partners are West Germany, the United Kingdom, and the United States, in that order. Imports from the U.S. in 1958 were down Kr.313 million, but exports to the U.S. were up Kr.98 million.

SWEDISH TRADE IN 1958

Trade with Selected Countries

	Imports	Exports	Balance of Trade
	(millions of kronor)		
West Germany	2,855	1,537	1,318
United Kingdom	1,718	1,766	48
United States	1,296	629	667
Canada	68	72	4

Value of Swedish Imports

	1956	1957	1958
Foodstuffs, etc.	1,888	1,861	1,847
Fuel	2,228	2,300	1,988
Textiles	1,142	1,290	1,397
Machines, instruments and means of transport	2,784	3,273	3,511
Minerals (excl. fuels) and base metals and products	1,913	2,111	1,928
Other commodities	1,479	1,732	1,577
Total:	11,434	12,567	12,248

Sweden's balance of payments on current account in 1958 showed a deficit. Foreign exchange reserves, however, continued to increase, rising to Can.\$573.3 million at the end of 1958 from Can.\$550.6 million at the end of 1957. The increase was due in large part to an inflow of private short-term capital. With export markets currently improving but the long-term outlook

uncertain, there is some doubt among Swedish exporters whether this favourable balance can be maintained.

What Canada Sold

The value of trade between Sweden and Canada in 1958 totalled \$25.1 million, compared with 1957's record of \$27.6 million. Canadian exports to Sweden in 1958 were valued at \$11 million (\$12.1 million in 1957); imports into Canada from Sweden (with the emphasis on engineering products) were valued at \$14.1 million (\$15.5 million in 1957). This decline in our trade with Sweden corresponds with the general reduction in that country's over-all trade. Despite decreases in Canadian exports of such products as seeds, fish, some steels, copper, and polystyrene, sales of fresh apples, canned fruits, lobster, aluminum, nickel, and asbestos showed encouraging increases. In most of these commodities (except apples) and in many others, there are opportunities for increased Canadian sales to Sweden.

In considering the Swedish market, Canadian exporters should bear in mind that except for a limited few items, imports are unrestricted and there is no difficulty about foreign exchange. Sweden has a low tariff and is a highly competitive market. On the other hand, it is probably one of the best proving grounds for consumer goods in Europe. With a small population (7.4 million), wages perhaps the highest outside of North America, and a consequent high standard of living, individual purchasing power is also high. In any list of cars, telephones, etc., per capita, gross national product, or other indices of material well-being, Sweden usually ranks somewhere between the United States and Canada, on the one hand, and European countries on the other. There is a demand in Sweden for many consumer goods not manufactured locally. It should be remembered, however, that standards of quality are high and that the Swede is a discerning buyer. Products must meet technical standards and be adapted in style and design to his taste. The market for raw materials and semi-fabricated products is important and larger than one might expect, because of the large export trade in manufactured and finished products.

A visit to Sweden by Canadian businessmen interested in this market could be worthwhile and rewarding.

Index to Foreign Trade

The index to Volume 110 of "Foreign Trade", covering the issues from July 1, 1958, to December 20, 1958, has now been printed. Readers who wish to have copies should write to the Editor. Copies of the index for Volume 109, January to June 1958, are also available.

Switzerland

- ★ Economic slowdown continued in 1958.
- ★ Imports from and exports to Canada increased.
- ★ Upturn in trade expected in 1959.

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

THE slowing-down of economic expansion in Switzerland evident in the latter half of 1957 continued through most of 1958. It did not develop into a recession, but rather represented a readjustment from previous boom conditions and the threat of inflation to a more stable situation. Production, consumption and trade were maintained and full employment prevailed. There was high liquidity in the capital and money markets and savings rose considerably.

The General Picture

The watch industry's production and exports, particularly to the United States, were substantially smaller last year. The textiles and building trades also reduced their output but the machine and chemical industries appear to have maintained high production.

The number of people employed was only slightly smaller than in 1957, despite a 15 per cent drop in the building trade and layoffs in some sectors of the textile and watch industries. The number of foreigners on work permits in Switzerland declined by 3.6 per cent—from the high of 377 thousand in August 1957 to 363 thousand in August 1958—but was still above the 1956 figure of 326 thousand. The building trade felt the full effects of the credit restrictions which were applied in the spring of 1957 and the total construction figure for 1958 was about 8 per cent lower than in the previous year. However, with the easing of credit early in 1958, construction began to pick up in the second half of the year and the up-trend has continued into the early months of 1959. In addition, the drop in housing construction was partly offset by greater activity in highway construction and other projects, such as power stations.

For Switzerland 1958 was an excellent agricultural year, as production rose in almost every sector. Wheat, rye, and vegetable crops were considerably larger than in 1957 and there was a bumper harvest of fruits, particularly apples—so large, in fact, that it has been difficult to dispose of the crop. Cheese producers had a difficult time because prices were lower as a result of over-production and smaller demand.

The consumer price index increased by 0.9 per cent during the year but the wholesale price index declined by 3.6 per cent. The volume of retail sales remained

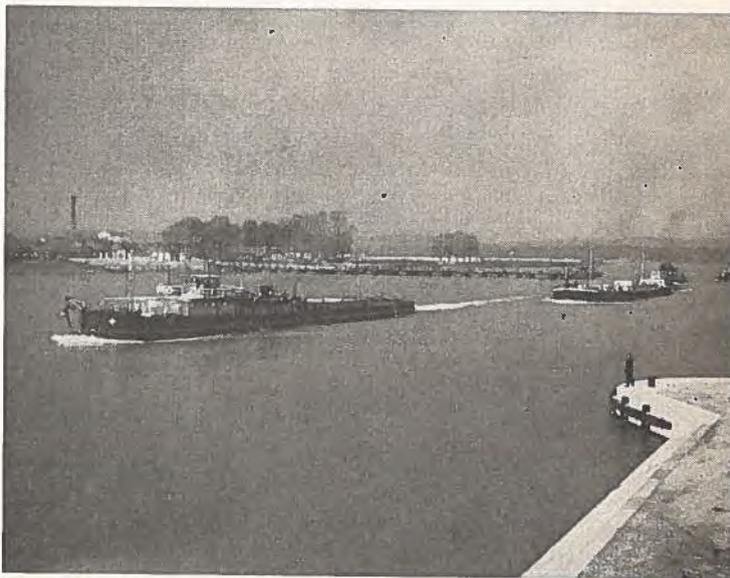
JUNE 20, 1959

high and the value actually increased by 2.3 per cent over 1957. The stable cost of living in the latter months of 1958 and the early months of 1959 indicates that inflationary tendencies have been halted.

The Monetary Picture

The National Bank pursued a policy of encouraging the increase of liquidity in the money and capital markets, following the acute shortage of funds that developed in 1957. For this reason, the gentleman's agreement whereby the banks maintained a certain minimum of reserves with the National Bank was abrogated on March 10, 1958. Other factors at work were the levelling-off of economic activity, the repatriation of Swiss capital invested abroad, and a reduction in the trade deficit. As a result, liquidity began to increase rapidly early in the year to the point where, in August, the National Bank consented to the placement of foreign issues on the Swiss market after an absence of two years. Three such loans, with a nominal value of SFr.140 million, were placed by the end of the year. The official discount rate remained unchanged at 2½ per cent throughout the year but interest rates on loans fell by about 1 per cent from the peak reached in the autumn of 1957. At the end of November, the monetary reserves of the National Bank totalled SFr.8,787 million, a gain of SFr.622 million over the total at the end of 1957.

Canada continues to be one of the principal overseas markets for Swiss investment. Although Swiss banking circles have, in general, taken a cautious attitude toward investments during 1958 and early 1959, there have been expressions of confidence in the Canadian



This Rhine barge, preceded by a tug, is making its way into the harbour of Basle. Over five million tons of freight moves over Swiss inland Waterways each year, much of it on the Rhine.

SWITZERLAND'S FOREIGN TRADE

	Imports			Exports		
	1956	1957	1958	1956	1957	1958
(million Swiss francs)						
Europe	2,143	2,752	2,260	2,438	2,574	2,598
COMMON MARKET COUNTRIES						
Belgium/Luxembourg	370	357	317	277	288	263
France	844	886	757	542	518	494
Italy	726	936	870	503	541	520
Netherlands	350	380	362	252	266	241
West Germany	1,853	2,193	1,954	864	961	1,080
Total	4,143	4,752	4,260	2,438	2,574	2,598
OTHER EUROPE						
Austria	177	208	153	184	210	202
United Kingdom	411	450	413	329	366	372
Sweden	120	133	106	184	210	205
Others	602	573	524	680	766	826
Total	5,453	6,116	5,456	3,815	4,126	4,203
Western Hemisphere						
Argentina	55	89	62	79	101	88
Brazil	61	51	51	80	88	89
Canada	190	150	170	111	128	144
United States	1,001	1,197	837	762	765	658
Venezuela	13	19	12	68	80	106
Others	290	268	253	278	296	308
Total	1,610	1,774	1,385	1,378	1,458	1,393
Africa	221	231	219	273	293	292
Asia	277	278	241	632	728	640
Australia and Oceania	36	47	34	105	109	121
GRAND TOTAL	7,597	8,447	7,335	6,023	6,714	6,649

economy as a desirable long-term market for Swiss surplus capital.

Trade Deficit Reduced

The Swiss trade balance is traditionally unfavourable, and is offset by a surplus in invisibles. In 1958, however, the trade deficit was considerably smaller than usual because of a substantial reduction in imports and a small decrease in exports. Imports fell from SFr.8,447 million in 1957 to SFr.7,335 million in 1958, a difference of SFr.1,112 million. Total exports dropped by only SFr.65 million, from a high in 1957 of SFr.6,714 million to SFr.6,649 million in 1958. Smaller exports of watches, textiles, shoes and dyestuffs were, therefore, nearly offset by larger exports of machines, instruments and apparatus, and pharmaceuticals.

Trade with Canada Up

Canada is one of the few countries that both sold more to and bought more from Switzerland last year: our exports to Switzerland totalled SFr.170 million in 1958, an increase of SFr.144 million over the SFr.128 million of 1957. As in preceding years, Canada continued to have a trade surplus with Switzerland.

Most of the increase in Canadian exports was the result of Switzerland's larger purchases of Canadian wheat. Wheat accounted for 60 per cent of our total exports to Switzerland in 1958, with sales valued at \$19.9 million, an increase of \$7.4 million over 1957. However, Canadian exports of raw materials and manufactured goods followed the general trend and declined in value last year. The improved economic conditions in Switzerland during the latter part of 1958 and the early part of 1959 indicate a renewed demand for these materials and a return to former levels is expected. On the other hand, with the elimination of the government monopoly on the purchase of bread grains and its return to the private trade, there may be some question whether Canada will retain as large a share of this market in the future as in 1958, when Switzerland purchased 95 per cent of its imported bread grains from Canada.

A significant new development in our trading relations with Switzerland was the sale of Canadian uranium rods: the first 4.4 tons were delivered in December 1958 and 6.6 tons in May 1959.

Prospects for 1959

Barring unforeseen events, 1959 should reveal an upturn in the Swiss economy, with a renewed demand for the industrial raw materials of which Canada is a traditional supplier. In the long run, the trading climate in Switzerland will be influenced by Swiss relations with the Common Market. The accompanying table indicates the large volume of trade between Switzerland and the Six. According to official statements, the Swiss are determined to strive for some form of multilateral and non-discriminatory association with the Common Market on which, they are convinced, a healthy economy depends.

Of interest also is the fact that Switzerland is now in the process of adopting a new draft tariff with somewhat higher rates, although it is still a low tariff. Negotiations based on the new tariff to effect associate membership in GATT have been concluded and as soon as the draft tariff has been approved by its Parliament, Switzerland will be in a position to become an associate member. Arrangements providing for Switzerland's full accession to the GATT have yet to be worked out.

In summary, with the improvement in economic conditions throughout the world and particularly in the United States, and the introduction of partial convertibility in Western Europe, the Swiss look forward to an increase in trade in 1959. At the same time, they are concerned that failure to develop multilateral association with the Common Market may affect their own situation adversely. ●

West Germany

- ★ Expansion in most industries continues.
- ★ Trade with Canada reaches all-time high in '58.
- ★ Outlook for Canadian sales is promising.

J. A. STILES, *Commercial Counsellor, Bonn.*

CONTINUED expansion, though at a slower rate than in recent years, marked the West German economy in 1958. Gross national product increased by 2.8 per cent in real terms, compared with 5 per cent in 1957 and 6.4 per cent in 1956. Statistics for the first four months of 1959 indicate that the pace of development has again quickened and a 4 per cent increase is predicted for this year. The Minister of Economics, Dr. Erhard, has described the current business outlook as good, though he does not expect production to increase as rapidly as in the past because of, among other things, the trend toward shorter working hours in industry.

Slowdown in Some Industries

Although the over-all record during the past twelve months has been one of expansion, some sectors of the economy have been in difficulties. The coal industry, for example, found itself faced with serious sales problems because of the general slackening in industrial production. Mounting pithead stocks forced the Government to adopt measures to restrict coal imports and to authorize a cartel arrangement between the coal industry and the major oil companies. Under this arrangement, the oil companies agreed not to sell heavy fuel oil below the ruling world price.

The textile industry continues to be depressed, the trade is currently over-stocked, and textile manufacturers are feeling import competition, particularly from Asia.

The output of the German steel industry declined in 1958; ingot and rolling mill production dropped to 22.2 million tons, a 7.8 per cent decrease from the previous year. During the first four months of 1959, however, sales rose again as local firms began to rebuild inventories and export orders increased. The industry is now reported to be operating at 80 to 85 per cent capacity.

... Expansion in Others

The principal forces of expansion in the West German economy during the past year were the continuing high level of exports and strong internal investment activity. The German capital market improved remarkably as a result of the persistent influx of foreign

exchange, rising savings activity, and the Central Bank policy of reducing the bank rate to a record low of 2.75 per cent. Interest rates generally declined by about one-third during the year. Purchases of securities—particularly industrial bonds with fixed interest rates rather than shares—increased by almost 60 per cent to DM9.3 billion, by far the largest total since the currency reform in 1948.

Largely because of improved financing possibilities, activity in the building industry has continued to be brisk. Over half-a-million dwellings were completed during the past year and the backlog of demand remains substantial. The comparatively mild winter permitted more building in the early months of 1959, and it was mainly thanks to this that unemployment dropped to 519 thousand at the end of March, compared with 1.1 million a year earlier.

Sales of the chemical industry in 1958 rose by 5.6 per cent, compared with a rise of 11.9 per cent in 1957. The shipbuilding industry last year had its biggest output since the war, with construction of new ships totalling 1.22 million gross registered tons, compared with 1.12 million in 1957. The electrical goods industry also did well and continued to enjoy strong demand.

Exports Increase

West Germany's exports climbed again in 1958 despite frequent concern over a slowdown in incoming orders. Total exports reached a new record of DM37 billion—up DM1 billion from the previous year and DM5.9 billion higher than total imports. Leading exports were again machinery and motor vehicles, with machinery sales increasing by 8 per cent and motor vehicles by 25 per cent over 1957. In 1958, West Germany became the world's second largest exporter of manufactured goods, after the United States and ahead of Britain.

At DM31.1 billion West German imports in 1958 declined by 1.8 per cent in value below 1957, though it is estimated that they rose by 7 per cent in volume. About one-third of this increase came from Soviet Bloc countries and the remainder was widely spread.

Germany's export surplus of DM5.9 billion in 1958 compared with surpluses of DM4.3 billion in 1957 and DM2.9 billion in 1956. The increase last year is attributed primarily to an estimated 8 per cent decline in import prices between 1957 and 1958.

Payments Surplus Continues

Authorities here believe that the export of private long-term capital is the best method of relieving Germany's continuing payments surplus. The Minister of Economics reported recently that in 1958 registered private German investments abroad totalled DM564.6 million compared with DM482.7 million in 1957. West German private investments abroad from February 1,

1952, until December 31, 1958, reached DM2.2 billion, distributed as follows: Europe DM805 million, Africa DM144.9 million, Asia DM94.9 million, Australia DM55 million, United States DM172.2 million, Canada DM317.2 million, Brazil DM441 million and other Latin American countries DM196.2 million. To encourage more private German investors to place funds abroad, the Government's 1959-60 budget contains a provision for a DM2 billion investment guarantee fund, which aims to reduce the risk involved.

Effects of Common Market

With other members of the European Common Market, West Germany on January 1, 1959, complied with the provisions of the Rome Treaty that required a 10 per cent tariff reduction from the January 1, 1957, level on imports from member countries, and an average increase of 20 per cent in quotas for restricted imports from these countries. To date these moves have had relatively little effect on the German import market because Germany had already cut import duties in 1957 on most industrial goods by 25 per cent, and thus had to make only a few changes to fulfil this commitment. In addition, as was reported in *Foreign Trade* on January 17, 1959, some of the 10 per cent tariff reductions applied also to non-Common Market countries entitled to most-favoured-nation treatment, including Canada. Furthermore, most German industrial imports had earlier been freed from quantitative import restrictions.

Since the European Common Market came into being on January 1, 1958, one of the most noticeable developments in West Germany has been the general recognition by industry of the growing trade possibilities as restrictions within the Common Market are gradually abolished. During the past few months there have been announcements in the press of proposed mergers or plans to co-operate between German firms and their counterparts in other member countries. There has also been a trend toward concentration in the German steel industry, to give it a strong competitive position in the Common Market.

Many foreign firms, particularly from the United States, have announced plans to establish subsidiary companies or to make licensing arrangements in West Germany, with a view to supplying the European market from local production.

German agriculture has not welcomed Common Market developments as enthusiastically as has industry. The cost of production of many German agricultural products is higher than in other European markets and there is some local apprehension about the future of German agriculture. It is said that much will depend on the common agricultural policy which is being worked out by the six countries and that a satisfactory

solution in this field will probably be more difficult to reach than in industry.

Outlook for Canadian Products

Increased German agricultural imports from Common Market countries may affect Canada in goods such as wheat. In absorbing more European soft wheat it is possible that Germany in the crop year beginning July 1 may reduce hard wheat imports slightly. Canada, the United States and Argentina have been the principal suppliers to Germany of hard wheat and it is possible that competition between these countries and perhaps the Soviet Union for a reduced volume of imports may increase in the future.

To date there have been only minor changes in the volume of trade between West Germany and the other five countries because of the formation of the Common Market. German exports to the five countries have not risen markedly and there have been only slight increases in German imports from the area. However, it is really too early yet to note any definite trend and the situation should become clearer within the next year. On the whole, Canadian shipments to the West German market so far have held up well though expanding local output of synthetic rubber and polystyrene may increase competition for Canadian suppliers in the future.

German-Canadian Trade Growing

German-Canadian trade in 1958 reached an all-time high and totalled \$308 million. Last year Germany was again Canada's third best customer and bought Canadian goods to the value of \$202 million. Canadian imports from Germany increased by 8 per cent over 1957 and reached \$106 million. Canadian exports climbed some \$50 million above the 1957 level, because of the delivery during the year of the remainder of an aircraft order placed in late 1956. Apart from aircraft sales, our leading exports to this country in 1958 were wheat, aluminum, copper, nickel, asbestos, iron ore, pig iron, synthetic rubber, polystyrene, rapeseed, wood pulp, lead, and cattle hides.

German shipments to Canada have made steady progress in recent years. Since 1953, German exports have risen from \$35.5 million to last year's \$106 million. The principal products in this trade have been automobiles, machinery and rolling-mill products, and a wide range of fully manufactured goods such as clocks, cameras, toys, and technical instruments. Many German firms have lately been intensifying sales activities in Canada and are becoming more familiar with the requirements of the Canadian market.

Export Opportunities Good

Although our exports to West Germany have been mainly foodstuffs and industrial raw materials, fully manufactured goods can be sold here if they are com-

petitive in price and quality. Despite the wide range of finished goods made locally, it is interesting to note that Germany's imports last year contained a higher percentage of manufactured goods than before. It is obvious that several exporting countries have recently been taking a new look at the German market for finished industrial and consumer goods. Only a few import restrictions remain in these categories. Therefore it is largely a question of whether the would-be exporter has a better product at a lower price than his competitor, and whether he is in a position to give

good service where needed. Even before convertibility, German foreign exchange reserves were strong and more than ample to look after import requirements.

Canadian trade prospects with West Germany this year are generally quite favourable. Although it is unlikely that our exports will reach the 1958 total because of the completion of the aircraft order, our sales of wheat, oilseeds, metals, ores and other industrial raw materials should continue to hold up well at about the level of the last two years. The outlook for other products is equally good. ●

a progress report on the **European Common Market and the** **Negotiations for a Free Trade Area**

As 1958 ended, the Common Market came into being and negotiations for a Free Trade Area broke down. What progress have the Six since made in putting the Rome Treaty into practice? What has happened to the proposal for a Free Trade Area?

WILFRID LAVOIE,
International Trade Relations Branch.

DEVELOPMENTS in Europe since the progress report published in this special issue on Europe last June have been dominated by the first major steps towards the implementation of the Rome Treaty instituting the European Economic Community and by the breakdown of the Free Trade Area negotiations. The Rome Treaty is designed to weld, in twelve years' time, the economies of Belgium, The Netherlands, Luxembourg, France, Germany and Italy into a single economic unit encompassing a market of 165 million people. The Treaty came into force on January 1, 1958, and since that time the member countries have set about establishing their institutions and elaborating their common policies.

Reducing Tariffs, Enlarging Quotas

The initial measures to implement the European Common Market were taken on January 1 of this year, when the six countries proceeded to the first reduction of tariffs and the enlargement of quotas among them-

selves. These constituted intermediate steps towards the complete abolition of all barriers to trade within the Community. As laid down in the Treaty, the Six reduced by 10 per cent all customs duties on goods imported from member states. The next step in the reduction of internal tariffs is scheduled for July 1, 1960, and this process of complete elimination of internal tariffs is expected to be completed by 1970. To minimize tariff discrimination in Europe pending a possible wider European association and to avoid conflict with the most-favoured-nation principles of the GATT, the Six decided to extend most of the 10 per cent tariff reduction to other European countries provisionally and to all other countries enjoying most-favoured-nation treatment, provided the 10 per cent reduction would not bring national tariffs below the prospective level of the common tariff. However, the various countries were permitted considerable discretion in the carrying-out of this decision. For liberalized agricultural products and for many of the items in list "G" (which includes such products as synthetic rubber, aluminum, lead and zinc, pulp and lumber, vegetable oils, and codfish) the tariff reductions have not been extended on a most-favoured-nation basis.

In the field of quotas, the Six increased the total value of the remaining restrictions by not less than 20 per cent and ensured that quotas for any item should be at least the equivalent of 3 per cent of domestic production in the importing country. These relaxations have not been extended beyond the Six. However,

subject to reciprocity, the six countries have proposed to extend to their OEEC partners an increase of quotas for industrial products that have not been substantially liberalized in the OEEC. An agreement between France and the United Kingdom has recently been signed, providing for bilateral enlarged quotas for commodities of particular interest to both countries. Similar bilateral arrangements are expected to be concluded between other European countries and members of the Six.

Turning to the common external tariff around the Community to replace the existing duties of the six countries, the new tariff nomenclature is expected to be ready by the end of this year. Practically all tariff rates—including most duties on list "G" items that are to be fixed by negotiation among the Six rather than by the averaging procedure prescribed for most commodities—will probably be ready for publication by the end of the year. This Common Market tariff will be intensively examined in the GATT and many of the rates will have to be renegotiated in accordance with GATT agreements. Such renegotiations are scheduled to take place during the Tariff Conference arranged to begin in September 1960 and to be concluded before January 1, 1962. The latter is the date on which the Six will proceed to the first step in the establishment of the common tariff through the gradual adjustment of the six individual tariffs to the level of the negotiated common tariff. The second step of the adjustment is expected to take place in 1966 and the last one at the end of the transition period, possibly in 1970.

Agricultural Policy Studied

Of particular interest also have been the developments in the agricultural sector. As envisaged in the Treaty, the Six held an Agricultural Conference last July in Stresa, Italy, as the first step towards the elaboration of a common agricultural policy. In an agreed Resolution, they set forth their views on the most important problems connected with agriculture in Europe and reaffirmed particularly the social importance that they attach to this sector. These views are intended to guide the Common Market Commission that is entrusted with presenting proposals for a common agricultural policy before the end of 1959. The Rome Treaty itself provides for the establishment of minimum prices, state trading and preferential long-term marketing arrangements among the member countries. The first long-term contract for trade in wheat and other grains has already been concluded between France and Germany.

Major Institutions Active

The four major institutions of the Community—the Council of Ministers and the European Commission (executive organs of the Community), the European Assembly and the Court of Justice—have been particularly active since the coming into force of the Treaty.

The Council of Ministers discussed and took many important decisions, such as the extension of the 10 per cent tariff reduction and the adoption of the GATT procedures for dealing with problems arising out of the creation of the EEC. Its responsibility is to ensure the co-ordination of the general economic and trading policies of the members and to exercise powers of decision. The European Commission formulated important proposals for the Council's decisions, made a number of studies on the economic structure and functioning of the Common Market, and was actively engaged in the negotiations for a European Free Trade Area on behalf of the Six. The Assembly, consisting of 142 representatives of the Parliaments of the six countries, met on many occasions and set up 13 commissions to cover the activities of the European commission. The Assembly exercises general supervision over the work of the Community. The Court of Justice was established in October 1958 and is now acting on its first appeals. The institutions of the Community also include a European Investment Bank, a Fund for the Development of Overseas Territories, and various consultative committees in the economic, social and monetary fields. These too have started their activities.

Relations with GATT

The implications of the Rome Treaty for established international trade relations continued to be one of the major issues before the Contracting Parties to the GATT. The General Agreement prescribes that a customs union should not raise tariffs nor create new barriers to trade. After detailed examination of the Rome Treaty, it was agreed, because the details were still being worked out, to set aside for the time being the legal question of the compatibility of the treaty with the GATT conditions for the establishment of a customs union and to apply the established GATT procedures for consultation in examining special problems that may arise in carrying out the treaty provisions. Consultations have already been initiated on the problems posed for certain commodities by the association of the overseas territories of France and Belgium with the European Common Market. These consultations, the hope is, will head off damage to outside countries before it occurs. The products discussed so far have been sugar, cocoa, tea, coffee, bananas, and tobacco. As a producing country, Canada participated in the consultations on tobacco. During the last session of the GATT in May 1959, the Six indicated their readiness to furnish information on the implementation of the Rome Treaty and to discuss any development of interest to GATT countries.

Free Trade Area

Negotiations for a Free Trade Area to be associated with the Common Market of the Six and to take effect at the same time broke down at the end of last year

and were suspended indefinitely. At this stage, the prospects for a trading arrangement covering the whole of Europe are uncertain. The impasse was due to the apparent impossibility of reconciling the conflicting views of the various countries on basic issues of commercial policy.

With the breakdown of the FTA negotiations, the EEC undertook to work out a new basis for negotiation and instructed the Common Market Commission to present proposals by the end of March this year. These proposals were not adopted by the six countries, but to pursue their search for a solution of the problem

they set up a mixed committee of national representatives and members of the Commission. This Committee has not yet reported. Parallel with these developments in the EEC, the other European countries principally concerned—the United Kingdom, Austria, Denmark, Norway, Sweden, Portugal and Switzerland—have been exploring the possibilities of entering into a limited Free Trade Area among themselves.

There seems to be no easy solution to European trading problems and a long period of negotiations probably lies ahead. ●

Import Liberalization in Europe

IONA BUDGE, *International Trade Relations Branch.*

This check list shows how the countries with which this special issue deals have liberalized imports from dollar countries and from countries in the Organization for European Economic Co-operation. Apart from the liberalized dollar products, many other goods are also being admitted into these countries from Canada either under quota systems or subject to approval of each transaction. Details about the status of particular goods in each of these countries may be obtained upon request from the International Trade Relations Branch.

Dollar Imports

Austria Effective October 15, 1956, Austria liberalized a long list of imports from dollar countries, including Canada and the United States. This measure expanded considerably the list of liberalized dollar imports which came into force in July 1955. Import permits are granted freely for the listed goods without quantitative or currency restrictions. The Austrian Government announced in September 1958 that it would shortly liberalize a further number of items from dollar sources. Though the new liberalization has not yet been announced, it is expected that the dollar liberalization will be raised to the level of the OEEC liberalization later in 1959, perhaps with certain exceptions.

Belgium-Luxembourg A significant liberalization of dollar imports on May 26, 1954, expanded the free list of dollar imports almost to the full extent of liberalization accorded imports from members of the Organization for European Economic Co-operation (OEEC). There remains a relatively short list of goods subject to import licensing requirements, regardless of their origin; this has been

OEEC Imports

Austria took its first step towards OEEC liberalization in July 1953, freeing 36 per cent of private OEEC imports based on the year 1952. Six further steps in quick succession brought the total to 90 per cent as of January 1, 1959. The list excludes wheat but it includes wood pulp, lumber, various metals, asbestos, etc.

On July 1, 1955, Belgium-Luxembourg and the Netherlands brought into effect a common liberalization list for imports from OEEC countries. As of January 1, 1959, it covered 96 per cent of OEEC imports into the Benelux countries based on the year 1948.

As indicated in the left-hand column, the

Dollar Imports

amended several times. The latest of these amendments was in February 1959 when a number of products were added to or deleted from the list. Licences are granted freely for most goods under licensing, with no discrimination against dollar imports.

Denmark On February 23, 1955, and in several further steps, Denmark liberalized a number of dollar imports. The latest steps were taken in February and April 1959, when the Danish Government transferred to the ordinary free list a number of imports from dollar countries. Import licences are no longer required for these products when they come from the dollar area, the OEEC countries and Finland. As a result of these measures, all products that are admitted freely into Denmark from OEEC countries may now be imported with equal freedom from Canada and other dollar countries. Products of interest to Canada that remain subject to Danish import restrictions regardless of their origin include wheat, fresh apples, film of plastic materials and electronic communications equipment.

Finland In three steps effective December 18, 1957, and April 10, 1958, and April 10, 1959, the Government of Finland established a list of products for which import licences are issued automatically if the goods originate in and are purchased from Canada or another dollar country. This list includes whisky, cloverseed, asbestos, synthetic rubber, certain chemicals and machinery. The system of liberalized imports replaced a quota system that had been in force since April 1, 1957. Before that time, a system similar to the new one was in effect although the list of commodities affected was somewhat different.

France Before January 1, 1959, France applied import controls to all goods originating in dollar countries. Effective January 1 and January 13, 1959, France liberalized a long list of imports from Canada and the United States. It is expected that a further dollar liberalization measure will be announced shortly. The necessary permits are granted automatically and without any restriction for liberalized imports.

Germany (Federal Republic) In several steps between February 1954 and January 1959 West Germany liberalized extensive lists of dollar imports. However, a number of

OEEC Imports

authorities of Belgium-Luxembourg generally do not discriminate against dollar imports in applying import restrictions.

OEEC liberalization has been in force since November 1949. Various additions to the list raised the liberalization to 86 per cent of private OEEC imports as of January 1, 1959, (based on the year 1948). Further steps taken in February and April 1959 increased the percentage slightly.

Finland is not a member of the OEEC. However, she admits freely, without licences, certain listed imports from Western European countries and from some other non-dollar sources. This list is somewhat more extensive than the automatic licensing list for dollar imports.

In February 1952 France suspended its liberalization of OEEC imports that had been in force since 1950. Liberalization was resumed in September 1953 but was suspended in June 1957. However, in January 1959 France implemented reliberalization of 90 per cent of her imports from the OEEC area and has taken small additional steps since.

Germany implemented OEEC liberalization in October 1949 but suspended it temporarily in February 1951 because of a large

Dollar Imports

major Canadian exports are still subject to import licensing requirements and quantitative restrictions in Germany, including various agricultural and fisheries products (particularly wheat and coarse grains), as well as synthetic rubber, primary aluminum and polyethylene.

Greece Under a procedure in force since April 1953 and somewhat amended since, most dollar goods are admitted freely into Greece, subject only to the availability of foreign exchange and regardless of their essentiality. However, effective April 1, 1959, Greece introduced import quotas on a number of products, including wood pulp, newsprint, lumber, primary and sheet iron, previously admitted freely, subject only to the over-all availability of convertible currency. In addition, a few luxury goods are restricted, as well as a very few other products. In most instances, import permits are granted freely provided the necessary foreign exchange is available.

Italy In a series of steps taken since 1946 Italy liberalized a number of dollar imports, including synthetic rubber, lumber, base metals and ores, asbestos, chemicals, raw hides and skins, salt cod, sausage casings, and various types of machinery. However, a high percentage of imports from dollar countries remains subject to import licensing requirements and quantitative restrictions.

The Netherlands Effective June 1, 1954, the Netherlands implemented a common dollar import policy with Belgium and Luxembourg, under which many listed dollar goods may enter any Benelux country freely and circulate within the Benelux territory. The Benelux list was a considerable advance over previous Netherlands dollar liberalization implemented in October 1953. Further dollar liberalization was announced by the Netherlands Government in April 1959, eliminating the difference between dollar and OEEC lists. It is understood that import licences are being granted freely for most goods not on the free list. The list of goods remaining subject to restriction in the Netherlands is quite short, but it includes such major Canadian exports as wheat, flour, bacon and fresh apples.

OEEC Imports

EPU deficit. Liberalization was resumed on January 1, 1952, (54 per cent of private OEEC imports into U.S. and U.K. zones based on year 1949). The list has since been expanded at various times and as of January 1, 1959, it amounted to 91 per cent, representing a reduction of 2 per cent from the previous year. Like the dollar list, it does not include wheat or other cereals, which are under state trading.

No special OEEC list is in force in Greece and the procedure for dollar imports (see appropriate column) also applies to OEEC countries. This procedure represents a liberalization of 96 per cent of OEEC imports, based on the year 1948. An earlier list of liberalized OEEC imports, implemented in December 1949, was temporarily suspended in January 1951.

Italy's liberalization of OEEC imports amounts to 98 per cent of private imports from OEEC countries based on the year 1948, representing a reduction of 1 per cent from the previous year. The few items remaining under control include wheat, flour, penicillin and motor vehicles. Italy originally introduced OEEC liberalization in September 1949, freeing 45 per cent of its 1948 OEEC imports.

On July 1, 1955, the Netherlands and Belgium-Luxembourg brought into effect a common liberalization list for imports from OEEC countries. As of January 1, 1959, it covered 96 per cent of OEEC imports into the Benelux countries based on the year 1948.

Dollar Imports

Norway Since January 1, 1959, all items on the Norwegian list of free imports from countries participating in the OEEC are also being admitted from the dollar area free from quantitative restrictions and without import licences. Some imports remain subject to restriction regardless of their origin, including most agricultural products, artificial resins, a number of chemicals, certain articles of base metals, and various items of machinery.

Portugal All imports into Portugal from dollar countries are subject to licensing requirements. However, since August 1955, import licences have been granted freely for certain listed dollar imports, including wheat, canned fish, whisky, certain chemicals and base metals, subject to the availability of the necessary foreign exchange.

Spain All imports from dollar countries require import licences. Dollar imports are largely confined to essential goods not available from non-dollar sources.

Sweden On October 1, 1954, and in various steps since then, Sweden freed from restrictions and licensing requirements many dollar imports. Consequently, the number of items still subject to restrictions when imported into Sweden from dollar countries is quite small, and includes such products as certain pharmaceuticals, some textiles and apparel, and vehicles. In addition, various goods are free-listed and licences for these are granted automatically.

Switzerland Since January 1932, a few listed imports have been subject to import licensing requirements. This licensing control applies to imports from all sources on a non-discriminatory basis. The list of imports under licence has been revised at various times and now comprises about one-fifth of the items in the Swiss customs tariff. Licences for most commodities are granted relatively freely to established importers, particularly for non-agricultural products. Goods not on this list enter completely free from control.

OEEC Imports

OEEC liberalization has been in force since November 1949. The original level was about 50 per cent of private OEEC imports based on the year 1948, but various additions have been made to this list and it now has risen to 81 per cent of OEEC imports. This list includes wheat, coarse grains, flour, synthetic rubber, lumber, wood pulp, newsprint, base metals, agricultural and industrial machinery, radio receivers, etc.

In January 1950, Portugal liberalized imports from OEEC countries to the extent of approximately 50 per cent of Portuguese imports from foreign countries. In 1951 the percentage of trade covered was first raised to 60 per cent and then to 75. In January 1952, Portugal suspended all quantitative restrictions on European imports, with a few exceptions. In various steps since that time liberalization has been extended to stand at 94 per cent as of January 1, 1959, (base year 1948).

Spain has not liberalized any imports from OEEC countries.

OEEC liberalization has been in force since January 1, 1950. Additions have been made to this list at various times. The liberalization now amounts to 93 per cent of private OEEC imports based on the year 1948. The list includes lumber, synthetic rubber, and base metals. For a number of agricultural products including bread grains, quantitative restrictions have been suspended since September 1956, for as long as the domestic prices remain within certain fixed limits. The same provisions have applied to imports of such agricultural products from dollar countries since July 1957.

No special OEEC list is in force in Switzerland. The procedure quoted in the column on the left also applies to OEEC countries. This procedure represents a liberalization of 91 per cent of OEEC imports based on the year 1948.

Britain Offers Wider Market

With complete removal of import restrictions on over 100 products and enlargement of quotas on others, the United Kingdom market affords the alert Canadian exporter new opportunities to increase his sales.

B. C. BUTLER, *Minister (Commercial), London.*

FOR the first time in nearly twenty years, many manufactured consumer goods and food products can be exported freely from Canada to the United Kingdom. With effect June 8, restrictions on dollar imports were completely removed for some 110 items. Non-discriminatory quotas will be established for 14 items for the next quota year and for five other products the existing dollar quotas for the current year will be enlarged.

Most of the items on which controls are being removed could already be imported freely from Western European countries and other Commonwealth countries. Canadian producers of these goods have now been placed on the same basis as non-dollar suppliers. This move follows from the establishment of external convertibility for sterling in December last.

Canadian businessmen interested in selling to the United Kingdom market should study carefully the announcement issued in London and Ottawa and the

lists that are reproduced below. The new conditions will offer many business opportunities that Canadian firms should be quick to investigate. Canadian suppliers generally enjoy a preference in the U.K. market in the field of consumer goods and foodstuffs and this should assist our exporters to compete successfully with foreign suppliers.

Canadian companies affected by this move towards relaxation should seriously consider sending senior executives to the United Kingdom to investigate market possibilities on the spot.

The details of this relaxation measure were announced on May 28. Goods included in Parts I and II of the list shown below may now be imported into the United Kingdom from Canada without restriction. Global quotas will apply on those goods listed in Part III and Canadian exporters and manufacturers will be able to participate in these quotas to the extent that they can supply competitively. The goods listed in

How Canada Views It . . .

Speaking in the House of Commons on May 28, The Honourable Gordon Churchill, Minister of Trade and Commerce, described the latest U.K. liberalization move as "an important and welcome measure of progress towards the elimination of discrimination against Canadian exports."

He said: "The steps which have now been taken by the United Kingdom are in accordance with the undertaking given by the President of the Board of Trade at the Commonwealth Conference in Montreal last September. At that time he said that, all being well, the United Kingdom would make a start this year with the removal of dollar restrictions on as wide a range of consumer goods and foodstuffs as possible . . ."

"We are pleased that at this time the United Kingdom Government should have moved in this substantial way toward carrying out the program for the removal of dollar restrictions announced at Montreal. Discrimination will still remain with respect to quite

a number of Canadian products, but we hope it will not be too long before we shall see the end of the restrictions against dollar goods which the United Kingdom and other sterling area countries have felt obliged to maintain throughout the postwar period.

"We welcome the widening of markets which the dismantling of these restrictions will bring about. We welcome also the great improvement in the economic position of the United Kingdom which has enabled her to make sterling convertible and to proceed with the removal of artificial barriers to trade."

The principal items of importance to Canada still subject to restriction in the United Kingdom are meats; processed milk; fresh, chilled and frozen fish; apples, fruit juices; synthetic rubber; tobacco; alcoholic beverages other than whisky; textiles and clothing; motor vehicles and aircraft; a variety of paper products; certain chemicals and pharmaceuticals, and some kinds of machinery and equipment.

Part IV will remain under special dollar quotas but these quotas are being increased substantially.

PART I. Goods on Relaxation Open General Licence, to be liberalized from the dollar area, effective June 8, 1959.

Live animals for breeding or slaughter
Frozen beef tongues
Canned soups
Cheese
Eggs in shell
Eggs not in shell
Honey
Fish, other than salmon, in airtight containers

Seeds, canary and millet
Macaroni, spaghetti, etc.
Cereal breakfast foods
Biscuits
Cake and flour confectionery
Malt extracts

Fruit, fresh or raw, other than apples, pears, citrus, bananas
Fruit pulp (other than apple)
Jams and marmalades
Edible nuts
Canned vegetables
Frozen and fresh vegetables
Chutney, pickles, etc.
Sugar confectionery and other sugar preparations

Raw coffee
Roasted and ground coffee, including extracts and essences
Cocoa preparations
Chicory, roasted or ground
Sauces and condiments
Alcoholic beverages (other than whisky and rum)
Chewing gum base
Chicle gum
Fruit pectin

Lubricating oils and waxes
Paints, pigments, enamels, varnish, printers' inks, etc.
Perfumery and toilet preparations
Soaps of all kinds and detergents
Disinfectants, insecticides, etc.
Plastics, semi-manufactures and p.v.c. pliable plastic sheet

Furskin assemblies
Leather manufactures
Covered rubber thread
Rubber tires and tubes
Rubber fabricated materials and other rubber manufactures

Domestic woodware and other wood manufactures
Paper dress patterns

Floor coverings, including coir mats
Machinery felts
Cordage, cables, rope and twine
Clay construction materials
Glassware, other than decorated and laboratory
Foamed glass
Pearls, real, unset
Silver (to be added to World Open General Licence)

Iron and steel door and window frames
Holloware of all kinds
Hardware of all kinds
Hand sewing needles
Airplane engines and parts
Domestic sewing machines
Lawn mowers
Vending machines, coin-operated
Pneumatic control equipment

Bulbs, arc lamps and tubes for electric lighting
Cathode ray tubes
Apparatus for radio, television and radar

Industrial radio-frequency induction and dielectric heating equipment
Electric cooking and heating apparatus
Electrical appliances and accessories for motor vehicles and airplanes
Domestic electrical appliances, including washing machines, food mixers, refrigerators, etc.
Industrial electronic control equipment, other than types still subject to specific licensing from the relaxation area

Railway vehicles
Motorcycles
Cycles
Accessories
Aircraft up to 4,000 lb.
Ships and boats

Prefabricated buildings
Sanitaryware
Baths

Illuminating glassware
Electric lighting appliances
Furniture
Travel goods, handbags and similar articles
Footwear of leather and rubber and parts thereof
Leather gloves
Frames and mountings for spectacles, goggles, etc.
Lenses for spectacles, goggles, etc.
Optical instruments and appliances other than those still subject to specific licensing from the Relaxation Area
Cameras not exceeding £7. 10. 0d.
Medical, surgical, dental, veterinary and dissecting instruments
Other measuring, controlling and scientific instruments other than those still subject to specific licensing from the Relaxation Area

Cinematograph film, exposed
Periodicals and fiction books costing over 3s. 6d. a unit (landed cost)
Gramophone records
Sound reproducing apparatus
Magnetic recording tape
Gramophone needles and styli
Musical instruments
Juke boxes
Artificial flowers
Buttons and button blanks
Model forms
Brooms and brushes

PART II. Goods to be liberalized from both the Relaxation Area and the Dollar Area, effective June 8, 1959.

Sporting weapons and ammunition therefor
Leather
Canned cream
Porcelain laboratory ware
Slide fasteners and parts thereof
Straw, raffia and vegetable fibre manufactures
Umbrellas and sunshades and parts
Optical glass, unworked

PART III. New combined Dollar/Relaxation Area quotas for goods covered by Relaxation Area global quotas, effective from start of next quota year.

Stockings and socks
Sports goods, toys, games, etc.
Stationery and office requisites
Cutlery
Imitation jewellery and fancy goods
Imitation jewellery parts
Paper manufactures
Smokers' requisites

Canned and bottled apples
Fresh pears

Complete springwound alarm clocks
 Clocks, other than alarms
 Binoculars over £7. 10. 0d.
 Watches

PART IV. Dollar quotas to be increased, effective this year.

	Proposed Dollar Quota
Citrus fruit, fresh	£1,150,000
Canned pineapples	135,000
Other canned fruit	3,200,000
Dried fruit	3,200,000
Vehicles	1,500,000

NOTE: No increases are proposed in the present quotas for bananas, canned grapefruit and fruit juice. It is proposed to remove the timing restrictions.

Canadian firms making products not specifically named but which might be included in the general headings listed above are invited to seek the advice of the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or the Minister (Commercial), London.

The services of the Commercial Division, Canada House, are at the disposal of any visitors from Canada who wish to investigate market possibilities. They are also available to Canadian firms requiring preliminary market surveys. Inquiries should be addressed to the Minister (Commercial), Canada House, London, S.W.I. ●



Trade Commissioners on Tour

The following officers of the Trade Commissioner Service will shortly begin tours in Canada. Their itineraries are:

S. V. ALLEN, Deputy Consul General (Commercial), in New York:

Ottawa—Aug. 3-7 Toronto—Aug. 17-22
 Montreal—Aug. 10-14 Vancouver—Sept. 14-17

C. B. BIRKETT, Commercial Counsellor in Montevideo, Uruguay:

Fredericton—June 25-26 Saint John—June 29-30

Mr. Birkett will return to Montevideo.

N. W. BOYD, formerly Assistant Commercial Secretary in Berne, Switzerland:

Winnipeg—June 29-July 11 Calgary—July 18
 Regina—July 13-14 Vancouver—July 23-August 7
 Saskatoon—July 15

When he completes his tour Mr. Boyd will be posted to Tokyo, Japan, as Assistant Commercial Secretary.

J. C. BRITTON, Commercial Counsellor in Sydney, Australia:

Southern Ontario—June 22-26

When he completes his tour in the autumn, Mr. Britton will be posted to The Hague, Netherlands, as Commercial Counsellor.

V. L. CHAPIN, Commercial Counsellor in Rio de Janeiro, Brazil:

Montreal—June 22-July 3 Toronto—July 16-22
 Ottawa—July 6-15

P. T. EASTHAM, Assistant Commercial Secretary in Port-of-Spain, Trinidad:

Ottawa—June 17-27 St. John's—July 12-14
 Montreal—June 28-July 4 Ottawa—July 15-18
 Quebec City—July 5-6 Toronto—July 20-22
 Fredericton—July 7 Winnipeg—July 27-28
 Saint John—July 8 Vancouver—Aug. 3-5
 Halifax—July 9-11

When he completes his tour Mr. Eastham will be posted to Rome as Assistant Commercial Secretary.

H. J. HORNE, *Commercial Secretary in Karachi, Pakistan:*

Vancouver—July 27-30

Winnipeg—Aug. 5

Mr. Horne is being transferred to Chicago as Consul and Trade Commissioner and is expected to arrive there early in August.

A. A. LOMAS, *Assistant Commercial Secretary in Mexico City:*

Hamilton—June 22-23

St. Catharines, Merriton—
June 24

Niagara, Welland—June 25

Brantford, Woodstock—June 26

Windsor—June 29-30

Galt, Preston—July 2

Guelph, Fergus—July 3

Montreal—July 6-14

Quebec City—July 16

Fredericton—July 20

Saint John—July 21-22

Halifax—July 29-31

W. B. McCULLOUGH, *Commercial Counsellor in Ciudad Trujillo, Dominican Republic:*

Montreal—June 22-30

Maritimes—Aug. 24-Sept. 1

K. F. OSMOND, *Commercial Secretary in Rome, Italy:*

Hamilton—June 22-23

St. Catharines—June 24

Windsor—June 26-29

Sarnia—June 30

London—July 2-3

Quebec—July 6

Saint John—July 8

Halifax—July 10

St. John's—July 20-21

Montreal—Oct. 1-16

W. G. PYBUS, *Commercial Secretary in Tokyo, Japan:*

Calgary—June 25-26

Winnipeg—July 20-22

R. F. RENWICK, *Consul and Trade Commissioner in Chicago:*

Toronto—July 6-10

Ottawa—July 13-17

Montreal—July 20-24

Mr. Renwick will be transferred to Port-of-Spain, Trinidad, as Commercial Secretary late in August.

C. O. R. ROUSSEAU, *Commercial Secretary in Beirut, Lebanon:*

Ottawa—July 6-17

Montreal—Aug. 31-Sept. 4

Toronto—Sept. 8-14

Hamilton—Sept. 15

Winnipeg—Sept. 18-19

Vancouver—Sept. 21-23

R. CAMPBELL SMITH, *Commercial Counsellor in Paris, France:*

Ottawa—June 23-July 3

Toronto—July 6-15

Montreal—July 16-23

Hamilton—July 24

Winnipeg—July 27-28

Vancouver—July 30-31,

Sept. 16-18

R. K. THOMSON, *Commercial Secretary in Vienna, Austria:*

Vancouver—June 22-30

Edmonton—June 30-July 1

Winnipeg—July 2-3

Toronto—July 7-15

Hamilton—July 16

Montreal—July 17-24

Ottawa—July 27-Aug. 7

W. R. VAN, *Commercial Secretary in Colombo, Ceylon:*

Toronto—June 22-July 3

Hamilton—July 6

Fergus—July 7

Brantford—July 8

Niagara Falls, Welland,

St. Catharines—July 9-10

Winnipeg—July 13-14

Vancouver—July 16-23

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; 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.

Tours of Territory

R. M. DAWSON, *Assistant Trade Commissioner in Guatemala City, Guatemala, will visit El Salvador from July 20-25.*

L. D. R. DYKE, *Assistant Commercial Secretary in Athens, Greece, will visit Israel from July 22-31.*

B. C. STEERS, *Assistant Trade Commissioner in Singapore, will visit Bangkok from July 19-August 1.*

J. H. STONE, *Commercial Secretary in Wellington, New Zealand, will begin a tour of the North Island on July 12, visiting Palmerston North, Hastings, Napier, Hamilton, Auckland, New Plymouth, and Wanganui.*

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Dawson at Guatemala City, Mr. Dyke at Athens, Mr. Steers at Singapore, and Mr. Stone at Wellington.



Commodity Notes

Acetylene, Oxygen, Nitrogen

BRAZIL—Companhia Aga Paulista De Gas Acumulado, a subsidiary of the Swedish company AB Gasacumulador, will install a factory in Belo Horizonte's industrial city. With a capital of Cr\$76 million, the company will produce 480 thousand cubic metres of acetylene, 420 thousand of oxygen and 120 thousand of nitrogen a year—Rio de Janeiro.

Automatic Telephones

DENMARK—The Copenhagen Telephone Company Ltd., a state-owned enterprise, is planning to convert its system to automatic dials. To finance the conversion the company has negotiated a Swiss loan of about \$3.4 million—Copenhagen.

Footwear

SWITZERLAND—Swiss imports of footwear during the first quarter of 1959 totalled some 980 thousand pairs, an increase of 160 thousand over the corresponding period of last year, and accounting for over two-fifths of domestic consumption. Leather shoe imports alone totalled 572 thousand pairs, or 51,000 more than in the first quarter of 1958. The most important increase, however, is for slippers and rubber footwear, which rose from 300 thousand to 411 thousand pairs.

Italy is Switzerland's main footwear supplier and shipped 516,700 pairs during the first three months of 1959, of which 90 per cent was leather shoes. Germany followed in second place with 75,000 pairs of slippers, 45,000 pairs of leather shoes and 43,000 pairs of rubber and other footwear. Imports from Czechoslovakia (51,800 pairs) Communist China (66,000) and Japan (33,700) consisted mainly of low-priced slippers and footwear. Canada, with 1,575 pairs, mostly moccasin slippers, has so far been a marginal supplier—Berne.

Frozen Fish

NORWAY—Three of Scandinavia's largest producers of deep-frozen foods—Jalco in Denmark, Freia in Norway and Marabou in Sweden—have formed a new sales organization, Findus International, to increase exports to non-Scandinavian markets. The head office

of the new organization will be in Stockholm. During the first year of operation sales are expected to reach about Norwegian kroner 35 million and Findus International will concentrate on Britain, Austria, the Netherlands, Italy and Switzerland.

Freia has its own big freezing plant at Hammerfest in north Norway, close to important fishing grounds that insure a steady supply of fresh fish. Plans are now under way to double output over a five-year period, making Hammerfest one of the largest fishing towns in Scandinavia. Some 15,000 to 20,000 tons of fresh fish are now treated every year at this plant—Oslo.

Glass

VENEZUELA—Industria Venezolana de Vidrios Planos, the first Venezuelan plant for making window panes and other flat glass, has gone into operation with a monthly output of 86,000 square feet of $\frac{1}{12}$ to $\frac{1}{4}$ -inch glass. The company is totally owned by Venezuelan interests and is capitalized at Bs.13 million. Later it is planned to produce safety glass for automobiles and other industrial uses—Caracas.

Radar Stations

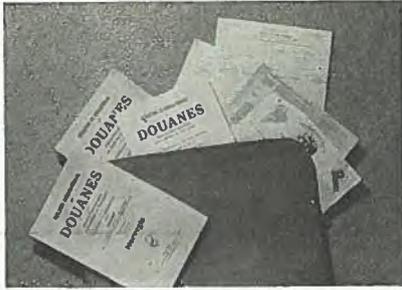
GREENLAND—Negotiations are under way between Denmark and the United States for construction of several radar stations in Greenland. Each station is estimated to cost \$250 million and they are to be built by Danish firms—Copenhagen.

Textile and Drying Machines

SWEDEN—AB Orgryteverken in Gothenburg, which makes textile and drying machines, has received a Russian order totalling kr.6 million. The machines are to be delivered to the Soviet Union this year—Stockholm.

Whales

URUGUAY—A Russian whaling fleet called at Montevideo recently on its way home from the Antarctic. The catch had yielded 37,557 tons of whale oil, 4,600 tons of food for animals and 630 tons of liver oil. It is reported that the Russian catch totalled 1,601 whales, while a Japanese fleet in the Antarctic at the same time caught 981, and a Netherlands fleet 966—Montevideo.



Trade and Tariff Regulations

Burma

NEW IMPORT TRADE CONTROLS ANNOUNCED—The import trade control system of Burma was revised, effective January 2, 1959, by the cancellation of the four existing Open General Licences and the introduction of new ones.

Under the new Open General Licence No. I, the following goods of interest to Canada may be imported into Burma by all persons from any source:

Printing ink; agricultural implements; spare parts for boilers and boiler accessories; vegetable and flower seeds for gardening; printed matter; kerosene; grease and lubricating oil; motor spirit; all sorts of mineral oils; petrolatum; plastic moulding powder and pellets; gums and resins, including rosin; strained baby foods and milk for infants; feeding bottles; nipples and baby soothers; empty glass bottles; fishing nets and twines; educational and instructional toys.

Open General Licence No. II accords permission to all persons to import from any country the following goods:

Containers exempt from duty; machinery and parts previously exported from Burma for repair, and exposed photographic films or plates exported from Burma for processing.

Open General Licences No. III and IV accord permission to import freely from any country, except the dollar countries (which includes Canada and the United States), newspapers and periodicals, printed books, maps, charts and plans, and groundnut oil.

For goods not included in the Open General Licences, licences are issued according to domestic requirements and as the foreign exchange situation warrants. Where licences are issued, purchases can now be made on a global basis. Importers are registered with the Directorate of Imports and Exports and classified according to size and grade. An over-all amount of exchange is approved for the import of a specified commodity which is allocated to the individual traders according to their registered grade.

The eleven Joint Venture Corporations, owned jointly by the Government and private traders, are issued licences by the Director of Imports and Exports in the same manner. Joint Ventures No. 1 and No. 7 import industrial equipment for general distribution throughout Burma. The other nine Joint Venture Corporations deal in textiles, foodstuffs, building materials

and hardware. Four of these Joint Venture Corporations cover the requirements of specific outlying districts of Burma.

Fiji

IMPORT LICENSING—A cable dated June 9 from the Commercial Secretary for Canada in Wellington states that effective July 1, Fiji is eliminating all controls on imports from the dollar area on consumer goods (except motor vehicles) and on capital goods (except air-conditioning equipment, non-domestic refrigeration equipment and certain other industrial machinery and equipment).

This opening of the Fiji market will be of value to Canadian exporters, and of special interest to firms on the West Coast. In the past Fiji has been a market of some importance for Canada and, as a result of the liberalization, this traditional Canadian export trade may be developed again.

In 1958 Canadian exports to Fiji totalled \$814 thousand. The principal products shipped were flour, canned sardines, canned salmon, lumber, plywood, paper bags, gasoline engines and lamps and lanterns.

Malta

IMPORT CONTROLS RELAXED—The Director of Industrial Development, Department of Trade and Industry, Malta, has announced that, effective May 15, 1959, an Open General Licence will be issued for various categories of goods from the dollar area.

Among the goods which may be imported without an individual licence are specified types of food products, crude materials, mineral fuels, lubricants and related materials, machinery and transport equipment, and manufactured goods.

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

New Zealand

IMPORT RESTRICTIONS—The following telegram, dated June 5, has been received from the Commercial Secretary in Wellington regarding New Zealand import restrictions:

"New Zealand announced June 6 £20 million increase 1959 imports schedule, effective immediately. Over 200 tariff items affected including spirits, sporting goods, children's rubber boots, emery paper, cutlery, office machines, tools and handles, textile piecegoods, towels, elasticized fabrics, yarns, lamps and lanterns, electrical equipment, power pumps, machinery, base metals, dry colours, plus wide variety of parts for manufacturers. No shortening of dollar reserve list although quota textile products and fishing tackle rearranged to allow some imports from dollar area."

Further details will be published as soon as they are received from Wellington.

Nicaragua

IMPORT LICENCES SUSPENDED—Cabled advice of June 4 has been received from H. W. Richardson, Canadian Trade Commissioner in Guatemala City, recommending that exporters consider delaying shipments to Nicaragua if possible until the political situation is clarified. He stated further that all import licences have been suspended indefinitely.

United Arab Republic

NEW LABELLING REGULATIONS ANNOUNCED—By Ministerial Decree No. 205, 1959, for the Egyptian Region and No. 106, 1959, for the Syrian Region, new regulations were announced regarding the obligatory use of the Arabic language in the United Arab Republic.

According to the decrees, all completely manufactured goods imported into the United Arab Republic from abroad should bear a label, printed with indelible writing material in Arabic, containing the following information: (a) the name of the manufacturer, and (b) the place and country of manufacture. The label should be stuck in a conspicuous place on the goods themselves or, if this is impossible, on the package. This regulation will be effective from July 1, 1959.

United States

TARIFF COMMISSION INVESTIGATION OF RED FESCUE SEED IMPORTS—Upon application of the Pacific Northwest Chewings and Creeping Red Fescue Association, La Grande, Oregon, and others, the United States Tariff Commission, on May 18, 1959, under the authority of Section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether red fescue (*festuca rubra*) seed, including chewings fescue (*festuca rubra* var. *commutata*) seed, classifiable under tariff paragraph 763, is, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreement

on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing in this investigation will begin at 10 a.m., e.d.s.t., on August 11, 1959, in the Hearing Room, Tariff Commission Building, 8th and E Streets, N.W., Washington, D.C. Interested parties desiring to appear and to be heard should notify the Secretary of the Commission, in writing, at least three days in advance of the hearing.

Red fescue seed, including chewings fescue seed, was made dutiable under the Tariff Act of 1930 at two cents a pound. In 1948, under the General Agreement on Tariffs and Trade, this rate was reduced to its present level of one cent per pound. A previous Tariff Commission investigation in 1955 resulted in the unanimous finding that red fescue seed was not being imported in such increased quantities as to cause or threaten serious injury to the domestic industry.

Britain Develops Flying Saucer

A saucer-shaped "Hovercraft" that will skim the surface of the sea supported by a cushion of air is being built in Britain. The prototype took off on its first trials this month.

The "Hovercraft" is not an aircraft because it does not rely on wings and forward speed for lift, and it is not a ship because it travels a few feet above the water. Its lifting force is provided by a wooden fan with hand-carved blades made from laminations of aerograde mahogany. The fan provides an air cushion that lifts the craft off the ground and enables it to ride at between three and seven feet above the water. It is propelled by bleeding off some of the air through nozzles.

The inventors of the "Hovercraft", the National Research Development Corporation of Britain, predict that an early practical application may be a fast ferry across the English Channel.

Cows Sleep on Plastic Foam

Eighty cows on the farm of Major A. Bramley at Kidlington, Oxford, England, are bedded down each night on plastic foam mattresses—all because, says Major Bramley, combine harvesting has caused a shortage of long straw for bedding. He has patented a mattress covered in strong plastic that exactly fits the standard-size compartment in a cow-barn and that the cows cannot push aside. Cleaning is an easy matter for one man using a hosepipe.

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 1.04132769.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 8	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.01038	96.34	(1)
Austria	Schilling ..	.....	.03697	27.05	
Australia	Pound .....	.....	2.1610	.4627	
Bahamas	Pound .....	.....	2.7012	.3702	
Belgium, Belgian Congo and Luxembourg	Franc .....	.....	.01925	51.95	
Bermuda	Pound .....	.....	2.7012	.3702	
Bolivia	Boliviano ..	Free .....	.00008405	1,189.77	
British Guiana	Dollar .....	.....	.5627	1.78	
British Honduras ..	Dollar .....	.....	.6753	1.48	
Brazil	Cruzeiro ..	General Category* .....	.004511	220.21	*May 12 (2)
		Special Category* .....	.002769	361.15	
		Official selling .....	.05102	19.60	(3)
Burma	Kyat .....	.....	.2017	4.96	
Ceylon	Rupee .....	.....	.2026	4.94	
Chile	Peso	Free .....	.0009128	1,095.53	(4)
Colombia	Peso	Certificate .....	.1500	6.67	
Costa Rica	Colon	Official .....	.1710	5.85	
		Controlled free .....	.1445	6.92	
Cuba	Peso .....	.....	.9603	1.0413	tax 2%
Czechoslovakia ..	Koruna .....	.....	.1334	7.49	
Denmark	Krone .....	.....	.1394	7.17	
Dominican Republic	Peso .....	.....	.9603	1.0413	
Ecuador	Sucre	Official .....	.06402	15.62	
		Free .....	.05500	18.18	
Egyptian Region, United Arab Rep.	Pound	Official	2.7576	.3626	
		Export account selling ..	1.9025	.5256	
El Salvador	Colon .....	.....	.3841	2.60	
Fiji	Pound .....	.....	2.4335	.4109	
Finland	Markka .....	.....	.003001	333.22	
France, Monaco and North Africa	Franc .....	.....	.001959	510.46	(5)
French colonies ..	Franc .....	.....	.003918	255.23	(6)
French Pacific	Franc .....	.....	.01077	92.85	(7)
Germany	D Mark .....	.....	.2298	4.35	
Ghana	Pound .....	.....	2.7012	.3702	
Greece	Drachma .....	.....	.03201	31.24	
Guatemala	Quetzal .....	.....	.9603	1.0413	
Haiti	Gourde .....	.....	.1921	5.20	
Honduras	Lempira .....	.....	.4802	2.08	
Hong Kong	Dollar	Free* .....	.1669	5.99	*May 22
		Official .....	.1688	5.92	
		Official .....	.05897	16.96	(8)
Iceland	Krona .....	.....	.2026	4.94	
India	Rupee .....	.....	.03171	31.53	*May 25
Indonesia	Rupiah	Effective buying .....	.02537	39.41	(8)
		Effective selling .....	.01268	78.88	
Iran	Rial .....	.....		

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent June 8	Units per Canadian dollar	Notes (See below)
Iraq	Dinar		2.6889	.3719	
Ireland	Pound		2.7012	.3702	
Israel	Pound		.5335	1.87	
Italy	Lira		.001548	645.99	
Japan	Yen		.002668	374.81	
Lebanon	Pound	Free	.3045	3.28	
Mexico	Peso		.07683	13.02	
Netherlands	Florin		.2545	3.93	
Netherlands Antilles	Florin		.5128	1.95	
New Zealand	Pound		2.7012	.3702	
Nicaragua	Cordoba	Effective buying	.1455	6.87	
		Official selling	.1362	7.34	
Norway	Krone		.1350	7.41	
Pakistan	Rupee		.2026	4.94	
Panama	Balboa		.9603	1.0413	
Paraguay	Guarani	Official	.008003	124.95	
Peru	Sol	Certificate	.03506	2.85	
Philippines	Peso		.4802	2.08	
Portugal & Colonies	Escudo		.03351	29.84	(9)
Singapore and Malaya	Straits dollar		.3151	3.17	
Spain and Dependencies	Peseta	Commercial selling	.02272	44.02	(8)
Sweden	Krona		.1856	5.39	
Switzerland	Franc		.2226	4.49	
Syrian Region, United Arab Rep.	Pound	Free	.2680	3.73	
Thailand	Baht	Free	.04573	21.87	(8)
Turkey	Lira		.1067	9.37	(8)
Union of South Africa	Pound		2.7012	.3702	
United Kingdom	Pound		2.7012	.3702	
United States	Dollar		.9603125	1.04132769	
Uruguay	Peso	Free	.09843	10.16	
		Basic buying	.6329	1.58	(8)
		Principal selling	.4587	2.18	
Venezuela	Bolivar		.2867	3.49	
West Indies Fed.	Dollar		.5627	1.78	(10)
	Pound		2.7012	.3702	(11)
Yugoslavia	Dinar	Official	.003201	312.40	(8)
		Settlement rate	.001519	658.12	

*Latest available quotation date.

notes

1. Argentina: Effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
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.



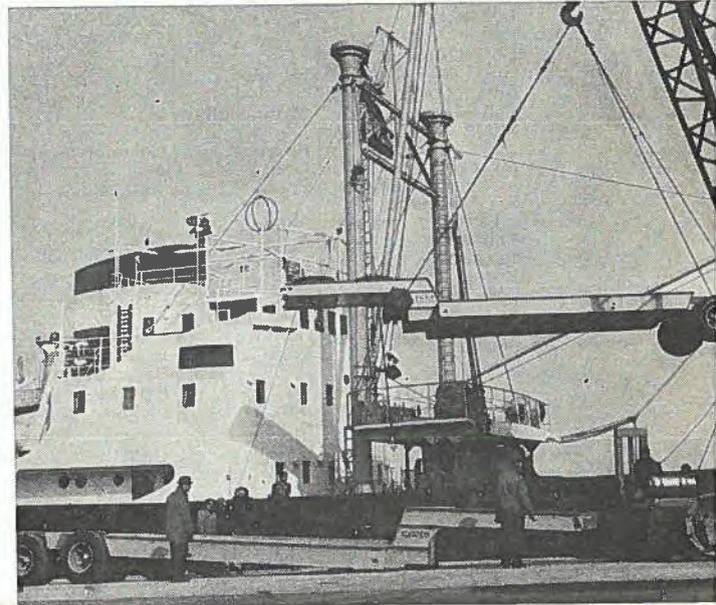
In Norway—A Canadian snowmobile is used to speed up transportation in Lapland. This group of Laplanders is admiring the versatile "bus"; it uses either skis or wheels and can run on snow, marsh, mud or soft ground.

Canada in European Markets

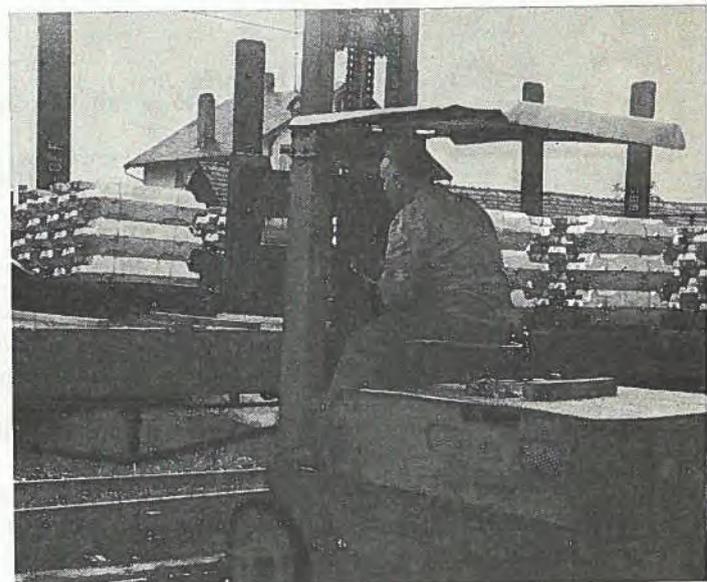
Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".



In Sweden—A prize-winning Canadian pig, waiting for its flight, exchanges appraising stares with Dorval airport officials. It is one of a number imported by Swedish breeders.



In Greece—The State Procurement Service ordered seven low-bed semi-trailers from a Canadian maker. Here, one of them swings from the crane of the ship which delivered the order.



In Switzerland—This photograph was taken at the aluminum rolling mill plant of Aluminiumwerke A.G., in Rorschach, during the unloading of a shipment of Canadian aluminum ingot.