

foreign trade

Established in 1904

OTTAWA, MARCH 28, 1959

Vol. 111, No. 7

COVER

This fresh-frozen salmon from Canada has just arrived in a South African storage plant. Though Canada's sales to the Commonwealth include many traditional best-sellers, such as wheat, forest products, metals, etc., each year sees newer products, including the one pictured, introduced to our overseas customers. In the reports that are presented in this issue, business and trading developments in ten Commonwealth countries are reviewed—and many new trading opportunities highlighted. See pages 2 to 31.



C A N A D A

-
- 2 **Canada's Trade with the Commonwealth . . .** *showed some shifts in the relative importance of trading partners and products last year as various influences came into play.*
- 4 **Canada's Trade Relations with the Commonwealth . . .** *progressive relaxation of dollar import controls in recent months gives Canada broader trading opportunities.*
- 6 **Business Conditions in the Commonwealth . . .** *as observed and interpreted by Canadian Trade Commissioners in . . .*
- | | |
|-------------------------|----------------------------|
| 6 United Kingdom | 16 New Zealand |
| 8 Australia | 18 Nigeria |
| 10 Ceylon | 20 Northern Ireland |
| 12 Ghana | 21 Pakistan |
| 14 India | 23 South Africa |
- 24 **Canada in Commonwealth Markets . . .** *pictures tell the story.*
- 27 **Import Controls on Dollar Goods in the Sterling Area . . .** *set out precisely and succinctly as an aid to the busy exporter.*

-
- | | |
|-----------------------------------|--|
| 36 Businessman's Bookshelf | 33 Trade Commissioners on Tour |
| 34 Foreign Exchange Rates | 31 Trade and Tariff Regulations |
| 33 Tours of Territory | |

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: \$2.00 a year in Canada; \$5.00 abroad. Single copies: 20 cents each.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

Canada's Trade with the Commonwealth

Sales to the Commonwealth worth over one billion dollars last year point up its importance as a market for Canadian goods. The author takes a look at this trade—and at some of its significant features.

R. W. BLAKE, *Area Trade Officer, Commonwealth.*

CANADA'S trade with the Commonwealth became increasingly important during 1958. Commonwealth countries took almost 22 per cent of total Canadian exports in 1958 compared with about 20 per cent in 1957, and they supplied us with about 14 per cent of our total imports compared with approximately 13 per cent last year.

Canadian exports to the Commonwealth area, including the United Kingdom, were valued at \$1,058.7 million in 1958, an increase of over \$88 million (9 per cent) compared with 1957. Nearly half of this increase, \$38.5 million, was in sales to the United Kingdom but a substantial portion represented exports to other parts of the Commonwealth.

The products mainly responsible for this increase in trade with the Commonwealth countries covered a wide range and included wheat, barley and other cereals, flour, canned salmon, non-ferrous metals, chemicals and uranium. With the expected relaxation of import controls due to come into effect as a

result of the Commonwealth Economic Conference, there are good prospects for a further rise in our trade with the Commonwealth during the present year.

Imports from the Commonwealth in 1958 totalled approximately \$736.2 million, down \$24 million from last year. This decline, however, was small in comparison with the drop in total imports of \$427 million.

Although the value of imports from the Commonwealth was down about 3 per cent, the percentage share of Commonwealth suppliers in total imports rose by just over 1 per cent—which, incidentally, was the percentage drop in Canadian imports from the United States. The over-all balance of Commonwealth trade was in Canada's favour to the amount of \$322.5 million.

Trade with the United Kingdom

Canada's trade with the United Kingdom improved during 1958 as both exports and imports rose slightly. In 1958, Canada's exports

to the United Kingdom were valued at \$776 million, up \$38.5 million (5 per cent) over 1957, and amounted to 16 per cent of total exports as against just over 15 per cent last year. The main products contributing to this increase were wheat, barley, canned salmon, cheese, nickel, uranium, drugs and chemicals.

Products sales of which decreased in 1958 compared with 1957 were soya bean oilcake and meal, soya bean oil, tallow, synthetic fibre yarn, Douglas fir planks and boards, wood pulp, iron ore, iron and steel rods, aluminum, zinc, magnesium and selenium.

What We Bought

Canadian imports from the United Kingdom increased about 1 per cent in 1958, rising from \$522 million in 1957 to approximately \$527 million in 1958. This is in contrast to the drop of approximately \$430 million (10.7 per cent) in imports from the United States. Automobiles and parts, agricultural and animal products, aircraft, aircraft engines and parts, telephone apparatus and parts, radio apparatus, other machinery, and diesel engines were the main British products that made major gains in the Canadian market.

The current trend seems to be to import truck parts and engines (diesel and otherwise) from Commonwealth countries rather than from the United States. This trend is partly due to Canadian and United States firms establishing plants to make these products in the United Kingdom, in order to have a base of operations in the sterling area and thus reap the advantage of tariff preferences.

The improvement in Anglo-Canadian trade in a year when imports from the United States and other Commonwealth countries declined no doubt stems in part from the increased interest in the Canadian market exhibited by British exporters as a result of the Canadian Trade Mission to the United Kingdom in 1957 and the visit of a

United Kingdom trade delegation to Canada in 1958.

Now that some of the United Kingdom's European markets have decreased because of its exclusion from the Common Market, British manufacturers have an added incentive to step up their efforts to sell to the dollar area.

Although it is not likely that the United Kingdom will regain its pre-war level of exports to Canada, nevertheless there is a substantial growth potential and a concerted drive by British exporters could mean the capture of a larger share of the Canadian market.

Other Commonwealth Countries

Canadian exports to Commonwealth countries other than the United Kingdom increased from \$233 million in 1957 to \$282.7 million in 1958, a rise of \$49.6 million, or about 21 per cent. Imports from these countries, however, decreased by \$29.6 million (12 per cent)—from \$238.8 million in 1957 to \$209.2 million in 1958. This meant a favourable balance for Canada of \$73.7 million and reduced these

countries' share of total imports by nearly 1 per cent.

Estimated import figures for 1958 compared with those of 1957 show that imports into Canada from The West Indies, Mauritius and the Seychelles, Ghana, India, Ceylon, Malaya and Singapore, Fiji, and New Zealand declined in 1958, but imports from Australia, Hong Kong, and the Union of South Africa increased.

Most of these Commonwealth countries largely depend on exports of primary products for their national income. Lower prices for these commodities last year sharply reduced the overseas reserves of many of them and forced them to tighten import restrictions to conserve foreign exchange. With the improvement in the balance-of-payments position in many of these countries, it is hoped that restrictions will be relaxed in accord with the views expressed at the Commonwealth Economic Conference. (Details about the import restrictions in effect in Commonwealth countries and the decisions reached at the Commonwealth Economic Confer-

ence about these restrictions are given on pages 4 and 27.)

Significant Features

Some of the Commonwealth countries depend greatly on the export of one or two products. For example, copper and tobacco account for about 83 per cent of total exports of the Federation of Rhodesia and Nyasaland, and Ghana relies on cocoa for about 60 per cent of its total sales abroad. Ghana was very worried about the effect that the Common Market in Europe would have on its markets in that area. It has been heartened by the news that West German cocoa importers have requested that the 9 per cent Common Market import duty on cocoa imposed on supplies from outside the Common Market area should be removed. As an alternative they have suggested that duty-free quotas on cocoa should be established. It is understood that approximately 75 per cent of West German cocoa imports are supplied from countries outside the Common Market. If these duties are imposed, then Ghana would suffer a severe

Canadian Trade with the Commonwealth

Exports to the Commonwealth

(\$000,000)

	1956	1957	1958
United Kingdom	813	738	776
British West Indies (incl. Bermuda)	49	51	46
Australia	48	49	53
Union of South Africa	65	48	50
India	26	29	79
New Zealand	18	17	15
Pakistan	11	11	15
Hong Kong	7	8	6
Federation of Rhodesia and Nyasaland	5	5	4
Malaya and Singapore	4	3	3
Ceylon	3	3	5.5
Malta	4	3	1.5
Nigeria	1	1.5	0.3
Ghana	1	1.3	1.3
Other Commonwealth countries	1	3	3
Total Commonwealth countries	1,056	971	1,058.7
Total Canadian exports	4,790	4,841	4,830

Imports from the Commonwealth

(\$000,000)

	1956	1957	1958*
United Kingdom	485	522	527
British West Indies (incl. Bermuda)	64	80	65
India	31	29	27
Australia	26	29	33
Malaya and Singapore	29	27	20
Ceylon	17	15	13
New Zealand	12	12	11.7
Mauritius	8	10	5
Union of South Africa	8	7	8
Hong Kong	6	7	8.4
Fiji	6	7	6.2
Ghana	4	6	2.2
British East Africa	7	5	5
Nigeria	1	2.4	2.4
Other Commonwealth countries	2	3	2.3
Total Commonwealth countries	706	761	736.2
Total Canadian imports	5,710	5,623	5,196.1

*Estimated.

loss in exports of its staple commodity.

The attached table of statistics shows that imports into Canada from Ghana dropped from \$6 million in 1957 to an estimated \$2.2 million in 1958. Part of this reduction was due to smaller imports of cocoa but the main cause was a sharp fall in imports of manganese ore. Total Canadian imports of this ore reached \$3.46 million in 1957 but for the first ten months of 1958 were valued at only \$130 thousand.

Canadian exports to Nigeria dropped from \$1.5 million in 1957 to \$336 thousand in 1958, but last year's figures were bolstered by a large order of over \$1 million for wrought-iron pipe and tubing.

As the smaller countries of the Commonwealth become independent and more industrialized, Canadian exporters of capital and construction goods should have more opportunities to obtain orders such as the one mentioned above.

Shipments of wheat and flour under the Colombo Plan and the granting of credit arrangements accounted for most of the increase shown in exports to India, Pakistan, and Ceylon. India also imported more railway rails, pipe and tubing, copper ingots, aluminum and aircraft.

Canada and the Newer Members

Canada has a particular meaning at the present stage in history for the many countries within the Commonwealth that have recently gained independence or hope to do so shortly. They appreciate that Canada has blazed the trail from colony to independent member of the Commonwealth and countries such as The West Indies look to us for advice and assistance as they evolve towards self-government. Thus, in addition to the Colombo Plan, Canada is giving technical assistance to Ghana and The West Indies and is supplying two ships to the West Indies Federation for inter-island trade. We would hope that this aid will have a beneficial effect on Canada-West Indies relations. ●

Canada's Trade Relations with the Commonwealth

Full-scale Commonwealth Conference held in Montreal last September highlighted a year marked by important developments in Commonwealth trade relationships. Here these changes, and their implications for Canadian trade, are discussed.

A. W. A. LANE, *International Trade Relations Branch.*

THE past year has been an active and fruitful period in the trade relations between members of the Commonwealth. It was marked by the first full-scale Commonwealth Trade and Economic Conference in over a quarter of a century and by a number of other important discussions and negotiations between individual Commonwealth partners. From the Canadian point of view, the principal immediate and practical achievements of the year were the establishment of external convertibility for sterling and the relaxation of import restrictions on Canadian goods by several members of the Commonwealth. In addition, the basis was laid for further steps to expand trade within the Commonwealth in the future.

The Montreal Conference was the largest Commonwealth Conference ever held and one of the largest international conferences to take place in Canada. It was preceded by a number of meetings of senior officials in London to prepare the agenda and give preliminary consideration to some of the questions to be discussed. The Conference itself met in Montreal from September 15 to 26, 1958, and delegations were present not only from the self-governing members of the Commonwealth, but also from a number

of colonial territories in the West Indies, Africa and the Far East. In assessing the results of the Conference, the Minister of Trade and Commerce said that "it not only strengthened trade and economic ties among the Commonwealth countries, but it gave new impetus to multilateral policies on a worldwide basis."

Long-Standing Preferences

There are traditionally close trade links between the countries of the Commonwealth, most of which exchange tariff preferences under long-standing agreements. Canada is accorded preferential tariff treatment on most dutiable items in the United Kingdom, Australia, New Zealand, the Federation of Rhodesia and Nyasaland, the West Indies, and many of the non-self-governing territories. In the United Kingdom, most Canadian goods receive duty-free entry. Preferences are granted to Canadian goods on a more limited scale by the Union of South Africa, Ceylon and Malaya. This means that in important Commonwealth markets many Canadian exporters enjoy a considerable tariff advantage over their competitors in non-Commonwealth countries. The Commonwealth Conference recognized the responsibilities of member

countries to foster trade among themselves and reaffirmed the importance of the preferential system.

In February 1958 a new commercial agreement was signed between Canada and the Federation of Rhodesia and Nyasaland. Under this arrangement, Canada exchanges preferential tariff treatment with the Federation and receives special concessions on several items of particular interest.

Import Restrictions Relaxed

During the postwar years, Canada has not been able to take full advantage of its preferential position in many Commonwealth markets because of the special import restrictions which these countries have maintained for balance-of-payments reasons. In the course of 1958 significant progress was made towards the dismantling of these restrictions. The United Kingdom established a larger quota for imports of canned apples from the dollar area in March and this was increased later in the year. Quotas for imports of all other canned fruits of interest to Canada were enlarged in August. In July, the United Kingdom removed discrimination against the dollar area in import controls on fresh apples and eliminated restrictions on imports of industrial chemicals. In August, Australia placed dollar countries on the same footing as other outside suppliers in administering its restrictions on machinery imports.

The Commonwealth Conference in September gave further impetus to the relaxation of dollar import controls. The members of the Commonwealth reaffirmed their intention to remove trade discrimination progressively and several of them announced important liberalization measures. The United Kingdom eliminated restrictions on three important Canadian exports—canned salmon, newsprint and machinery—and indicated its intention to proceed with the dismantling of its controls on imports of consumer goods and foodstuffs in 1959.

In addition, the U.K. invited the colonies to ease their restrictions on a wide range of dollar goods. Up to the present, trade liberalization measures have been introduced in the West Indies, (including Jamaica and Trinidad) British Guiana, Nigeria, Gambia, Sierra Leone, Cyprus, Mauritius, British North Borneo, Sarawak and Fiji. Other colonies are expected to relax their dollar import controls in the near future.

Further steps to reduce discrimination against the dollar area were announced during and after the Montreal Conference by Australia, New Zealand, Ceylon, Malaya and Singapore. Australia eliminated special dollar restrictions on chemicals and synthetic rubber. New Zealand introduced a new licensing system to come into effect in 1959 and removed discrimination on a considerable number of products, including some items of interest to Canada. Malaya and Singapore lifted dollar restrictions on 23 groups of products, most of which could be supplied by Canada. Ceylon made further progress towards the dismantling of the few remaining controls that it maintains on imports from the dollar area.

At the end of 1958 the United Kingdom paved the way for further relaxations in import restrictions by establishing external convertibility for its currency. Non-residents of the sterling area may now freely transfer their holdings of sterling to other non-residents, including those in Canada. Although this action does not of itself automatically diminish import restrictions on Canadian goods, external convertibility does remove any justification for maintaining discriminatory controls, and it would be reasonable to expect early removal of such restrictions.

Agreements to Be Reviewed

Other important steps were taken during the past year to lay the groundwork for further progress in strengthening Commonwealth trade ties in the future. The Montreal

Conference provided the opportunity for Commonwealth countries to make plans for the review of trade agreements that were no longer completely suitable for their needs. Canada and Australia undertook to review their trade agreement, originally concluded in 1931. At the time of writing, a Canadian delegation headed by the Deputy Minister of Trade and Commerce is preparing to leave for trade discussions in Canberra.

It was also decided during the Commonwealth Conference—following discussions between Canada, the United Kingdom and The West Indies—that joint consideration should be given to all measures designed to foster closer and freer trading relationships between Canada and The West Indies. Authorities in the West Indies Federation are now studying the report of a commission on trade and tariffs recommending establishment of a customs union in the federal area over a five-year period. The revision of the Canada-British West Indies trade agreement, which dates from 1926, will necessarily depend to a considerable extent on the progress made towards a closer economic association within the Federation itself.

For Reports on . . .

. . . *The West Indies and British Honduras, see "Foreign Trade" of November 8, 1958.*

. . . *British Borneo, Hong Kong, the Federation of Malaya, and Singapore, see our issue of February 28, 1959.*

We regret that this survey does not include reports on British East Africa and on the Federation of Rhodesia and Nyasaland because of the illness of the Canadian Trade Commissioner who covers this territory. We hope to publish these in our next issue.

UNITED KINGDOM

Past year saw most of the controls on business and trade removed. Exports dropped only 3 per cent despite the recession abroad; sales efforts in North America were stepped up. Relaxations in import restrictions announced late in '58 should improve market for certain Canadian products.

W. GIBSON-SMITH, *Commercial Secretary, London.*

THE United Kingdom Government can look back on 1958 as a year of considerable achievement on the economic front. Inflation has been damped down. Confidence in sterling has been restored. The trade balance was the best in eight years. Britain has found it possible to remove practically all credit restrictions. There is considerable concern about unemployment, which increased sharply during the past year. It has not, however, reached serious proportions, except in certain regions where unemployment is chronic and recurrent. For the first time since the war the economy is almost free of artificial restraints.

Heavy Industry Faces Problems

In contrast to these heartening developments, orders in most of the heavy industries have been declining. For example, orders on hand for merchant ships were the lowest for two years at the end of September last. As a shipbuilder Britain now ranks in importance behind Japan and West Germany. For metalworking machine tools, orders on hand continued a decline uninterrupted since 1955. The star industrial performers have been the automotive manufacturers. Chemical output last year achieved the first noticeable increase since the war.

There is gloom in the Lancashire textile mills, still suffering from the competition of heavy Asian imports. The Government has declined to restrict the entry of textiles from the Commonwealth, taking the view that in order to sell to less developed Commonwealth members, the United Kingdom must buy manufactures from them. Cotton textiles happen to be among the few manufactured products available from these countries at competitive prices.

Coal, Britain's principal mineral product, is piling up at the pitheads in embarrassing quantities.

By October, total industrial production had fallen to below the level of 1956. It is estimated that from 10 to 15 per cent of capacity is unused (in the steel industry, 25 per cent). Easing of consumer credit has, however, strained steel-sheet capacity and two new sheet plants are to be built.

The Government is carrying out some long-delayed public works, notably the building of roads and power stations. This is now possible because the modest amount of slack in the economy permits it without inflationary pressure. The authorities still supervise the location of industry.

Trade Deficit Shrinks

In view of the North American recession the United Kingdom's exports held up surprisingly well and even more surprising, her strongest showing was in sales to Canada and the United States. Exports to the United States rose 15 per cent over 1957 and those to Canada were down only 3 per cent, at a time when Canada's imports from other sources fell much more sharply. On the other hand, exports to Europe dropped 7 per cent and to the rest of the world 3 per cent. This last figure reflects the reduced purchasing power of the less industrialized countries because of the severe decline in prices of most raw materials.

These price declines, on the other hand, had a salutary—and early—effect on the terms of trade. Since Britain imports large quantities of these same raw materials, her bill for them was much reduced. The deficit on visible trade was thus 30 per cent lower than in 1957 and, in fact, the lowest since 1950. Exports (including re-exports) in 1958, at £3,355 million, were down 3 per cent in both value and volume. Imports, at £3,780 million, were, however, 7 per cent down in value, with volume about the same as in 1957. If one separates Britain's imports of basic materials from her other imports, the bill for these dropped no less than 22 per cent. It must be remembered, however, that this remarkable decline was due in considerable measure to reduced industrial activity in the United Kingdom.

Trade with Canada Reviewed

During the year, import restrictions on the following categories of goods from dollar sources were removed: chemicals for industrial purposes, newsprint, canned salmon, and many categories of office machinery, industrial machinery and tools. These were important steps forward but many foodstuffs and consumer goods are still excluded or remain under quota restrictions. For example, quotas remain on fruit, cheese, leather and automobiles, and only token quantities of most other consumer goods still are permitted to be imported from Canada and the United States.

Britain habitually runs a substantial unfavourable balance of trade with Canada (calculated on the basis of exports f.o.b. and imports c.i.f.), but in spite of the relaxations on imports during 1958 this balance was smaller. The United Kingdom imported from Canada during 1958 substantially more in the categories "dairy products and honey" and "cereals and cereal preparations" (the big rise here was in barley sales, which nearly doubled to total almost £20 million). Canned

salmon imports jumped to over £7 million, according to provisional figures. Cereal by-products rose to over £1 million, but oilseed cake and meal fell by two-thirds to £2½ million. Imports of oilseeds, oil nuts and oil kernels also dropped by £2½ million to £8.9 million. Both industrial chemicals (liberalized during 1958) and synthetic rubber imports rose appreciably. Although most of the important commodity movements, as can be seen, grew in size, Britain in sum paid rather less for her Canadian imports in 1958 than the year before, because the slowing-up in construction and industrial activity resulted in declines in the value of arrivals of (notably) wood and wood pulp, iron ore, iron and steel, and non-ferrous metals.

Britain's 1958 exports (including re-exports) to Canada reached a value of £193.4 million, almost equal to the £199.7 million of 1957, though the 1957 figures were inflated by an exceptional £17 million ship sale. British sales of steel fell off but there was a conspicuous increase in exports of motor cars (£11.8 million in 1957 to £19.3 million in 1958) as well as an improvement in the sales of aircraft and parts (£3.8 million to £14 million) and of "other, non-electric" machinery*.

Financial Picture

As sterling grew stronger throughout 1958, the bank rate was progressively cut from 7 to 4 per cent. Instalment sales restrictions were eased in October. In

*This category excludes internal combustion engines, tractors, office machinery, metalworking machine tools, industrial trucks and mechanical handling equipment, earthmoving machinery and textile machinery.



At a new ore-unloading quay in Glasgow, a Swedish ship (left) arrives with a cargo of Norwegian iron ore. Though about 25 per cent of steel capacity in Britain has not been used this winter, an industrial pickup is expected later on in the year.

December new instalment credit granted by finance houses was up 85 per cent over December 1957. Instalment sales indebtedness at year-end stood at £604 million, 25 per cent higher than a year before. Curbs on lending by banks were greatly eased. Business no longer has to seek special permission to raise capital on the market.

Repayment of the amounts due on special loans from Canada and the United States was easily effected. Not only did dollar reserves rise but external liabilities fell. Britain informed the Export-Import Bank that she would not be needing the remaining credit available for her since the Suez crisis.

Unification of sterling exchange rates, which took place on December 29, was hardly more than a technical move in itself, but has important implications in that it removes the financial basis for discrimination against imports of dollar merchandise.

Retail prices rose less than 2 per cent last year, thanks largely to more modest wage-increase awards and falling import prices. Government deficit financing is believed to have been about the same as the year before.

Outlook for 1959

The economy is on a remarkably even keel. It is not at all clear that removal of restrictions on industrial plant construction will markedly stimulate activity, in view of existing unused capacity. But business leaders are, in general, confident of an upturn late in 1959.

The breakdown of the Free Trade Area negotiations means that, at the moment, a measure of discrimination is being practised against British sales in the six European Common Market countries and, unless some formula is found to break the deadlock, this discrimination will increase as each stage of the Rome Treaty terms becomes applicable. In these circumstances, while Britain is energetically seeking a solution, she looks with growing interest at the dollar markets and particularly Canada.

The liberalization of imports from the dollar area that took place during 1958 has had no startling effect on imports as yet, though canned salmon is an important exception. Actually import licences, generally speaking, had been forthcoming for many of the goods affected for some months before the formal liberalization occurred, provided these goods were unobtainable elsewhere or were cheaper from dollar sources. It remains to be seen, however, what will happen if, as is hoped, this freedom is extended into the consumer goods field this year. It should mean a shot in the arm to initiative, with more competitive conditions helping to hold prices down.

Any Canadian manufacturers or exporters of industrial chemicals, office machinery, industrial machinery or tools who think they may be competitive in the United Kingdom can count on the assistance of the Commercial Division of Canada House, London, to

find out whether their products can be sold here. For many items in these categories there is no longer any British Government obstacle. Furthermore, at the Commonwealth Economic Conference in Montreal, the United Kingdom representatives indicated that, barring unforeseen circumstances, they would hope to make a start in 1959 on the removal of the remaining controls. ●

AUSTRALIA

Export trade declined in value last year because wool prices fell, but other products made good showing. Import liberalizations recently introduced provide added opportunities for Canadians.

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

A number of developments taking place at the moment in Australia are designed to stimulate and expand Canada-Australia trade relations. The review of the Canada-Australia Trade Agreement, which is now taking place, has aroused interest on the part of Canadian exporters and importers in Australia as a market and as a source of supply. A government-sponsored Australian trade mission, 25 strong, visited cities on the west coast of Canada and the United States in February and March. This mission, which included representative Australian businessmen, industrialists and bankers, undoubtedly developed worthwhile new contacts and will pave the way for improved commercial relations between Australia and the Canadian West Coast. The import liberalizations that the Australian Government has introduced during the past 18 months have increased the number of essential commodities that can be purchased from Canadian and other dollar exporters. This too has meant greater interest on the part of Canadian exporters in the Australian market.

Imports Liberalized

Last year the Australian Government introduced extensive import liberalizations. These liberalizations and those that preceded them were designed to ensure essential raw materials, capital goods and components for Australian importers on a competitive basis from any source of supply, irrespective of currency. Several additions were made during 1958 to the list of products exempt from import licensing. Australia is indeed steadily moving away from discriminatory import controls and continues to streamline and simplify import procedures. Imported commodities with an estimated

annual value of around £A100 million were placed on a world or global licensing basis in 1958. Australian importers may purchase products under global licensing without regard to currency area, provided that an import licence is forthcoming. (It should be pointed out that price is still an important factor when import licences for products in the global or world licensing category are being considered.)

Despite the sharp decline in Australia's over-all export trade in 1958 from 1957, the Government resisted pressure to reduce the over-all level of imports and the import total remained at £A800 million—the same as in the previous fiscal year. With the import liberalizations of 1958, more than 50 per cent of Australia's current annual imports may now be purchased from any source of supply, irrespective of currency. Unless the export prospects improve, it is unlikely that this import level will be raised. It may have to be lowered in '59, but even if the total is cut, further exemptions and liberalizations will likely be introduced.

Canada-Australia Trade

The import liberalizations introduced by the Australian Government have steadily improved the prospects for Canadian exporters here. This remark applies principally to exporters of essential raw materials, capital goods and chemicals, but not to those selling manufactured consumer goods or foodstuffs. Import controls are still rigidly applied to a wide range of manufactured and consumer goods from most sources of supply, in-

PRINCIPAL CANADIAN EXPORTS TO AUSTRALIA

	1958	1957
	(millions of dollars)	
Newsprint	9.3	9.5
Lumber	8.3	7.7
Automobiles and parts	7.6	9.2
Aluminum	6.9	3.8
Asbestos	3.5	3.3
Wheat	2.5	
Drugs and chemicals	2.0	2.9
Iron and steel	1.7	1.3
Bookkeeping machines	1.4	.5
Wood pulp	1.1	1.1
Total exports	52.8	48.9

PRINCIPAL CANADIAN IMPORTS FROM AUSTRALIA

	Jan./Sept. 1958	Jan./Sept. 1957
	(millions of dollars)	
Raw sugar	7.2	8.0
Raisins	3.9	2.5
Wool	2.7	2.5
Canned beef	1.6	1.6
Coconut oil	1.3	
Fresh mutton	.8	.7
Dried currants	.6	.4
Sausage casings	.5	.5
Wine	.4	.4
Total imports	21.9	20.1

cluding the dollar area. Australia is now self-sufficient in—and in fact can export—many of the commodities it previously imported from Canada and elsewhere. There are, however, bright prospects for increased sales of Canadian products such as lumber and pulp, special steels, chemical raw materials, drugs and pharmaceuticals, sulphur, synthetic rubber, minerals, sausage casings, oilseeds and oils, capital and electrical goods, potash, ferrous and non-ferrous metals. These, with the important exception of lumber, are now largely under global licensing and the demand in Australia for them and for other materials should increase as Australian industry expands. Lumber is still under administrative control and the quota on Douglas fir from dollar sources has been steadily cut over the past 18 months; reduced stocks in Sydney and Melbourne are reported. Undoubtedly, steps will be taken to increase the lumber quota as circumstances and the balance-of-payments position permit. The long-range outlook for Australian industry is promising and Canada may expect to participate in the greater trade in raw materials and producer goods as Australian industrial output rises.

Trade Missions Sent Out

The Australian trade mission to the West Coast of Canada and the United States departed from Sydney on February 25. The cities to be visited included Los Angeles, San Francisco, Seattle, Portland and Vancouver. The mission was to visit Vancouver and other parts of British Columbia from March 22. It sought ways and means to expand Australia's exports to Canada's West Coast and to other parts of Canada and the United States. It also endeavoured to interest Canadian and American investors in establishing manufacturing plants in Australia.

An Australian trade ship recently returned from an extensive tour of South East Asia and the Far East. The trip was reported to be an outstanding success: the mission procured orders estimated at £A2 million and, in addition, established valuable trade contacts and attracted worthwhile publicity in all the centres visited. The Australian products displayed on the trade ship for which orders were received included wood-working machines, light agricultural equipment, metal manufactures, builders' hardware, pharmaceuticals, medical supplies, woollen goods, foodstuffs, wines and liquors. It is expected that Australia will continue to send government-sponsored trade missions to other important world marketing areas. These trade missions have, in particular, aroused interest not only in primary products but also in manufactured goods produced by Australia's secondary industries.

Economic Outlook

The general trade and economic outlook continues to be satisfactory, although the terms of trade have moved against Australia in the current fiscal year. The

value of exports declined sharply; they are expected to be £A100 million below the disappointing total of £A820 million recorded for fiscal 1957/58. (Fiscal year ends June 30.) Lower prices for wool and base metals (lead, copper and zinc) that bulk large in Australia's export trade were largely responsible for the sharp decline. The value of imports in the fiscal year should not be much below the planned annual objective of £A800 million, because the import budget for the year has remained stationary. Business conditions are uniformly good, with industrial production satisfactory and employment high. The buoyant industrial growth of recent years has been lacking but Australia continues its solid economic progress, with new industrial undertakings regularly reported. Australian and overseas investors have been putting more than £A200 million per year into manufacturing industries. During 1958 more than 360 industrial projects, involving at least £A50,000 each, were announced and it is probable that the rate of investment will increase in the future. Recent investment has been heaviest in steel production, engineering, automotive parts, motor vehicles, carbon black, plywood, pulp and paper, petroleum refining and fertilizer production.

The president of the World Bank recently suggested that Australia has been outstandingly successful in enlisting resources from foreign investors to speed its economic growth. During the past ten years, he pointed out, an estimated £A675 million in private capital has flowed in or has been generated through the earnings of existing foreign investments. Australia has received more British capital than any other country. The amount of U.S. investment trebled in the six years ending 1955 and now stands at more than \$500 million.

Future Prospects

The over-riding long-range consideration in Australia has been the marked decline in the value of export trade, accentuated by the decrease in the world price for wool, which currently accounts for 40-50 per cent of the country's total annual exports. Wheat and grain crops were uniformly good in 1958 in contrast to the small harvests because of the drought in the previous year. Trade officials forecast greater export earnings from wheat and flour, metals and meats, and these are expected to counteract to some extent the decline in the export value of wool. During the first six months of fiscal 1958/59 Australia's merchandise trade showed a loss of £A25.9 million compared with a surplus of £A63.4 million for the same period in fiscal 1957/58. During the six months ended December 31, 1958, exports totalled £A379.7 million compared with £A458.3 million in the comparable period of the preceding fiscal year. Imports were valued at £A405.6 million and £A394.9 million for fiscal 1958/59 and 1957/58 respectively. The trading deficit for the first half of fiscal 1958/59 does not include invisibles such as freight, banking, and insurance on imports, which were

estimated at about £A125 million in 1957/58 and are expected to be approximately the same in the current fiscal year. The wool cheque for the first six months was down by approximately 30 per cent—from £A158,425,754 to £A102,569,671. The overseas trade figures for the remainder of fiscal 1958/59 will be watched very closely. Australia's overseas currency reserves stood at a very satisfactory level of around £A500 million at the end of 1958. The country is therefore well placed to withstand a decline of an estimated £A80-£A100 million in overseas reserves forecast for the present fiscal year.

The effects of the world recession of 1958 were not as pronounced in Australia as in a number of other countries. Retail trading, industrial production and the level of manufacturing held up well and there is no indication of an early slump. Any improvement in the world prices for primary products, in particular wool, would accelerate the rate of economic and industrial growth. The long-term economic outlook for Australia thus continues to be favourable. ●

CEYLON

Record tea crop and larger rubber production marked 1958; trade deficit shrank. Canada's trade slowly increasing, despite sharp competition and Ceylonese problems that hamper expansion.

W. R. VAN, *Commercial Secretary, Colombo.*

CEYLON found 1958 the most difficult period since it attained independence eleven years ago. Civil disturbances that broke out last May; strikes (particularly in the all-important Port of Colombo); a continued rise in the already high cost of living; the shortage of jobs, especially for those just entering the labour force, and the lack of foreign capital—all these added to the stresses and strains on the Ceylonese economy. The two bright spots were a record tea crop and increased rubber production.

The Government has not yet produced its over-all plan for co-ordinated and systematic development, though various projects are being prepared and studied. These are primarily in the government sector and in most instances will require foreign aid. Industrial development made few concrete advances last year.

External assets at the end of 1958 stood at approximately Can.\$177 million, a decrease of Can.\$12 million from the previous year.

Ceylon has two types of agriculture—one keyed to the export and the other to the domestic market. Since colonial days, the production, processing and export of three agricultural products—tea, rubber and coconut—have been stressed. The principal export crop is tea, followed by rubber and coconut products. But these three commodities, like other primary products, are vulnerable to fluctuations in price based on supply and demand. Because Ceylon has little industry and not enough home-grown food (especially rice, sugar and flour), any drastic fall in prices for her exports brings balance-of-payments difficulties.

Although Ceylon grows rice and this year's crop was better than expected, vast quantities must still be imported every year, principally from Mainland China and Burma. Attempts are being made to open new rice paddies and to increase the crop through the use of fertilizers and other modern methods. It is doubtful, however, whether Ceylon will ever be able to produce sufficient quantities for her rapidly increasing population (now nine million). For the first time, steps are being taken to grow sugar and cotton on a commercial basis and greater output of tobacco is being encouraged. No effort is being spared to diversify agricultural output without curtailing production of the three major export products.

Tea Makes New Record

Satisfactory weather conditions and the successful adoption of new techniques in cultivation promise a record tea crop this season of slightly over 413 million pounds, according to preliminary figures. This is an increase of some 15 million pounds over 1957, an all-time high. Both high and low-grown teas increased appreciably; medium-grown showed little change.

CEYLON'S TEA PRODUCTION

	1958	1957
	(in millions of pounds)	
High-grown	169.2	163.6
Medium-grown	144.26	144.3
Low-grown	99.7	89.9

CEYLON'S TEA EXPORTS

	Quantity	Value
1958	410.8*	1,131.0†
1957	367.7	1,021.3

Annual average auction prices:

	1958	1957
High-grown	2/11	2/05
Medium-grown	1/51	1/61
Low-grown	1/48	1/88

*millions of pounds.

†millions of rupees.

Although labour conditions, especially in the Port of Colombo, continued to be difficult throughout the year, tea was shipped in greater volume than during 1957.

The little developed ports of Galle and Trincomalee came into greater use. Prices, with the exception of those for high-grown teas, were down somewhat from the previous year. The loss of important Middle Eastern markets for low-grown teas caused some anxiety; so did the increasing share of other producing countries (such as China, East Africa and India) in world markets.

Rubber and Coconut Prices

Production of rubber registered a small over-all increase but exports fell slightly. Prices continued to decline. Moreover, Ceylon was no longer receiving premium prices on exports of rubber to China. Further deterioration in demand was checked by growing interest from Europe and China, and heavy purchases by the U.S.S.R.

RUBBER PRODUCTION

	1958	1957
	(in tons)	
Production	100,196	98,164
Exports		
Sheet	54,433	61,516
Latex crepe	21,553	9,634
Sole crepe	771	2,143
Scrap crepe	16,180	18,969
Other		80
Latex	565	889
Total	92,502	93,131

Because of a drought that has continued off and on for the past three years, coconut production remained lower than in previous years. Of the three export crops, it is the most susceptible to unfavourable weather. Both coconut oil and copra exports fell but those of desiccated coconut rose appreciably. Prices for all three types were good.

	1958		1957		Price increase per ton
	Tons	Value*	Tons	Value	
Coconut oil	44,336	62.0	54,072	67.9	Rs.143/
Desiccated coconut	56,736	72.3	48,898	54.8	Rs.151/25
Copra	27,700	29.3	34,764	33.3	Rs. 99/

*in millions of rupees.

Port of Colombo

Ceylon's survival depends upon the all-important port of Colombo, the only one of any real significance on the island. Persistent labour troubles, both before and after nationalization last August, continue to be one of the most trying problems and a major obstacle to development. Most scheduled cargo lines have substantially increased freight charges and others have either reduced services or accepted cargo for transshipment at Indian ports only. Still others refuse to accept cargo at all. At the moment, there seems to be no concrete solution. Ceylon's exports were kept up during

the year mainly by the greater use of the under-developed ports of Trincomalee and Galle.

How Trade Is Regulated

The Government has continued to encourage and assist Ceylonese nationals to engage in trade. Commerce in the past has been handled by British, Indian and other foreign firms established in Ceylon. Unfortunately, this policy has led to some bad debts and the Federation of British Industries has warned its membership to exercise caution in granting credit.

Of the countries in this area, Ceylon has the most liberal import policy and for this reason, foreign firms concentrate on this small, compact and developing market. Tariffs are reasonably low on goods considered necessary to Ceylon's livelihood and industrial expansion; they are high (in many instances prohibitive) on goods considered to be luxuries. During the latter part of the year, restrictions were relaxed on the import from the dollar area of alcoholic beverages, confectionery, toys (other than those made of wood, clay or rubber and rubber balloons) and parlour games.

Deficit Drops

According to Customs returns, the total value of exports reached Rs.1,170.6 million, or an increase of Rs.29.1 million over the previous year. Imports totalled Rs.1,716.6 million in value, a decline of Rs.87.4 million from 1957. The trade deficit thus equalled about 6 million rupees (about Can.\$1.2 million) compared with Can.\$24.5 million during the previous year.

The United Kingdom remained Ceylon's chief trading partner and substantially improved her position. The following statistics give a quick picture of the percentage participation in the Ceylon market of Britain, other Commonwealth countries, and third countries during the past three years.

	Ceylon's Imports from			Ceylon's Exports to		
	U.K.	Commonwealth	Other	U.K.	Commonwealth	Other
	(in percentage)					
1958	24	22	54	34	24	42
1957	20	26	54	29	25	46
1956	21	25	54	30	26	44

Other principal buyers of Ceylon produce, in order of importance, were the United States, Australia, South Africa, Mainland China, Canada and West Germany. The main sources of supply other than the United Kingdom were India, Japan, Mainland China and Burma.

Canada-Ceylon Trade

Canadian exports to Ceylon during the first eleven months of 1958 stood at approximately Rs.22.4 million, an increase of Rs.7 million over the previous year. (This increase resulted chiefly from a gift of flour to Ceylon for flood relief.) It is expected that the year-end

figures will show a substantial increase in Canadian sales over 1957. The total will include over 18,000 tons of flour sold to Ceylon on loan agreement.

It is difficult to give an accurate breakdown of our sales to Ceylon because these include capital goods and flour provided under the Colombo Plan. In direct commercial sales, our volume is small but increasing steadily. Included among the products sold to Ceylon are canned goods (with the exception of canned meats), chemicals, plastic raw materials, asbestos fibres, pens, pencils, clocks, watches, sparkplugs, newsprint, automotive accessories, medical supplies, plastic sheeting, etc.

The balance of trade continues to be heavily in Ceylon's favour. In the first eleven months of 1958, Canada's imports from Ceylon, at Rs.69.2 million, showed a decline of Rs.8.5 million. The Ceylonese felt some concern over the fact that we, one of their best customers for tea, were buying increased quantities from other sources.

Sales Prospects

One of the principal drawbacks to increased trade is our inability to compete in many items, both because of price and freight costs, with other sources of supply. Another drawback is the inability of Canadian manufacturers to sell machinery and other equipment on long credit terms. Many of the other sources of Ceylonese imports are traditional ones, such as the United Kingdom and Australia. European manufacturers are also making greater inroads and the rising industrial giant right next door, India, also must be considered. But there are Canadian products that do compete in this market, thanks to aggressiveness on the part of the Canadian exporter plus a willingness to understand the somewhat different ways of this area.

The largest single purchaser in Ceylon is the Government, which issues invitations to tender. There are several kinds of tenders:

- *Local tenders*—these may be quoted on only by local firms or local representatives of foreign firms.
- *Worldwide tenders*—any foreign firm may tender a bid, regardless of whether it has a local representative. Included are mainly tenders for goods for which payment is guaranteed by the International Co-operation Administration, Washington.
- *Crown Agents, London, tender*—Invitations to tender at the request of Ceylon may be invited by the Crown Agents in London.

Canadian firms are becoming increasingly successful in bidding competitively on some of these tenders, especially in the field of medical supplies.

There are other important opportunities in Ceylon's progressive multi-million-dollar hydro-electric development scheme. Canadian consulting engineering and

construction firms have shown great interest and several of them have already sent representatives to Ceylon to study the project. Canadian businessmen will find that there is nothing to be lost and much to be gained by visiting Ceylon. To sell or to do any business here requires a clear understanding of this completely different market and this makes personal observation all the more vital. ●

GHANA

Exports rose and imports fell last year; Canada's sales to Ghana went up slightly in value and the range widened, though only flour comes under Open General Licence.

M. B. BURSEY, *Commercial Counsellor, Accra.*

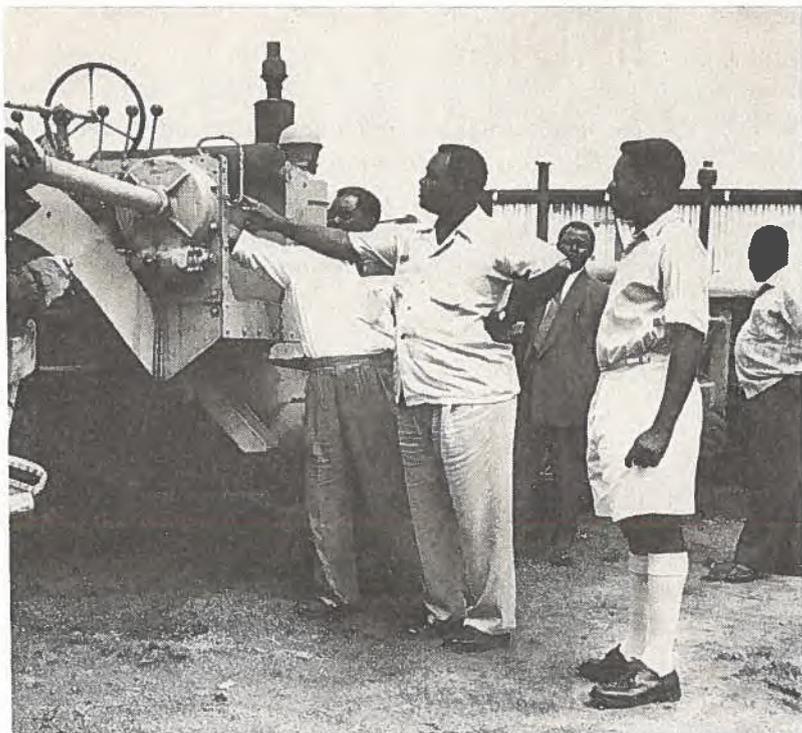
GHANA'S economic position continued to be strong during 1958. Finances are in a healthy state and this is expected to continue as long as production of cocoa—the basis of the economy—continues at current levels and export demand remains good.

Cocoa output was appreciably smaller during the 1957-1958 crop year than in 1956-1957, (217 thousand tons compared with 268 thousand). Total exports of all commodities, however, for the ten-month period ended October 1958 earned approximately £12 million more than in the previous year—£87 million compared with £75 million. Cocoa alone made up 60 per cent of total exports.

Imports, on the other hand, dropped in value by about £14 million to £67 million during the ten-month period, compared with £81 million in the same period of 1957.

Statistics for the first ten months of 1958 show that Ghana's principal markets, in order of importance, were: United Kingdom (£31.5 million), United States (£15.7 million), West Germany (£15.1 million), The Netherlands (£8.4 million), Italy (£3.6 million), and Norway (£2.1 million). Leading supplying countries, in order of importance, were: United Kingdom (£28.8 million), The Netherlands (£5.5 million), Japan (£5.1 million), West Germany (£3.8 million), and the United States (£3.4 million).

Exports to some of Ghana's principal markets rose in the first ten months of 1958 compared with the same period of 1957. Sales to the United Kingdom were up £2.5 million, to West Germany £7 million, and to the United States £4 million. On the other hand, the value of imports from the United Kingdom fell



Ghana's Minister of Trade and Industries, the Hon. Kojo Botsio, (center) inspects heavy earthmoving machinery used in agricultural operations. Within Mr. Botsio's department an Industries Division has lately been set up to study the establishment of new enterprises in Ghana and to map out inducements to be offered to foreign capital.

by £6 million, from Japan by £3 million, The Netherlands £1 million, the United States £.8 million, and West Germany £.5 million.

Import Controls Continue

In 1958, the only item coming under Open General Licence for import from dollar countries was flour. Import controls on other dollar goods continued unchanged from the previous year, but the Import Controller did grant licences for general goods fairly freely. It is understood that although licences issued for imports from dollar countries increased during 1958 over 1957, the increase was not sufficient to use up the total amount allocated for the year.

It was hoped that Ghana would follow the example of the United Kingdom and other Commonwealth countries in the sterling area in liberalizing imports from dollar countries beginning January 1, 1959. However, up to the time that this report was completed (February 27) the Government had not made any announcement, although it is believed to be considering the matter. For the present, therefore, the situation on dollar imports remains unchanged—that is, flour is the only item under Open General Licence and all other general goods require import licences, although currently these are not difficult to obtain.

Ghana's Trade with Canada

According to Canadian statistics, Canada's imports from Ghana during the first eleven months of 1958 totalled \$2 million compared with \$5.9 million in the same period of 1957, and exports to Ghana reached

\$1.28 million in 1958 compared with \$1.25 million in 1957.

During 1958 and 1957 we bought from Ghana mainly cocoa beans and lumber and sold to her chiefly flour and automobiles. However, several new Canadian products appeared in Ghana during the latter part of 1958, including canned foods, brewer's malt, alcoholic beverages, watches, and building materials. It is hoped that Ghana's imports of these and other Canadian lines now being considered will increase substantially this year.

Some New Industries Started

The Government endeavoured during 1958 to promote the development of new industries in the country by first, government participation with private foreign capital, and second, private foreign and/or local capital, but the number of new industries actually started was comparatively small. One reason was the need to set up local government administrative machinery to consider inducements to be offered for the establishment of new industries, such as tax-free concessions, protection against imported products, availability of plant sites and facilities, etc. Accordingly, in September a new and separate Industries Division was established in the Ministry of Trade and Industries, and an Industrial Promotions Board was also formed.

Recently, Parliament passed a Local Industries Bill which gives relief from customs duties on imported raw materials used in local industries. Other moves to aid industrial investment are also contemplated.

Among the new industries started last year were:

- West African Enterprises Ltd.—a plant to distill gin, pineapple brandy, and rum at Adutor in the Trans-Volta region. It is reported that supplies of sugar cane are available in the area.
- Kassardjaim Industries (Ghana) Ltd.—a metal products factory at Tamale to produce initially four-gallon metal containers. The company has been granted pioneer status and will have the benefit of a three-year tax holiday.
- Sanco Consolidated (Ghana) Ltd.—to manufacture assorted metal products. It has also been granted pioneer status on similar terms.

Work was going forward on a new foundry and rolling mill at Aboso, near Takoradi, but has, it is understood, been suspended for some time. It is expected to be resumed early this year.

An agreement was signed in London between the Government of Ghana and the Tunnel Portland Cement Co. Ltd. to produce clinker cement at Takoradi. Construction of the plant will begin in 1959.

At the time this report was written, the Government of Ghana was considering granting a concession to foreign flour-milling interests to establish a mill in Ghana. Should this take place (and it is fairly certain that it will) Canada will lose Ghana as a market for flour when local milling begins in a year or two.

As mentioned above, the number of new industries started during 1958 was disappointing. Nevertheless, many others are now being considered and it is felt that substantial progress will be made in 1959.

Trade Missions Visit Ghana

Official trade missions from Israel, The Netherlands, Italy, Czechoslovakia, Poland, and West Germany visited Ghana during 1958. These missions were of considerable assistance in promoting interest in trade between their countries and Ghana. Following the visit of the Israeli mission, a quantitative trade agreement was signed by the two Governments. Trade missions from East Germany, the United Kingdom and Yugoslavia have already been arranged for this year.

Canada Could Sell More

There is a market in Ghana for many products which Canada produces, provided that we can supply them competitively and provided that we make a concerted effort to promote their sale. Canadian manufacturers and exporters should take advantage of the fact that import licences for most general goods are not difficult to obtain. They should maintain continuous contact with European trading companies and others operating in Ghana and follow this up with personal visits. ●

INDIA

Record purchases of Canadian wheat and capital goods brought India up to fifth place in 1958 among Canadian markets. Import controls on non-essentials remain, but demand continues for industrial raw materials and semi-manufactured goods.

B. A. MACDONALD,
Commercial Counsellor, New Delhi.

CANADIAN exports to India rose from \$29 million in 1957 to \$79 million in 1958. India's rank among the chief importers of Canadian goods thus climbed from eighteenth to fifth place, exceeded in importance only by our largest trading partners—the United States, the United Kingdom, West Germany, and Japan. The only peacetime year in which our exports to India have approached this figure was 1949, when they reached \$72.6 million. Before the war, the highest recorded total was \$12 million in 1928.

Many Canadian producers and exporters—particularly of those products that are no longer being sold to India (for example, canned salmon) or are being sold in much smaller quantities (for example, newsprint) because of the severe import restrictions which this country has had to impose—will want some explanation of this spectacular and paradoxical increase and whether there is any chance of its being maintained.

The explanation lies mainly, of course, in the very large movement of Canadian wheat to India during the year. This movement amounted, in round figures, to 25 million bushels valued at \$40 million. Part of it represented wheat given under the Colombo Plan or other aid programs to help cover the serious food deficit India suffered in 1957. But the greater part represented actual purchases by the Indian Government to meet this huge and pressing problem. These purchases were made on long-credit terms on which India pays interest.

Role of Colombo Plan

A good share—perhaps \$15 million—of the record total of Canadian exports represented capital goods. It included highly manufactured materials and technical equipment for the Canada-India hydro-electric project at Kundah in Madras State and for the Canada-India atomic reactor at Trombay, near Bombay, and essential raw materials such as aluminum ingot and rod, copper and nickel made available to India under the Colombo Plan. It is difficult to know the value of these exports during the calendar year 1958 but they are estimated at about \$15 million. This movement to India will continue and perhaps expand over the next few years. Recently the Canadian Government announced that

This picture illustrates the effort that India is making to increase her industrial potential and technical progress. It shows trainees employed in the artisan workshop at a machine tool prototype factory at Ambarnath, near the city of Bombay.

the total allocation for all Colombo Plan countries will be raised from \$35 to \$50 million for each of the next three years.

Although the choice of the capital equipment and the raw materials purchased by the Canadian Government from Canadian manufacturers and producers is left to the Indian Government, the Colombo Plan also benefits the Canadian economy. The important movements of aluminum, copper and nickel in 1958, which will be repeated to the value of \$10.5 million in 1959, together with some \$5 million of Canadian railway ties, are examples of the way in which the Colombo Plan has helped industries with increased capacity. The capital goods (some of which have been highly technical engineering, electrical, and nuclear material) have made known to Indian officials, engineers and businessmen the abilities of modern industrial Canada in the best possible way.

Importance of Commercial Exports

In spite of the increased austerity of India's import licensing over the past two or three years, wheat and Colombo Plan materials have not been by any means the only Canadian exports to this country. Purely commercial shipments were probably valued at about \$25 million in 1958. Some of the items that were formerly important have disappeared from the manifests and trade returns, from wholesale warehouses and retail stores. But many others remain, even if in smaller quantities. The following are a few examples: sulphite dissolving pulp, \$2 million in 1958 as against \$1.5 million in 1957; newsprint, \$548 thousand in 1958 as against \$1.3 million in 1957; steel rails, \$7.6 million in 1958 as against \$3 million in 1957; brass scrap; calcium carbide; asbestos; synthetic rubber; antibiotic and medicinal preparations; automobile parts, and aircraft (\$2.2 million in 1958).

Import Controls Remain

Although the regulations covering the next import licensing period, April 1 to September 30, 1959, will not be announced until the end of March, it is probably safe to predict that they will not include any relaxation of the present stringent controls against all avoidable imports. Canadian producers of any products which can be regarded by Indian standards as being luxuries



or non-essentials or which are being produced actually (or in substitute forms) in adequate quantities in India will only waste time and energy attempting to cultivate this market for the next few years.

But others, especially producers of industrial raw materials and of semi-manufactured and manufactured goods likely to be needed by a country carrying out a vast industrialization program, should not neglect India.

India a Planned Economy

It is important to remember that India is developing as a planned economy. The economic planning is being carried on in five-year stages. The first began in April 1951 and ended in March 1956 and has been described as modest and successful. The second began in April 1956 and is just approaching the end of its first three years. It has been found somewhat beyond the internal and external resources of the country and has had to be curtailed to what is generally referred to as the "hard core". This consists mainly of new basic steel plants and of railway, power and coal development. It is generally estimated that an additional \$700 million of foreign aid will be needed over the remaining two years of Plan II. A meeting under the auspices of the World Bank is being held in Washington in the latter part of March of those countries (the United States, the United Kingdom, Canada, West Germany and Japan) who have been mainly responsible to date for extending financial aid to India in one form or another. More will be known after that meeting about the foreign exchange resources India can count upon for the current plan period.

The size and character of Plan III are already being discussed and have aroused much controversy. It was to

be considered at meetings of the National Development Council on March 8 and March 29 and it is reported that the Planning Commission, of which Prime Minister Nehru is chairman, will have completed drafting its "frame" by the end of this year.

There has been no authoritative statement on its probable size, but a round-figure target of Rs.10,000 crores (\$20 billion) for the five years has been mentioned. A third of this may have to be in the form of foreign exchange to pay for foreign materials and equipment not available within the country. Both Indian and foreign experts have warned of the dangers—inflation and economic and social strains—which a too-ambitious target might bring, and the above figure therefore cannot be taken as even tentatively correct. It is mentioned only as an indication of the possible magnitude of the Indian market for industrial equipment and raw materials over the next seven years.

A Nation Grows Up

There can be no doubt that India has made much progress in the ten years since she achieved independence and perhaps not least during the year just past. A sign of her growing importance in the eyes of the world has been the increase in the number of important organizations that in recent months have held their annual conferences in New Delhi. Examples are the World Bank and International Monetary Fund (October 1958), the International Air Transport Association, (November 1958), the International Commission of Jurists (January 1959), and the Planned Parenthood Association (February 1959).

Closer Indo-Canadian Co-operation

The past year has also seen a marked growth in the understanding and collaboration between India and Canada. The visit of Shri Morarji Desai, Minister of Finance, and Shri Manubhai Shah, Minister of Industry, to Canada on the occasion of the Commonwealth Trade and Economic Conference in Montreal in September 1958 contributed to this and the visit of the Hon. Donald Fleming to attend the annual conference of the World Bank and International Monetary Fund, held in New Delhi in October 1958, and the state visit of Prime Minister Diefenbaker in November 1958, did much to focus attention on Canada. The editor of one of India's leading economic and business periodicals wrote:

"In a week full of domestic events—in particular the cheering news that in the week ending November 14 we added at long last Rs.4.1 crores to our sterling balances—the spotlight of interest has rested outside ourselves. This is because of the visit of the Prime Minister of Canada and Mrs. Diefenbaker, who have been accorded the warmest of receptions, not merely because of the personal interest that the new Canadian Prime Minister has aroused, but also because he speaks as a leader of

a great and friendly Commonwealth nation at what may be called a point of happy confluence. There have been many indications in the last few months of the warmth of Indo-Canadian feeling, which only needed a central point, such as the visit of the Canadian Prime Minister has provided, to show its current size and its tendency rapidly to grow. Our Prime Minister has just revealed what he described as a secret, that it was a Canadian Prime Minister, Mr. Louis St. Laurent, who had provided the formula by which India as a Republic could be a member of the Commonwealth in accordance with the Statute of Westminster. There has been in the last year increasing understanding of the measure of quiet collaboration that has grown between India and Canada in the political field; and this week there are many, besides editors of newspapers, who have looked up the list of projects in India's five-year plans financed by Canadian capital and have been surprised by their magnitude. There is a marked interest in things Canadian which has no fleeting quality, but is a sign of a foundation well and truly built, on which an imposing edifice is certain to grow." ●

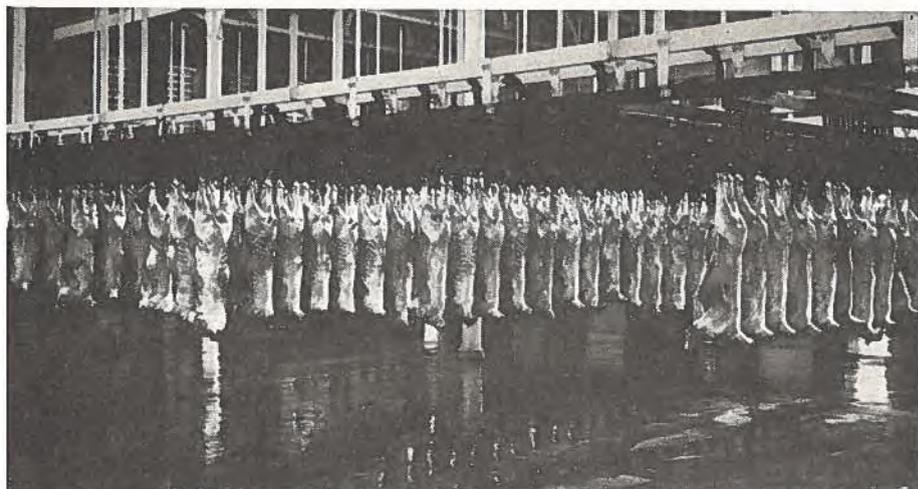
NEW ZEALAND

Import controls to help conserve foreign exchange tightened this year, but Government leans towards less discrimination against goods from dollar area and prospects for increased Canadian sales, especially of industrial raw materials, look brighter.

J. H. STONE, *Commercial Secretary, Wellington.*

NEW ZEALAND looks forward to a better trading year in 1959, in spite of the fact that the beginning of the year saw a further tightening of import controls. Export earnings fell in 1958, though they rose substantially higher than the gloomy forecasts of last spring. A surplus in trade with the dollar area appeared in the national accounts and, as the year closed, world prices for New Zealand's principal exports (except wool) had firmed and seemed likely to remain at current levels. Trade was almost in balance, though at a lower level than in 1957.

The adjustment to a level of export earnings lower than in recent years has yet to be made, however. During 1958, the Government had to borrow £54.4 million overseas to help pay for imports and invisibles and to keep foreign exchange reserves—already



In a cooling chamber at the Auckland Freezing Works, meat designed for overseas markets is strung up in precise rows. Last year meat for the first time outranked wool as New Zealand's leading export, earning nearly £85 million for the country.

dangerously low—from falling still further. Contributing to this situation was an adverse balance of payments of over £30 million in 1957, when foreign borrowing was insignificant. Deficits like this cannot be sustained for long by a country of this size, which exports under £300 million worth of goods a year and has a net national income of about £900 million. A further reduction in imports, particularly of consumer goods, was therefore inevitable.

Import Controls Tightened

The import controls imposed at the beginning of 1958 because of the dangerous drop in foreign reserves were tightened for 1959. (See *Foreign Trade*, December 20, 1958.) During the past year merchandise imports totalled £274.3 million, and the addition of other current payments brought the figure to £334.6 million. For 1957, the comparable figures were £298.6 million and £354.9 million. The new import program discriminates less against dollar goods because global quotas (available for goods from any source) have been set for a greater number of commodities. Many products important to Canada remain, nevertheless, on a reserve list. These may only be imported to the value of a given percentage of imports from a dollar country or from non-dollar sources during a specified base year (usually 1958 but for some products 1956 or 1957). A product on this list that was prohibited import from the dollar area during a base year continues, therefore, to be excluded from New Zealand during 1959, despite its appearance on the import program.

Exports for the year showed a strength that was unexpected in the earlier part of 1958, when world prices for dairy products, wool and lamb were depressingly low. A good market in North America for meat and the recovery of the United Kingdom market for butter and cheese in the latter part of the year brought exports up to £273.8 million, only £10.8 million below the previous year. (A drop of £50 million had been predicted.) Meat overtook wool for the first time

as New Zealand's most important export, earning £84.6 million, of which almost one-third was in hard currencies. Because butter, cheese, meat and wool account for over 80 per cent of export earnings, fluctuations in sales or prices of any of these products have an important effect on the trade picture as a whole.

Favourable Balance with Dollar Area

For the first time in many years New Zealand in 1958 had a favourable balance of trade with the dollar countries. Vastly bigger shipments of beef to the United States and Canada boosted dollar earnings from £28 million in 1957 to £49 million in 1958, an increase of 75 per cent. With imports from the dollar area slightly lower than the £25.2 million of 1957, the "dollar deficit" is solved at least temporarily, with a favourable balance on all transactions (including capital account) of £36.4 million. Deducting the £17.7 million that the Government borrowed in 1958 from the United States leaves an over-all favourable balance of payments with foreign countries—thanks mainly to earnings from wool.

Outlook for Canadian Sales

Canada's sales to New Zealand fell off in 1958, as will be seen by the accompanying table. Canadian fish (canned salmon), lumber (Douglas fir planks), steel, engines, and automobiles and parts lost ground under import control, though sales of aluminum, copper, asbestos, lubricating oils, drugs and chemicals, and miscellaneous machinery increased.

NEW ZEALAND'S TRADE WITH CANADA

(millions of Canadian dollars)

	1955	1956	1957	1958
Imports from Canada	22.3	17.9	16.9	15.1
Exports to Canada	12.3	12.3	11.7	11.7*

*Preliminary.

The outlook for Canadian exports to New Zealand at present is at best uncertain. On the one hand, products banned last year may benefit from the larger number of global quotas; on the other, many traditional Canadian exports are subject to strict control and a reduced quota. If New Zealand's exports do well this year, some relaxation of present controls may be possible, though priority will be given to bolstering foreign exchange reserves. However, the country must still import raw and semi-manufactured products to keep her factories running and the construction program steady. Imports from Canada consist principally of materials for construction and industry, and because the maintenance of full employment is the cornerstone of government policy, it is unlikely that these purchases will be reduced significantly.

Foreign Markets Sought

New Zealand's foreign economic policy during the past year has been directed towards improving existing markets for animal products and looking abroad for new ones. A trade agreement was signed with Japan granting most-favoured-nation customs treatment and removing it from the list of "scheduled countries"—mainly hard currency ones. Although current prospects are limited, there is hope of larger sales to Japan of dairy products and perhaps of coal; the market for New Zealand coal in that country is being explored.

Discussions with the United Kingdom gave New Zealand much greater freedom to reduce margins of preference previously bound under the Ottawa Agreements that established the Empire preference system. No changes in tariff preferences are expected immediately. However, tariff advantages for Canadian products could be affected if tariff cuts are made that place European, Japanese and U.S. goods on a more equal footing. In its discussions with the U.K., New Zealand also gained more freedom to make bilateral agreements with other countries, where these would not significantly affect U.K. trade interests in the country. These agreements should place New Zealand in a better bargaining position in international trade talks and reduce the cost of raw materials to its manufacturers.

New Zealand's continuing policy is to minimize barriers to trade in agricultural products. She relies almost entirely on these for the foreign exchange she must have to import industrial raw materials and manufactured goods.

Business Upturn in Sight

The past year saw no general slackening of business activity. Retail trade was moderately higher than in the preceding year, farm production increased, wholesale and retail prices advanced slightly, and there were only 713 registered unemployed in December. Trades dependent on imported goods were naturally affected by reduced imports, however, and they constitute an

important segment of the commercial community. As the 1959 controls take full effect, a further slowdown is expected. Local manufacturers are obtaining more business as imported goods become scarce and there is little or no prospect of significant unemployment, though the amount of overtime worked is diminishing. Social security payments are an important stabilizing factor; these were raised substantially in 1958. Inflationary tendencies arising from sharply reduced imports are being met by increased direct and indirect taxation and reduced bank credit.

On balance, it seems likely that New Zealand will follow, with some delay, the international upward swing in business activity, particularly if the world market for wool recovers. The general trend of government trade policy is towards less discrimination, and there should be opportunities for the sale of a wider range of Canadian products when the current foreign exchange crisis has been overcome. ●

NIGERIA

Some agricultural products suffered from lower world prices but sales of the important cocoa crop held up well. Liberalization of dollar imports in January should mean greater trade opportunities here for Canadian suppliers.

M. B. BURSEY, *Commercial Counsellor, Accra.*

NIGERIA became a Federation in 1954 and will attain full independence in October 1960. The Federation consists of the Northern, Western and Eastern Regions, the federal territory of Lagos, and the quasi-federal territory of the Southern Cameroons under United Kingdom trusteeship. Together they cover an area of 373,250 square miles and have a population of 31.5 million, according to the 1953 census. The Federal Legislature and Executive have exclusive jurisdiction over matters included in the exclusive legislation list, such as banks, companies, customs, defence, external affairs, police, posts and telegraphs, immigration, railways, and trade and commerce between Nigeria and other countries and between the Regions. The three Regions (Northern, Eastern and Western) are fully self-governing and have complete jurisdiction within their own area, except where federal jurisdiction applies.

The economy of the country is based primarily on agriculture, and the main products are peanuts and peanut oil, cake and meal; cocoa; palm kernels and palm oil; cotton and cotton seed; rubber, and benniseed.

The forests in certain sections of the country are rich in African woods, and logs and sawn lumber are a major export. The Northern Region is a heavy producer of cattle and goats and consequently hides and skins constitute important exports.

Nigeria's mineral resources are not great, but production of some ores is sizable, principally tin ore and concentrates, columbite ore and concentrates, lead ore and concentrates, and tantalite ore and concentrates.

Economy Is Healthy

Economically the country is healthy, although world prices for some of its principal agricultural products declined during the year and the outlook for the 1958-59 season was not altogether bright.

The Northern Regional Marketing Board reported recently that over £6.2 million had been paid in price support to peanut farmers during the 1957-58 season. World market prices for peanuts, cotton and soya beans had fallen considerably and the Board had to draw heavily on its financial resources to protect the farmer because of this drop. Cotton farmers also were subsidized to the extent of some £600 thousand and soya bean producers received over £63,000 above the world market value of their product.

Prices of these products seem likely to remain low for some time, the report said, and the Board was thus faced with the certainty of further serious losses in the coming season, amounting to between £4 and £6 million in peanuts, £1½ million in cotton, and £84,000 in soya beans.

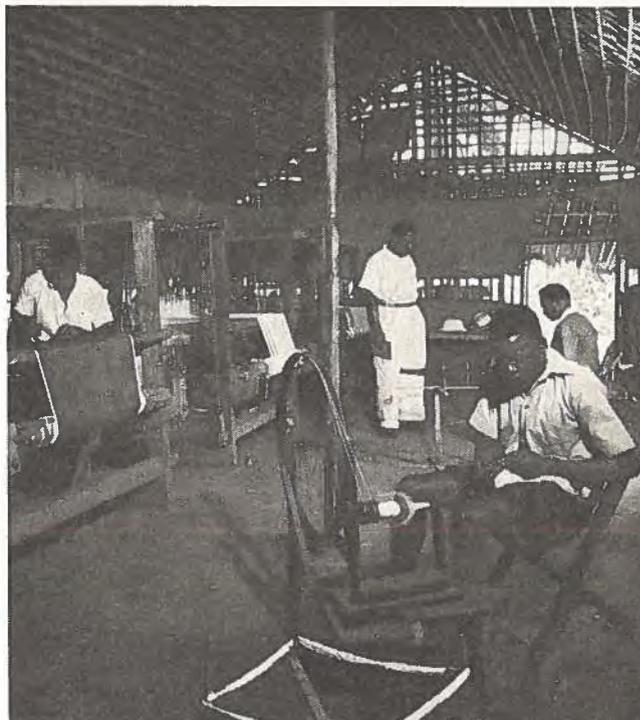
On the other hand, purchases of cocoa up to the end of October totalled 32,800 tons compared with 18,000 tons at the same date of 1957. The 1958 crop was being marketed satisfactorily and the latest official estimate of production for the full year was about 100 thousand tons.

Nigeria's export quota of tin during the fourth control period which began on October 1, 1958, was the lowest since the International Tin Council imposed restrictions—1,180 tons compared with 1,442 tons, 1,228 tons and 1,375 tons in the previous three control periods. Prices, however, have risen gradually but steadily and greater consumer interest was apparent, particularly from the United States.

New Industries Developed

Industrial development in the country during the past few years has not been great but the Federal and Regional Governments, foreign industrialists and businessmen have shown notable interest in it. Some of the new industries recently established are a cement factory in the Eastern Region which is expected to produce 100 thousand tons of cement a year, and a textile mill in the Northern Region which is expected to produce four million square yards of cloth a year initially, increasing to 12 million square yards on a three-shift basis.

MARCH 28, 1959



In this village factory at Ikot Ide, about 20 miles from Abuja, Nigerians practise the weaver's trade. A World War II NCO set up this industry and most of his employees also are veterans.

A plastics industry has been started by the Nigerian Plastics Co. Ltd., at Lafia on the outskirts of Ibadan. So far, it has been extruding polythene tubing. During November a factory to make metal window frames was opened at Mushin near Lagos. A new plant at Ibadan in the Western Region is producing foam rubber for mattresses, pillows and upholstery, and work has begun at Papalanto in the Western Region on a £4 million cement works.

Oil has been discovered in considerable quantities in the Eastern Region and the joint Shell-B.P. Petroleum Development Company of Nigeria announced during October that 13 wells had been completed at Oloibiri, eight of which have proved to be productive. The total output of the field is about 4,000 barrels a day. Mobil Exploration (Nigeria) Limited began their search for oil in the Western Region at Ajilete in mid-1958.

Nigeria's Foreign Trade

For the period January to October 1958 Nigeria's exports were valued at £107.2 million, compared with £102.9 million for the same period of 1957. Principal markets were, in order of importance, the United Kingdom (£62.4 million), The Netherlands (£14 million), West Germany (£9 million), Italy (£6.9 million), the United States (£5.3 million), Belgium (£1.5 million), and France (£1.4 million).

Imports into Nigeria during the first ten months of 1958 reached a total value of £133.7 million, compared with £120.9 million for the same period of 1957. Principal imports were, in order of importance: manufactured goods (cotton and rayon piecegoods, construction steel, corrugated iron sheets, cement, household utensils, paper and board, tires and tubes); machinery and transport equipment (automobiles, electrical machinery and parts, cycles, lorries and chassis, railway rolling stock, road construction machinery, etc.); food (stockfish from Norway, flour from the U.S. and Canada, sugar); miscellaneous manufactured articles (clothing and footwear); mineral fuels; chemicals; beverages and tobacco.

The principal supplying countries during the first ten months of 1958 were, in order of importance: the United Kingdom (£58.1 million), Japan (£14.6 million), West Germany (£9.6 million), the United States (£8 million), The Netherlands (£7.5 million), India (£5.2 million), Norway (£4.8 million), Italy (£3.2 million), Hong Kong (£2.5 million), Belgium (£2.4 million), and France (£2 million).

Nigeria's sales to Canada in the first eleven months of 1958 reached a value of \$2.37 million (Canadian statistics), compared with \$2.35 million in the same period of 1957. Imports from Canada for the full year

1958 totalled \$337 thousand, compared with \$1.5 million in 1957.

Dollar Imports Liberalized

During 1958 Nigeria continued to exercise strict control on imports from dollar areas; the only item under Open General Licence was flour. Because of this, Canadian trade with Nigeria was confined almost entirely to flour, though she supplied only a small quantity; major source was the United States.

However, in December 1958 the Nigerian Government announced its liberalization program on imports from dollar countries, to begin January 1, 1959, and the items permitted under Open General Licence are similar to those now permitted to enter the U.K.

This will open up the Nigerian market for many products from dollar countries. Canadian manufacturers and exporters should therefore take immediate advantage of this favourable situation by contacting the large European trading companies and other firms operating in Nigeria, and follow up this approach by personal visits to this country.

Such an effort should be worthwhile because there are many products Canada produces that can be marketed successfully in Nigeria—a growing country whose trade position is strengthening each year. ●

NORTHERN IRELAND

Prospects for 1959 indicate a better year than last, which brought problems to both industry and agriculture. Industrial expansion is being pushed; larger demand for consumer goods has resulted.

E. ROY, *Office of the Trade Commissioner, Belfast.*

LAST year was generally a difficult one for Northern Ireland, in spite of the fact that financial measures which curbed industrial production in the United Kingdom as a whole were progressively relaxed during the second half of 1958. However, the reduction in the bank rate and the easing of credit restrictions, together with restored confidence in sterling, make the outlook for 1959 somewhat brighter.

How Industry Fared

Plans for ten new industrial projects were announced during the year; one of the most important is an Imperial Chemical Industries factory to make terylene polyester fibre. Two U.S. firms will produce electric cable and oil-drilling equipment locally, and a Yorkshire company will set up a factory for worsted yarns in

County Armagh. Projects to be financed with local capital include the manufacture of automobile batteries and accumulators, and of aluminum building units.

Home market sales in the linen industry were maintained fairly well at about the 1957 level, but overseas markets remained difficult. With the exception of certain household items, the quantity and value of linen exports for the first nine months of 1958 were well below those for the same period of 1957, despite the Irish Linen Guild's publicity efforts.

Lower output from the shipyard (eight ships totalling a little over 100 thousand tons) was the result of an eleven-week labour stoppage in the early part of the year. With a heavy order book and only four of the eighteen shipways now empty, this year should be a better one for the industry, provided labour conditions remain stable and there are no cancellations.

The recent award of a British Government contract for production of a long-range freight aircraft, the *Britannic*, will create more jobs and relieve the employment problem that the aircraft industry has faced since the end of 1957. The estimated value of the initial order is £25 million and the first prototype freighter should be in the air by April 1961.

Farming suffered from a long period of bad weather and a late harvest, but losses were minimized by greater use of combine harvesters and grain dryers. Official statistics show a swing away from crops towards beef, poultry and pig production. The total tillage area fell by 16,890 acres to 804,290 acres. The cattle, pig and poultry population grew and the number of sheep reared rose by 6 per cent to almost one million.

Imports and Exports

Official trade statistics for 1958 are not yet available. However, returns for the port of Belfast show that during the first ten months of the year, imports and exports combined increased by 79,000 tons compared with the same period in 1957, mainly as the result of larger imports of grain, feedstuffs, timber and fertilizers. The tonnage of foreign shipping entering the port also rose to 1,192,667, 30 per cent higher than the 1957 figure.

Practically all raw materials for Northern Ireland's industries, apart from those which process agricultural products, have to be imported. Feedstuffs for the livestock industry, including Canadian feed grains, wheat offals, oilmeals, etc., averaged £12 million in value over the three years 1955-1957. Canada continues to supply plywood for shipbuilding and raw tobacco for the local tobacco factories. Though imports of softwoods have declined over the past two years, much Canadian timber will be absorbed in building programs currently under way throughout the territory. These include housing, hospitals, public halls, a number of large shop and office blocks in Belfast, modernization and expansion of banks, and industrial buildings sponsored both by the Government and private interests. One of the biggest of the latter is a production block and factory covering six acres and costing £1½ million. It is being erected by an English firm to make mixed feeds and concentrates for livestock.

Demand for Consumer Goods Rising

The demand for consumer goods created by Northern Ireland's new industries is now considerable and ranges, in order of importance, from textiles (mostly synthetic fibres), clothing (apparel, knitwear, underwear and hosiery), to toys, perambulators, and leather goods.

There are now 230 firms processing food with an annual output valued at over £100 million. More than 40 produce milk products; eleven process fruit and vegetables and have a gross output worth £2,250,000. Canning firms, whose products include pork and other meat products, raised their output to over the £1 million mark.

With further expansion and diversification of industry in mind, the Government continued its plan of "advance factory" building during the year, and 23 factories, totalling 972,487 square feet, are currently going up.

The Northern Ireland Government has also decided to increase the rate of grant under the Capital Grants

to Industry Acts from 25 to 33½ per cent. The new rate will be available both to existing industries and new projects for grants towards capital expenditure and should offer additional inducement to industrialists contemplating expansion. ●

PAKISTAN

New regime has tightened import controls, taken steps to stimulate exports, and is encouraging food-grain production. These steps may change pattern of Canadian trade with Pakistan in months ahead.

H. R. HORNE, *Commercial Secretary, Karachi.*

PAKISTAN was faced in 1958 with both an economic and a political crisis. The decline evident in 1957 and early 1958 became more serious as foreign exchange reserves fell, currency in circulation increased, the volume and prices of exports decreased, and domestic foodgrains production lagged. This was the situation on October 7, when martial law was declared, the constitution abrogated, and all political parties abolished. Quickly the new regime, headed by General Ayub Khan, undertook to strengthen the economy. Undesirable practices were successfully curbed and many commodities placed under price control. A period of amnesty was decreed to allow residents to declare hidden wealth and pay up income taxes. Special steps were taken to encourage an increase in the acreage under cultivation or irrigation and more intensive use of the land. This was done to make the country self-sufficient in foodgrains and stop the drain of imported foods on the limited foreign exchange.

On the fiscal side, the immediate need was an accurate accounting of the foreign exchange holdings. On December 31, all unused import licences and foreign exchange payments were suspended; most of these have since been reinstated. Foreign exchange transactions were centralized in the state bank. As part of the policy to determine total foreign exchange holdings and to augment resources, residents were required to declare, transfer and surrender all foreign exchange held either at home or abroad. As a result of the stocktaking, new policies governing exports and imports were announced. The bank rate was raised from 3 to 4 per cent.

Trade Regulations Announced

To stimulate exports, an export bonus scheme was introduced. Exporters are now allowed to retain 20 to 40 per cent, depending upon the commodity, of the foreign exchange they earn and against this may import

any of a list of 210 items from any country. The scheme covers all exports *except* raw jute, raw cotton, hides and skins, wool, rice and tea. In addition, items included in barter deals are *not eligible* for the export bonus. At the same time, export controls were lifted on all except 16 products considered essential to Pakistan's economy and security.

On the import side, the list of items that can be imported under licence was cut to 174. Some 33, considered to be luxuries or obtainable from domestic production, were dropped. The basis on which licences are to be granted has yet to be announced, although it has been stated that to increase industrial production priority will be given to raw materials, fuel, machinery, spare parts and various components considered essential. To discourage imports further, the Government raised the customs duty on 14 items by about 100 per cent.

Land Reforms Limit Holdings

Sweeping land reforms were brought in, limiting individual holdings, as based on a system of production units, to roughly the equivalent of 500 acres of irrigated land. Any excess held by landlords will be taken and compensation given at specified rates in the form of interest-bearing bonds redeemable in 25 years. Tenants will have the opportunity of purchasing the land they till on instalments; this will make the scheme self-liquidating. The minimum size of holdings was also specified to avoid uneconomic fragmentation. The regulations have already been promulgated and the reforms are expected to be carried out speedily and without incident. Whether, as a result, agricultural production increases immediately remains to be seen.

A rehabilitation program, long overdue, has been started to provide housing for homeless refugees, some of whom have been without proper accommodation since partition.

These were the main steps taken by the new regime in its first six months; they were designed to restore equilibrium and confidence and to cope with immediate and pressing problems. The people and the country seem prepared for a period of austerity to help rebuild the economy. Such reconstruction is a lengthy process and although spectacular temporary improvement is evident, it probably will be some time before any extensive and permanent success is attained.

Large-scale foreign aid, loans and grants also play an important part in the economy, providing goods and services for day-to-day needs and, more important, helping to implement ambitious development plans.

Cotton comes second only to jute among Pakistan's exports, and the 1958-59 crop will probably total 1.6 million bales. Here villagers in West Pakistan load cotton into bullock carts.

Production of jute, the main export crop, is estimated at six million tons for 1958-59, about 5 per cent over the previous year. Cotton production is estimated to be up 1 to 2 per cent to 1.6 million bales. However, recent estimates are that both jute and cotton acreage is down slightly and world prices still depressed. Although foodgrains output in 1957-58 declined about 4 per cent, this year good rains have brought excellent prospects for a bumper wheat crop. Sugarcane acreage and production were greatly increased and 155 thousand tons of sugar produced; the increased acreage was more productive, thanks to fertilizers and plant protection, particularly aerial spraying. (It is interesting to note that *Beaver* aircraft supplied by Canada under the Colombo Plan played an important part in insect-pest control.) Rice, barley and tea are also important crops.

The mineral potential of Pakistan has still to be exploited and although large deposits of natural gas have been found, no major oil field has been discovered; only 1.9 million barrels of crude were produced in 1958. Negotiations are under way with the major oil-marketing companies in Pakistan for the setting-up of a refinery to process about 1.5 million tons of crude oil a year, roughly West Pakistan's annual requirements.

Exports and Imports Fall

Provisional foreign trade figures for 1958 indicate that exports dropped 10 per cent to 1,416 million rupees and imports declined slightly to 1,887 million rupees, giving an unfavourable trade balance of 471 million rupees. Pakistan's principal exports, basic primary products, were adversely affected by falling world



prices. Exports of raw jute were valued at Rs.838 million, raw cotton Rs.239 million, jute manufactures Rs.108 million, raw wool Rs.48 million, raw hides and skins Rs.39 million, tea Rs.33 million, and cotton twist yarn and piecegoods Rs.5 million.

Principal imports were foodgrains and flour Rs.493 million; machinery Rs.314 million; metals and ores Rs.259 million; vehicles Rs.128 million; petroleum products Rs.102 million; chemicals, drugs and medicines Rs.91 million; hardware Rs.85 million, and coal Rs.66 million.

Barter deals were entered into with Mainland China, Poland and Czechoslovakia, exchanging cotton for rice, coal and machinery. The barter agreement with France was not renewed. A £10 million loan from the United Kingdom is just being concluded and will be used to buy British machinery and goods.

Trade with Canada

Canadian exports to Pakistan for the calendar year 1958 totalled \$15,433,015 (1957=\$11,395,184); both figures include shipments to Pakistan made under the Colombo Plan. Principal products are shown below, with 1958 and 1957 figures:

CHIEF CANADIAN EXPORTS TO PAKISTAN

(in Can.\$'000)

	1958	1957
Wheat	3,887	1,991
Contractors' outfits	3,320	4,037
Structural steel	991	591
Steam engines and parts	510	
Machinery and parts	392	59
Transformers and parts	391	.068
Automobiles and parts	382	284

Canadian purchases from Pakistan in the first eight months totalled \$402,340 (12 months 1957=\$503,690). Chief commodities purchased were jute and jute products, sports goods, monkeys, and raw cotton.

Among the products that may be imported under the export bonus scheme or under an import licence are many of particular interest to Canadian exporters, including ferrous and non-ferrous metals; tools; arms and ammunition; newsprint, various fibreboards; fire bricks; chemicals, drugs and medicines; automotive vehicles and parts; electrical apparatus and appliances; hardware; scientific and surgical instruments; musical instruments; refrigerators and air conditioners; office machines; general machinery; tractors and agricultural implements; photographic films; optical lenses; barley malt; raw and synthetic rubber; fountain pens and parts; nylon yarn, twine and nets; firefighting hose; aircraft; glues; thermoplastic moulding compounds and plastic wrapping films. Detailed lists are available in the Department of Trade and Commerce, Ottawa, or from the Commercial Secretary, Karachi. ●

SOUTH AFRICA

Economic advance slowed and export earnings declined last year; gold production reached record. Prospects this year seem promising; Canadian sales to Union should equal 1958's \$50 million.

C. S. GALLOW, Trade Commissioner, Johannesburg.

FOR the first time in twelve years, South Africa in 1958 did not progress economically at the rate that has come to be considered customary. Industrial production and commercial activity in general were maintained at a satisfactory level but the rate of advance slowed, reflecting the uncertainty in international markets. Prospects for 1959, however, are favourable with no present indications of further decline and hopes of mild improvement.

Export Earnings Decline

The latest available figures for imports and exports show that South Africa's exports in 1958 (excluding gold) declined by some \$187 million and imports increased by about \$18 million compared with 1957. This brought an adverse balance in commodity trade of nearly \$470 million as against \$275 million the year before. Sales of gold bullion totalled some \$621 million, about \$14 million above 1957, and when this is added to the commodity figures, the result is an overall favourable balance of \$151 million for 1958, slightly less than half the \$332 million of the previous year. (It should be noted that other current account receipts and disbursements are not included in these figures.)

The decline in export values stemmed chiefly from the drop in world market prices for some of the Union's main products. The latest breakdown available covers the first eleven months of 1958 and shows wool down \$61 million or about 33½ per cent from 1957; bunker coal and ship's stores down \$20 million or more than 50 per cent, and lead-ore concentrates down \$8 million or more than one-third. Exports of hides and skins, diamonds, bar and blister copper, machinery, asbestos and general merchandise also declined. On the other hand, sales abroad of sugar, fish, fruit and "prescribed materials" under the Atomic Energy Act increased. The principal foreign markets continued to be Britain, the Federation of Rhodesia and Nyasaland, the United States, Germany, Italy, Belgium, France, The Netherlands and Japan. The biggest absolute drop in value of exports was to the Federation; this too reflected world market conditions.

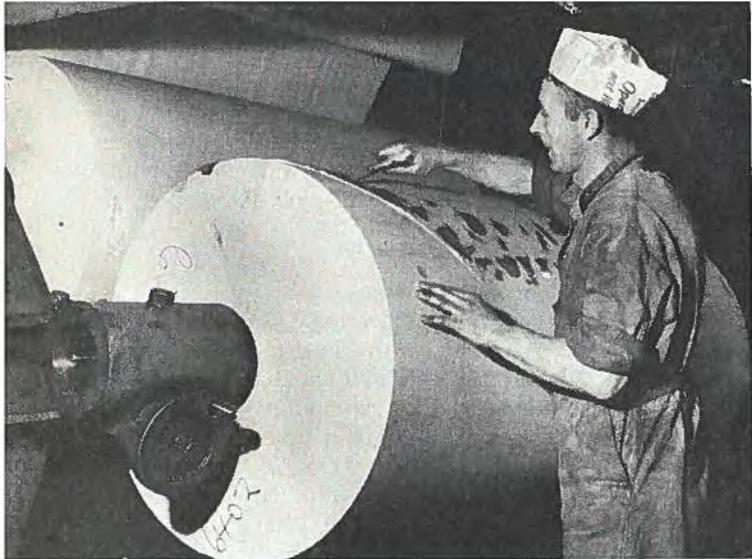
The small increase in imports may be traced to purchases on government account because the statistics reveal that ordinary commercial imports decreased by

(continued on page 25)

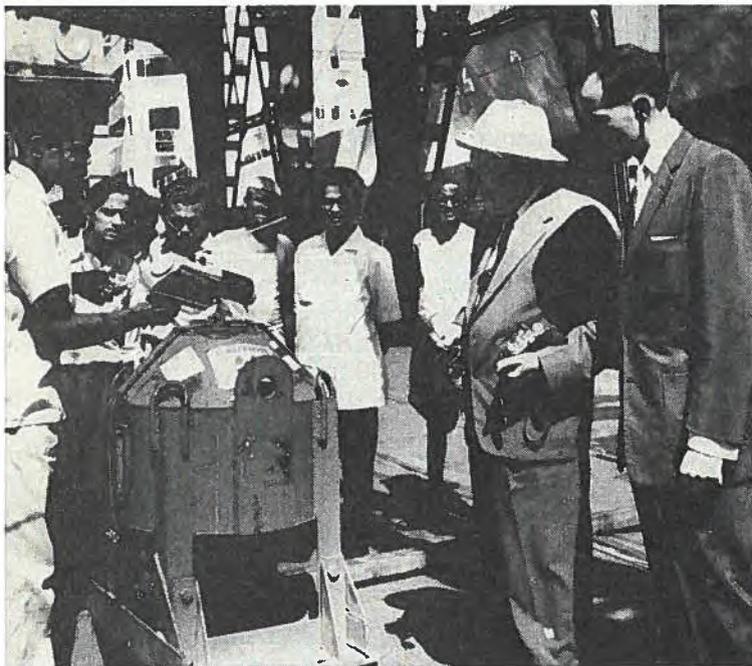
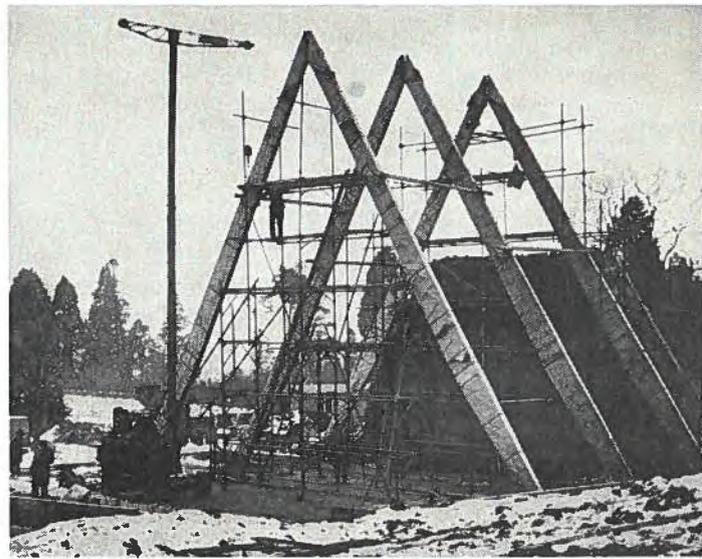
Canada in Commonwealth Markets

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".

Australia—This is the scene in the press room when the Melbourne "Herald" is making ready to run its next edition. The rolls of newsprint on the press were imported from Canada.



Northern Ireland—A new church is going up on a housing estate in Northern Ireland; Canada supplied the fourteen 48-foot-long timber beams, the main components of the structure.



India—On the docks at Bombay, an Indian official checks a Canadian cobalt 60 source for leakage while the Assistant Canadian Trade Commissioner and Mr. M. J. Coldwell look on.



South Africa—Passers-by in downtown Cape Town stopped to gaze with interest into the window of this sporting goods store, with its display of water skis and paddles from Canada.

some \$40 million but the import of government stores went up by approximately \$57 million. The principal supplying countries were Britain, the United States, Germany, Iran, Canada, Japan, the Federation of Rhodesia and Nyasaland, Belgium, The Netherlands, Italy and France. Germany registered the largest absolute increase in value of exports to the Union and of the other principal suppliers some, including Canada, increased their sales and others did not.

These statistics reflect the effect of world conditions on the Union's economy. The fall in commodity prices on international markets was a hard blow because the principal South African exports are agricultural products and minerals. Manufactured goods are of secondary importance and go only to adjacent territories in Africa where purchasing power was also down. The higher interest rates overseas, particularly in Britain, made it difficult to attract capital in late 1957 and the first part of 1958, and there was actually an outflow of short-term funds.

Spending Curbed

Towards the end of 1957 the Union relaxed its import controls. At the same time, the Reserve Bank appealed to the commercial banks to restrict credits for imports and non-productive purposes. For various reasons, these measures were only partially effective and imports gathered momentum early in the year. The smaller earnings from exports took some time to work down to the producer and did not, therefore, curb spending immediately. The result was that purchases, particularly of imported goods recently freed from control, remained large. A tendency to over-import developed as businessmen became fearful of a possible tightening-up of import controls. As a result of these and other pressures, the gold and foreign exchange reserves dropped substantially.

In May 1958 the authorities took action. Rather than extend import controls, they adopted a policy of over-all credit restriction to apply especially to import financing. Under legislation passed in 1956 the commercial banks were required for the first time to build up supplementary reserves to 4 per cent of their total liabilities to the public. This did not prove sufficiently effective and in August it was decided to require further increases of 2 per cent in each of the following three months.

These credit restrictions affected the domestic as well as the international position. The curtailment of domestic credit slowed up business. The rate of industrial advance in past years has fallen off and in the retail field many large companies are reporting bigger turnovers but less profit. The clamping down on credit led to a substantial increase in sales on the instalment plan and this brought problems in its wake.

In November the authorities moved to ease the situation and instead of requiring the supplementary reserve

to move up to 10 per cent, it was allowed to drop back to 6 per cent. Recently, it has been cut to 4 per cent. In a further move to relieve the situation and encourage the business community, the Governor of the Reserve Bank announced early in January a reduction of $\frac{1}{2}$ per cent in the bank rate which now stands at 4 per cent.

Industry and Investment

From latest reports it appears that general manufacturing activity during 1958 compared favourably with that of 1957. In the domestic market, sales were well maintained in the face of a general shortage of ready cash and tight credit, plus stiffer competition from overseas suppliers. Abroad, South Africa's principal market for manufactured goods, the Federation of Rhodesia and Nyasaland, contracted because of reductions in purchases following a drop in foreign earnings.

An analysis of foreign investment in the Union recently released by the Reserve Bank gives a total of nearly \$4 billion, of which 87 per cent is in the private sector. United Kingdom interests hold about \$2.5 billion of investments of first importance in each industrial category. The United States is the next largest holder, with more than \$475 million invested mainly in mining, manufacturing and wholesale and retail trade. France follows with just over \$200 million, almost entirely in mining. The IMF and the World Bank hold roughly \$187 million and the balance is held in other countries. Of the total, 58 per cent is direct investment. The continued confidence of foreign investors was effectively demonstrated during the year by the movement of private long-term investment funds into the Union from the United States and Germany, as well as the opening of branches of two large U.S. banks and the announced plans of overseas industrialists to expand existing or establish new operations here.

Wool and Wheat Down

For many farmers it was a year of disappointments. Drought and pests reduced the yields or quality of several of the principal crops and the smaller wool clip, together with lower prices, cut heavily into farm income. The tightness of money in rural areas was, in fact, a principal factor in the decision of the Reserve Bank to relax credit restrictions. At the end of December 1958 there were still 69 drought-stricken districts in the Union—45 in Cape Province and 24 in the Orange Free State. In other areas, the situation has been improving. The outstanding success agriculturally was sugar, with a record production of more than one million tons in the 1958 season.

Fortunately, prospects for the coming season appear brighter, with the possibility of better yields and more stable prices both in domestic and overseas markets. The outlook for cotton, maize, wattle, fruit and sugar is favourable but the wheat harvest in the Orange Free State, second largest producer, is likely to be 50 per cent below last year. The livestock situation is satisfac-

tory both in quality and price, output of dairy products is increasing steadily, wool prices are firming, and the hides and skins market is improving.

Gold Production Sets Record

The gold mining industry set a record in 1958 with a total production of over 17.6 million fine ounces valued at some \$615 million. Although output of the older mines on the Witwatersrand declined, mines in the Orange Free State and the Far West Rand stepped up production and offset the loss. The older mines on the East Rand, where production is decreasing, pose a problem for the neighbouring towns. Of the original 25 gold mines there, seven have closed and in the next ten years 11 or more will follow suit. The towns are being encouraged to begin now, with the help of the mining firms, to plan for and encourage the establishment of secondary industries. Good progress has already been made in several areas.

Diamond sales in 1958, at more than \$180 million, were some \$31 million below the record set in 1957. In the second half of the year sales improved markedly. At the year-end the market for gem stones was strong but demand for industrial stones continued weak, as U.S. stockpile purchases stopped.

The latest figures on exports of base minerals from the Union cover January-September and show decreases in volume for all but copper block and ingot and manganese ore. Although the quantities of copper shipped were up, the value was down. An interesting development of the past few days has been the rise in the price of platinum: after many long months this will inject new life into the Rustenburg area of the Transvaal.

Prospects More Promising

Some of the experts consider 1958 the first real test of the Union's economy. In the past, gold has been the major export but although output this year set a new record, it contributed substantially less than half the value of total exports. Much of the insulation it provided in the past has gone and the South African economy is now vulnerable to overseas influences. The general impression is that industry and commerce have stood up well under the testing. With recovery under way in North America, the promise of stability in international commodity prices, and South African interest rates moving closer to those overseas, economic prospects for 1959 are reasonably good. The Union experienced no increase in real national income last year but a slight rise is anticipated this year, but not up to the rate of past years. The Reserve Bank's gold and foreign exchange holdings rose to some \$315 million at the year-end, more than \$25 million above that of a year earlier, primarily because of a net inflow of official and private capital.

During the year the Credit Guarantee Insurance Corporation of Africa Ltd. was established to give South

African exporters cover for commercial, political and transfer risks. The Union's leading banks, insurance companies and financial institutions co-operated with the Government to form the Corporation; the Government acts as a re-insurer in connection with political and transfer risks.

As for imports, they should remain about the same as the over-all average of 1958. They should exceed the rate of the last quarter but unfortunately cannot be expected to equal the rate at the beginning of 1957 when controls were relaxed. In the last quarter of 1958, the final increment of consumer goods licences, about 10 per cent, was not issued. When the new allotments for 1959 were announced, the original quotas set in all categories were smaller than usual. Although the second issue is not due for some weeks yet, the trade feels uncertain about the exact prospects. Licences for industrial materials have been readily available in the past but are now sometimes hedged with suggestions that they should be used only when a similar product is not available from local factories.

Canada Gains Ground

The latest figures on Canada's trade with the Union show a rise in value in both our exports to and imports from South Africa. At just over \$50 million for the year, they exceeded those of 1957 by almost \$2 million but fell short of the 1956 record. Canadian imports from South Africa for the first ten months of the year exceeded those for the same period of 1957 by nearly \$1 million and just about equalled the 1956 figure. Comparing the individual products exported in 1958 with those of 1957, the trend to import primarily industrial products not in competition with domestic output is becoming more and more apparent. The following commodities showed substantial increases by value compared with the previous year: glove and upper calf leathers; tallow; cotton fabrics; hardwood logs, billets and blocks; bond and writing papers; railway locomotives and parts; plates, sheets and strips of steel; aluminum in primary form; automobiles; cranes, derricks, hoists and parts; bookkeeping and calculating machines and parts; parts for domestic washing machines, and two new items that, although small, should have good potential—wallpaper and commercial fishing nets of twine. In contrast, the following products showed substantial drops in value: agricultural implements, files and rasps, trucks, semi-fabricated aluminum, cellulose products, drugs and chemicals, aircraft parts, newsprint, toilet paper, planks and boards of Douglas fir and hemlock, and smoked and canned salmon. In some instances, the decreased value may be due to lower prices because the quantities were relatively stable; in other instances, the decline may result from expansion in local production.

The prospects for Canada's trade in 1959 will, of course, be influenced by the factors mentioned above. At the moment, it appears that our exports should

continue at the tempo of last year, possibly a little lower than the first part, but better than the last quarter. Indeed, the over-all figures for the year may well exceed those of 1958 by a good margin because of substantial purchases of wheat for delivery during 1959. The best opportunities for Canadian exporters lie mainly in industrial materials and equipment of a type not made here. In the consumer goods field, the issue

of import licences is restricted and buyers confine their purchases as much as possible to goods not readily available from domestic manufacturers. South African businessmen have also shown interest in the possibilities of manufacturing here under licence for Canadian firms, in investment by Canadians in South African plants, and in the establishment by Canadian firms of branch plants in the Union. ●

Import Controls on Dollar Goods in the Sterling Area

International Trade Relations Branch.

THE following is a summary of current import controls in the sterling-area countries as they apply to Canadian products.

UNITED KINGDOM

Very substantial progress has been made by the United Kingdom during the past year in the removal of import restrictions on dollar goods. Under the present system, three types of licences are used in regulating imports from the dollar area.

Open General Licence—Goods on Open General Licence are virtually restriction-free. They may be imported from the dollar area by any trader without restriction as to quantity or value and without the formality of applying for a licence.

A wide range of chemicals and machinery from the dollar area was added to the group of items on Open General Licence during 1958. Among the dollar goods which are now restriction-free are most of the basic materials of industry, including certain agricultural products mainly used in manufacture, industrial chemicals and allied products, canned salmon, newsprint, and industrial, agricultural and office machinery.

Open Individual Licence—The holder of an Open Individual Licence is permitted to import the product covered by the licence from the source designated without limit as to quantity or value. Dollar products which fall under Open Individual Licence include certain clover and grass seeds, sugar, and petroleum products.

Individual Licence—Dollar products not covered by the two categories above require an individual licence

for each transaction. An individual licence allows the holder to import a specified quantity or value of a product from a designated source. Such licences are granted after consideration of the merits of individual applications.

Dollar products still requiring individual licences include meats, dairy products, honey, fruit, tobacco, leather, a few semi-manufactured articles, and practically all fully manufactured or processed goods.

A number of restricted dollar goods including apples, cheese, honey, canned fruit, leather and motor cars are admitted into the United Kingdom from the dollar area under annual quotas. In addition, a wide range of manufactured consumer goods are covered by a Token Import Scheme available to Canada and the United States, under which licences are issued up to 30 per cent by value of the individual trader's average annual exports of such goods to the United Kingdom in 1936-7-8. Licences under the Token Import Scheme amount in all to rather less than \$3 million a year.

AUSTRALIA

Imports into Australia from Canada and the dollar countries in general are permitted under five general classifications:

- (a) Goods exempt from import licensing.
- (b) Goods subject to licences which are freely granted.
- (c) Goods subject to world licensing, which is free of discrimination as between currency areas, under the following classifications:

- (1) Subject to administrative decision
 - (2) Subject to quota
 - (3) Subject to an import replacement system
- (d) Goods subject to quotas which have been established for the dollar area only.
- (e) Goods subject to individual licensing, which applies to all those not subject to the above licensing arrangements.

Exemptions—Included in the list of goods which are exempt from licensing from all sources are pulp, paper shavings and waste paper for paper manufacturing, nickel, narcotic drugs, petroleum products, abrasives and certain metals.

Freely Licensed—Books and printed matter (excluding fiction and magazines such as comics, westerns, etc.) are freely licensed from the dollar area.

World Licensing—During 1958 the following items of interest to Canada were added to the list of goods subject to licence on a world basis: capital equipment and electrical machine apparatus and appliances; replacement parts for business machines; synthetic rubber and substitutes; chemicals for agricultural and industrial use, and carbon manufactures.

Applications for licences for goods subject to world administrative decision are considered individually on their own merits by the Department of Trade without reference to the origin of the goods. The products of greatest importance to Canada in this group are capital equipment, electrical machine apparatus and appliances, ingots of aluminum and copper, nickel anodes, newsprint, crude asbestos, carbon manufactures, sulphur and pyrites, synthetic rubber, chemicals for industrial and agricultural use, and chemicals and drugs for use in the manufacture of medicinal products.

Licences for goods subject to world quota are issued by Collectors of Customs without reference to origin, on the basis of quotas established for individual firms by the Department of Trade. The following items of interest to Canada are in this category: welding rods, greases, and certain chemicals for X-ray and photographic industries.

Under the import replacement plan, importers are able to obtain licences equal in value to the goods they have imported. This system is designed to allow importers to obtain genuine requirements in full from any source. Among the goods which are subject to world replacement are natural hog casings; cash registers; adding and computing machines; multigraph, addressing and cheque-writing machines, and titanium dioxide.

Dollar-Area Quotas—On April 1, 1958, provision was made for the establishment of dollar-area quotas for some twenty items, including synthetic sausage casings, typewriters, dictating machines and tungsten

carbide tool tips. Quotas for goods in this category are established in favour of individual importers and are valid only for imports from the dollar area.

Individual Licensing—All goods from Canada and other dollar countries, other than those which are exempt or licensed under one of the systems outlined above, are subject to individual licensing. It is understood that Australia's policy in general is to grant licences to import goods included in this category from the dollar area only if such goods are essential imports not available locally from non-dollar sources at reasonably competitive prices and delivery dates.

BRITISH WEST AFRICA

Open General Licences are issued in Nigeria, Sierra Leone and Gambia for the import of various categories of goods from the dollar area.

Among the goods which may be imported freely into Nigeria and Sierra Leone are specified types of food products, crude materials, mineral fuels, lubricants and related materials, chemicals, machinery and transport equipment, and some manufactured goods.

The goods which may be imported into Gambia freely include flour, motor and aviation spirit, oils and machinery.

The Ghana authorities issue licences fairly freely for purchases in the dollar area.

CEYLON

Ceylon permits imports from the dollar area under two general classifications: those admitted freely under Open General Licence and those subject to individual import licence.

More than 200 essential products may be imported freely under Open General Licence and in most instances, particularly in the case of registered Ceylonese traders, licences for goods subject to individual licensing are freely issued to importers who apply for them.

On November 5, 1958, the discrimination against the dollar area was removed in the licensing of beer, whisky, toys and confectionery. The present import restrictions do not have any significant effect on most imports from Canada.

HONG KONG

Goods may be imported into Hong Kong without import licence with the exception of dutiable, dangerous and undesirable, restricted and strategic goods.

All foreign exchange transactions in currencies other than sterling and currencies linked with sterling are restricted. Official exchange must be purchased from an authorized bank. However, there is an extensive free market for trading in dollars at higher rates and

imports are permitted from the dollar area when they are paid for with dollars bought on that market.

INDIA

There were no major changes in Indian import licensing during 1958. The import control policy for October 1958 to March 1959 was designed to maintain imports on commercial account at about the same level as the preceding half-year licensing period.

All goods are subject to individual import licensing or to quota. Basic raw materials are among the items of principal interest to Canada that are subject to quota. Licences for imports of capital goods are generally issued only in approved cases where the value of the imported plant and machinery is covered by long-term overseas investment, or where it can be demonstrated that the terms of payment are such that it will be possible to finance them out of the savings in foreign exchange that the project will achieve.

All non-dollar-area licences will be valid for imports from the dollar area to the extent of 50 per cent of the value of such licence or Rs.5,000, whichever is the greater. Licences of a value of less than Rs.5,000 may be used to their full extent for imports from the dollar area.

MALAYA AND SINGAPORE

The Federation of Malaya and Singapore issue licences freely for a wide range of goods from the dollar area. Among those of interest to Canadian exporters are fresh apples, wheat flour, rolled oats, canned fish, sweetened condensed milk, trucks, machinery, paint products, steel products, plastic products, cotton and synthetic clothing, machinery, paint products, and medicinal preparations. Other goods are subject to individual licensing.

NEW ZEALAND

New Zealand revised its licensing arrangements on January 1st of this year. The new import policy involves some intensification of import restrictions as they apply to all countries and a further substantial reduction of discrimination in the licensing of goods from the dollar area.

The principal features of the new licensing system are:

1. The abolition of the "A" category of the 1958 schedule under which licences were granted up to the amount applied for. Most of the goods previously classified as "A", however, have been placed in the higher categories in the 1959 schedule.

2. The reintroduction of global licensing on a far greater scale than ever before. Quotas established for goods in this category are allocated either on the basis of licences issued during a particular year or of imports made during a specified base year. In computing the value of allocations for these goods, base-year imports or licences may be grouped for quota purposes. All licences for goods in this category may be used for imports from any country in the world.

The items of principal interest to Canada in this group are certain chemicals and drugs, metallic elements, adding and computing machines, cash registers, typewriters, weed-killers, druggists' and medicinal preparations, printing and writing paper, wrapping paper, various agricultural implements, dry paints and colours, manila paper and kraft paper.

3. The provision of a "C" category covering items for which applications are considered individually. Licences for goods designated as "C" in the licensing schedule may be employed on a global basis.

4. The retention of a "D" category which, as in previous years, includes items for which no allocation will be made except in most exceptional circumstances.

In the original schedule some 40 items were designated as being subject to "M" licensing treatment. It was intended that licences for these goods would be available only for imports from non-dollar countries. The list included such important items to Canada as canned salmon, timber, patent leather, textile piece goods, emery paper, wallpaper, asbestos fibre, and synthetic woven fabrics. Subsequently, however, a statement was issued by the Minister of Customs indicating that while the "M" category is being retained in the schedule, allocations for goods in this group from the dollar area will be made on the same basis as applies to non-dollar licences for the same goods. Licences in the "M" category issued for dollar goods may be used to purchase from non-dollar sources. Non-dollar licences cannot be used, however, to purchase from dollar sources.

PAKISTAN

On January 16, 1959, the Government of Pakistan abolished the previous system of categories and quota entitlements for industries and introduced a new Export Bonus Scheme designed to permit importers to use 20 to 40 per cent of their foreign exchange earnings for import from a list of 219 items.

Exporters of all goods—except raw jute, raw cotton, hides and skins, wool, rice, tea, and items included in barter agreements or other arrangements which do not bring in foreign exchange—will be entitled to receive bonus import licences in the following amounts:

(a) Forty per cent of f.o.b. value earned by the export of all manufactures, excluding jute and cotton manufactures.

(b) Twenty per cent of f.o.b. value earned by the export of all other items, including jute and cotton manufactures.

(c) Twenty per cent of the net foreign exchange earned by the following service industries: aircraft repairs, salvage operations, ship repairs, shipping.

Import licences issued under the Export Bonus Scheme will be transferable and will be valid for six months from the date of issue. The list of goods which may be imported under open licence comprises a wide range of raw materials, semi-processed and manufactured goods.

On February 18, 1959, the Pakistan Government published a list (similar in content to the list covered by the Export Bonus Scheme) for which licences will be issued to commercial importers and industrial consumers. The basis of licensing goods in this category has not yet been announced and the licensing authorities have indicated that for the time being they are not inviting applications for licences for these goods.

RHODESIA AND NYASALAND

All imports from the dollar area into the Federation of Rhodesia and Nyasaland are subject to import licensing.

Under the current regulations, most goods from the dollar area may be imported under Open General Licence. Some 90 items, however, are still in the restricted category. Among the items of interest to Canada which were decontrolled on January 1st of this year are watches and clocks, cash registers, plastic sheeting and toys.

Apart from the goods subject to Open General Licence, quotas have been established that permit imports from the dollar area up to prescribed limits. Quotas in force during 1959 include domestic refrigerators, electric stoves and washing machines, wheat, piece goods and motor vehicles.

UNION OF SOUTH AFRICA

On May 2, 1958, the Government of South Africa withdrew the sales replacement basis for the issue of import permits for all goods except motor vehicles.

Under the present regulations, licences are issued under four classifications:

1. Goods exempt from import licensing. The list of goods in this category (which remains substantially unchanged from the previous regulations) includes raw

coffee, tea, certain textiles, yarns and threads, knitting machine needles, petroleum products and certain books.

2. Goods for which licences are issued on the basis of sales replacement. Permits for the import of motor vehicles and assembled motor cars of an f.o.b. cost not exceeding £800 will be issued on the basis of replacement of retail sales of such vehicles. The issue of import permits on a sales-replacement basis has been discontinued for all other goods previously included in this category.

3. Goods for which licences will be issued to registered importers on receipt of a written application. This group includes industrial, agricultural, scientific and medical requirements, artists' materials and liquor. It is intended that industry will be permitted to obtain its full reasonable requirements of imported machinery and raw materials, but having regard to the availability of such materials from local sources. Items in this group were previously licensed on a sales-replacement basis.

4. Goods, mainly consumer items, subject to quota restrictions. This section is divided into two subsections. Group A includes mostly consumer goods which were formerly on the replacement list and Group B covers general merchandise and all other items not included in one of the categories mentioned above.

The import of assembled motor cars of an f.o.b. cost exceeding £800 has been prohibited.

Licences are granted without discrimination as to the country of origin of the goods.

WEST INDIES FEDERATION

and the Bahamas, Bermuda, British Guiana, Virgin Islands.

The licensing system for dollar imports into the West Indies Federation and other British Caribbean territories falls into the following categories:

1. Products which may be imported freely from the dollar area.

2. Products under the British West Indies Trade Liberalization Plan.

3. Products under a special dollar allocation scheme.

4. Products subject to individual licences.

Products which may be imported freely into the West Indies Federation and into British Guiana include specified types of foods; crude materials; mineral fuels, lubricants and related materials; chemicals; dyeing, tanning and colouring materials; medicinal and pharmaceutical products; explosives and miscellaneous chemical materials; paper and paperboard; non-metallic mineral

manufactures; base metals; manufactures of metals; machinery; transport equipment, and miscellaneous manufactured articles.

The British West Indies Trade Liberalization Plan is designed to maintain a market for traditional Canadian exports to these areas. Canadian exporters of products listed under the Plan are entitled to apply for allocations of dollar goods on the basis of their exports to the area for the years 1946-1948. Provision is made for the granting of allocations to firms which were not in business at that time and for the granting of special allocations under certain circumstances.

A few of the territories have special dollar allocation schemes under which licences are issued to import from dollar countries additional specified goods.



Barbados

SPECIAL DOLLAR ALLOCATION, 1959—The controller of Supplies, Barbados, has issued an additional list of goods which may be imported freely from the dollar area under a Special Dollar Allocation. The list includes the following products: food, tobacco, leather, metal manufactures, electrical products, chemicals, manufactured plastics, office appliances and parts, textiles, rubber, wood, and miscellaneous goods.

Licences under this scheme will be issued free of quota and on a c.i.f. basis, and must be endorsed "Special Dollar Allocation".

Proof of confirmation of orders placed must be submitted to the Controller of Supplies within one month from the date the covering licences are issued. In the absence of such proof, the licences will be automatically cancelled.

Import licences will expire six months after the date of issue and goods ordered must arrive in Barbados within that period.

The goods which may be imported under this scheme are in addition to those which may be imported under Open General Licence.

Information concerning particular commodities covered by the Special Dollar Allocation may be obtained

MARCH 28, 1959

Licences for the import of products other than those listed above are granted on the merits of the individual case.

OTHER BRITISH DEPENDENCIES

Cyprus, British North Borneo, Mauritius, Fiji and Sarawak are among the other British territories that have issued Open General Licences for the import of a wide range of goods from the dollar area.

This Open General Licence authorizes the unrestricted import from dollar sources of foodstuffs, crude materials, fuels and lubricants, chemicals, manufactured goods, machinery and transport equipment and tools. Other goods are subject to individual licensing. ●

Trade and Tariff Regulations

from the International Trade Relations Branch of the Department.

Cuba

NEW IMPORT AND EXCHANGE CONTROLS—Effective February 9, Cuba introduced controls under Instruction No. 6 of the Cuban Monetary Stabilization Fund on approximately 200 items considered as non-essential imports by the Cuban Government.

These restrictions have been imposed in order to conserve Cuba's exchange reserves which have fallen \$60 million below the legal minimum as a result of recent political developments. The Cuban Government has declared that full parity of the Cuban peso with the U.S. dollar will be maintained, but that some foreign exchange restrictions will be necessary, accompanied by new import control measures. All essential imports (those not listed in Instruction No. 6) may be imported freely from all countries.

Under the new regulations, imports of products placed under control will be permitted only if an import licence is issued by the Fund and after the shipment is covered by a letter of credit opened with

the approval of the Fund. The credit must be opened within 30 days after the licence has been granted, and it must correspond to the amount and period of validity specified in the licence. Shipments covered by credits opened before February 9, 1959, are not affected by these measures unless an extension of the credit is necessary.

The list of products subject to licensing covers a wide range of consumer goods and luxury items divided into five categories according to their degree of essentiality. Category V imports are considered as the least essential items and are reported to be subject to the most stringent treatment under the present system.

Details of the licensing treatment affecting specific products may be obtained from the International Trade Relations Branch.

France

TRADE FAIR IMPORT QUOTAS—The French Government has advised that the import licensing scheme for Canadian goods displayed at trade fairs in France (established in 1955) will be renewed for 1959.

The scheme will apply to the following French international trade fairs:

Lyons	April 4-13
Lille	April 11-26
Paris	May 1-18
Bordeaux	June 14-29
Strasbourg	Sept. 5-20
Marseilles	Sept. 12-28
Metz	Sept. 26-Oct. 11

Import licences, however, may be granted as an exception to importers participating in certain other specialized fairs.

In the same way as in previous years (see *Foreign Trade*, May 14, 1955; Jan. 21, 1956; April 27, 1957, and August 17, 1957) approval of individual applications for import permits will be based on an allowance of 25,000 French francs (approximately \$50) per square metre of exhibit space effectively devoted to the display of Canadian goods. All goods remaining under control, other than foodstuffs, are eligible. In food products, the only ones qualifying for import under this scheme are canned salmon, frozen salmon and whisky. For these, the quotas will remain limited to \$500 per exhibitor and per fair, regardless of the exhibit space occupied. Moreover, for whisky, import permits will only be granted to importers representing Canadian distillers—Paris.

Jamaica

IMPORT CONTROLS RELAXED—The Jamaican Trade Board has announced that, effective March 2, 1959, an Open General Licence will be issued for imports of a wide range of goods from the dollar area.

Among the goods which may be imported freely are specified types of food products, crude materials, mineral fuels, lubricants and related materials, chemicals, 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.

United Kingdom

BEEF TONGUES FROM NORTH AMERICA—The United Kingdom Government has announced that a quota of £1.2 million (approximately \$3.3 million) will be available for imports of frozen beef tongues from North America. Licences will be valid for imports from April 1959 to March 1960.

United States

TARIFF ON CERTAIN MEAT PRODUCTS REDUCED—Effective February 28, 1959, the United States modified the rate of duty on the following products:

Tariff Par. No.		Old Rate	New Rate
705	Extract of meat, including fluid, per pound	7½¢	3½¢
706	Meats, prepared or preserved, not specially provided for:		
	Beef packed in airtight containers, per pound	3¢	3¢
	with a minimum duty of	20%	15%
	Pickled or cured beef or veal, per pound	3¢	3¢
	with a minimum duty of	20%	10%

These changes are the result of United States tariff concessions to Uruguay under the General Agreement on Tariffs and Trade.

QUOTA ON GROUND FISH FILLETS—The United States Bureau of Customs has announced that for 1959 the import quantity of fresh or frozen fillets of cod, haddock, hake, pollock, cusk, and rosefish to be granted the reduced rate of 1½ cents a pound, under tariff paragraph 717(b), has been set at 36,919,874 pounds. This is 1,027,653 pounds higher than the 1958 low-rate quota.

Tariff paragraph 717(b) provides that the aggregate quantity entitled to the 1½ cents a pound reduced rate shall be not more than 15 per cent of the average annual consumption of such fish during the three preceding calendar years. All imports above the quota are subject to the higher rate of 2½ cents a pound.

Of the total quantity of fish (36,919,874 pounds) entitled to entry at the rate of 1½ cents a pound during the calendar year 1959, not more than one-fourth shall be so entitled during the first three months, not more than one-half during the first six months, and not more than three-quarters during the first nine months of the year.



Trade Commissioners on Tour

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

J. H. BAILEY, Commercial Secretary in Paris, France:

Ottawa—March 31-April 10 Toronto—April 20-24
 Montreal—April 13-17

M. B. BLACKWOOD, Commercial Secretary in Djakarta, Indonesia:

Vancouver—April 20-22 Hamilton, Brantford—May 28-29
 Ottawa—May 11-22 Toronto—June 1-3
 Montreal—May 25-27 Winnipeg—June 4-5

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

Ottawa—April 20-May 8 Saskatoon—July 16
 Winnipeg—June 29-July 11 Vancouver—July 20-August 7
 Regina—July 13-14

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

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

A. W. EVANS, Trade Commissioner in Liverpool, England, will visit the Isle of Man at the end of April.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, Louisiana, will visit the following cities in Texas from April 13-24: Beaumont, Galveston, Corpus Christi, San Antonio, Austin, and Houston. While he is in Corpus Christi, Mr. Harris will visit the International Trade Fair there.

R. R. PARLOUR, Commercial Secretary in Havana, Cuba, will visit Santiago de Cuba, Oriente Province, in mid-April.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut, Lebanon, will visit Jordan from April 20-24.

J. H. STONE, Commercial Secretary in Wellington, New Zealand, will attend the annual conference of the Associated Chambers of Commerce of New Zealand in Christchurch, April 9-13. After the conference, Mr. Stone will spend several days in Christchurch to make business calls.

M. S. STRONG, Assistant Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from April 7-14.

R. K. THOMSON, Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, from April 13-14, and Sofia, Bulgaria, from April 16-17.

Miss V. F. WIGHTMAN, Agricultural Attaché, office of the Commercial Counsellor in Paris, will visit Algiers for one week, beginning April 5.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Seoul, Korea, from June 1-5.

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. Evans at Liverpool, Mr. Harris at New Orleans, Mr. Parlour at Havana, Mr. Rousseau at Beirut, Mr. Stone at Wellington, Mr. Strong at Kingston, Mr. Thomson at Vienna, Miss Wightman at Paris, and Mr. Woolham at Tokyo.

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.

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 1.031260.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 16	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free .....	.01430	69.93	(1)
Austria	Schilling ..	.....	.03730	26.81	
Australia	Pound .....	.....	2.1823	.4582	
Bahamas	Pound .....	.....	2.7278	.3666	
Belgium, Belgian Empire and Luxembourg	Franc .....	.....	.01939	51.57	
Bermuda	Pound .....	.....	2.7278	.3666	
Bolivia	Boliviano ..	Free .....	.00008487	1178.27	
British Guiana ..	Dollar .....	.....	.5683	1.76	
British Honduras ..	Dollar .....	.....	.6819	1.46	
Brazil	Cruzeiro ...	General Category* .....	.003272	305.58	*Feb. 7 (2)
		Special Category* .....	.002466	405.51	
		Official buying .....	.05152	19.41	(3)
Burma	Kyat .....	.....	.2036	4.91	
Ceylon	Rupee .....	.....	.2046	4.89	
Chile	Peso	Free .....	.0009222	1084.36	(4)
Colombia	Peso	Certificate .....	.1515	6.60	
Costa Rica	Colon	Official .....	.1727	5.79	
		Controlled free .....	.1460	6.85	
Cuba	Peso .....	.....	.9697	1.03125	tax 2%
Czechoslovakia	Koruna .....	.....	.1347	7.42	
Denmark	Krone .....	.....	.1406	7.11	
Dominican Republic	Peso .....	.....	.9697	1.03125	
Ecuador	Sucre	Official .....	.06465	15.47	
		Free .....	.05724	17.47	
Egyptian Region, United Arab Rep.	Pound	Official	2.7845	.3591	
	"	Export account selling ...	2.0375	.4908	
El Salvador	Colon .....	.....	.3879	2.58	
Fiji	Pound .....	.....	2.4575	.4069	
Finland	Markka .....	.....	.003030	330.03	
France, Monaco and North Africa	Franc .....	.....	.001978	505.56	(5)
French colonies	Franc .....	.....	.003956	252.78	(6)
French Pacific	Franc .....	.....	.01088	91.91	(7)
Germany	D Mark .....	.....	.2319	4.31	
Ghana	Pound .....	.....	2.7278	.3666	
Greece	Drachma .....	.....	.03232	30.94	
Guatemala	Quetzal .....	.....	.9697	1.03125	
Haiti	Gourde .....	.....	.1939	5.16	
Honduras	Lempira .....	.....	.4848	2.06	
Hong Kong	Dollar	Free* .....	.1683	5.94	*Feb. 27
		Official .....	.1705	5.86	
Iceland	Krona	Official .....	.05954	16.79	(8)
India	Rupee .....	.....	.2046	4.89	
Indonesia	Rupiah	Effective buying .....	.03192	31.33	*Mar. 2
		Effective selling .....	.02562	39.03	(8)
Iran	Rial	Certificate .....	.01280	78.12	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 16	Units per Canadian dollar	Notes (see below)
Iraq	Dinar .....	.....	2.7151	.3683	
Ireland	Pound .....	.....	2.7278	.3666	
Israel	Pound .....	.....	.5387	1.85	
Italy	Lira .....	.....	.001562	640.20	
Japan	Yen .....	.....	.002694	371.19	
Lebanon	Pound	Free .....	.3082	3.24	
Mexico	Peso .....	.....	.07758	12.89	
Netherlands	Florin .....	.....	.2570	3.89	
Netherlands Antilles	Florin .....	.....	.5179	1.93	
New Zealand	Pound .....	.....	2.7278	.3666	
Nicaragua	Cordoba	Effective buying .....	.1469	7.27	
		Official selling			
Norway	Krone .....	.....	.1361	7.35	
Pakistan	Rupee .....	.....	.2046	4.89	
Panama	Balboa .....	.....	.9697	1.03125	
Paraguay	Guarani	Official .....	.008081	123.75	
Peru	Sol	Certificate .....	.03549	28.18	
Philippines	Peso .....	.....	.4848	2.08	
Portugal & Colonies	Escudo .....	.....	.03384	29.55	(9)
Singapore and Malaya	Straits dollar .....	.....	.3183	3.14	
Spain and Dependencies	Peseta	Controlled free .....	.02309	43.31	(8)
Sweden	Krona .....	.....	.1875	5.33	
Switzerland	Franc .....	.....	.2243	4.46	
Syrian Region, United Arab Rep.	Pound	Free .....	.2710	3.69	
Thailand	Baht	Free .....	.04635	21.57	(8)
Turkey	Lira .....	.....	.1077	9.28	
Union of South Africa	Pound .....	.....	2.7278	.3666	
United Kingdom	Pound .....	.....	2.7278125	.366594	
United States	Dollar .....	.....	.9696875	1.031260	
Uruguay	Peso	Free .....	.1103	9.06	
		Basic buying .....	.6410	1.56	(8)
		Principal selling .....	.4629	2.16	
Venezuela	Bolivar .....	.....	.2895	3.45	
West Indies Fed.	Dollar .....	.....	.5683	1.76	(10)
	Pound .....	.....	2.7278	.3666	(11)
Yugoslavia	Dinar .....	.....	.003232	309.40	(8)

*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.



East to West

By Arnold Toynbee. 221 pages. \$5.00.

THE reader who approaches this book unaware of how and why it was written may find it disappointing. It isn't an erudite odyssey, nor does it contain the reflections on human destiny that one expects from the author of *The Study of History*. It is impressionistic, in the best sense of that overworked word. It conveys some of the impressions that a world-wide journey made upon a richly-stored mind and a philosophic spirit.

When Arnold Toynbee and his wife began in April 1956 a seventeen-month pilgrimage around the world, he undertook to write, en route, brief sketches for the *London Observer*. These pieces, dashed off whenever he had a leisure moment, are collected in this book. Their original purpose dictated the length of the articles, the style and sometimes even the choice of subject. But within these narrow confines, the author has produced some memorable writing.

The change of subject is often abrupt—from Peru to New Zealand in the space of a page. The emphasis on archaeology is strong. Rhetoric sometimes gets the better of simplicity in style. But the businessman who does not expect too much will find many of Toynbee's comments, particularly on India and South East Asia, illuminating. Here is a perceptive person, steeped in history, looking at today's world. What he sees is well worth study.

Published by: Oxford University Press, 480 University Avenue, Toronto, Ontario.

The South African Market

Barclays Bank, D.C.O. 54 pages. Free.

CANADIAN manufacturers currently exporting to South Africa and those planning to do so will welcome this attractive publication. Within its covers, the South African market is analyzed from the standpoint of population, finance, import trade, market for consumer goods, market for capital goods, local industry and the role played by government in industry. The text is liberally illustrated with tables and pictures. A total of nine photographs in full colour and 18 in black and

Businessman's Bookshelf

white illustrate the great economic advances being made in South Africa.

Although it is not an exhaustive study, *The South African Market* provides basic information clearly and concisely and the businessman interested in selling to the Union should find it a helpful guide.

Order from: Superintendent of Foreign Business, Imperial Bank of Canada, Toronto, Ontario.

The Wealth of Nigeria

By G. Brian Stapleton. 228 pages. \$2.50.

NEXT year Nigeria will take its place as an independent nation within the British Commonwealth. With a population of 34 million eager for economic growth and development, Nigeria could be a market with great potential for the Canadian businessman.

Three regional groups, each with distinctive and sometimes conflicting political and economic personalities, make up Nigeria. Mr. Stapleton, a college lecturer there, deals with the efforts being made by the Nigerians to develop their country. He outlines the problems encountered where cocoa, peanuts, palm products and tin are the only major industries, but the hope is to build up new ones to give greater balance and prosperity.

The book divides roughly into two sections: the first surveys the existing resources of Nigeria and their present state of development; in the second, the author gives his opinion on the individual prospects and problems of each industry and the means of realizing their potential.

The businessman will find the chapter on Nigerian trade of particular interest. Mr. Stapleton gives considerable information on the trading practices of the large entrepôt firms that handle almost all Nigeria's imports and exports. In fact, almost one-half of the country's imports are brought in by two firms.

Although Mr. Stapleton has written mainly for the student, the Canadian businessman interested in trading with Nigeria will find this book informative. It includes an excellent bibliography.

Published by: Oxford University Press, 480 University Avenue, Toronto 2, Ontario.