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NEW ZEALAND AS A MARKET (page two)

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cover A herd of dairy cattle wends its way to the milking shed amid the peaceful beauty of the New Zealand countryside. Dairy products bulk large among New Zealand's exports, with Britain the best customer. For a report on changes going forward in this small Australasian country and a review of trade possibilities for Canadians there, turn to page two.

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C A N A D A

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New Zealand as a Market

With recovery from slump of last two years proceeding rapidly, New Zealand is opening her doors wider to dollar goods. What types of Canadian exports stand to benefit most?

JOHN MACNAUGHT,
Assistant Commercial Secretary, Wellington.

NEW ZEALAND is a traditional market for a wide variety of Canadian goods. A sound and expanding economy, a rapid growth in population, and a high standard of living generate a consumer demand large in relation to a population of only 2¼ million. Although local industry is satisfying an increasing proportion of the demand for consumer goods, large and expanding imports are still necessary. The demand for imported plant and raw materials is growing in relative importance and this is the field in which Canadian exporters have proved most competitive.

In the past, the rate of industrial expansion and the level of imports have fluctuated periodically and these fluctuations are likely to continue because of the close relationship between New Zealand's foreign earnings and the movement of prices for primary produce in international markets. After acute balance-of-payments difficulties in the last two years, recovery is now well under way. Imports have been reduced substantially and, though business has moved at a slow pace since mid-1958, prospects are considerably brighter for 1960. The demand for imported goods should increase.

Agriculture and Industry

Agriculture provides the basis of economic activity and expansion in the volume of farm output has more than matched the growth of population. An increasing surplus of farm products for export is vital to a high rate of economic development because agricultural exports earn all but a small fraction of New Zealand's total foreign exchange.

Although New Zealand's prosperity is and will continue to be based on her highly productive agriculture, the manufacturing industry, buying much of its raw materials in foreign markets, has expanded to the point where its net output exceeds that of farming. Although manufacturing associated with the processing of primary produce has always been geared to growth in farm output, secondary industry (occupied chiefly with the finishing and assembly of imported parts and materials and the production of light consumer goods) is providing jobs for an ever-increasing number of workers. In 1958, five people were engaged in manufacturing to every three in farming.

Government Aids Industry

The New Zealand Government tries to assist and encourage the establishment and expansion of soundly-based industries. By 1975, it is estimated, the total labour force will have increased by 335 thousand and it is clear that a substantial proportion of these workers will and must be employed in manufacturing. In general, the Government welcomes any interest shown by overseas manufacturers in undertaking production or assembly in New Zealand, or in licensing the production there of branded or patented goods. Some such arrangements already exist covering a number of Canadian goods. Canadian exporters who value this market should bear in mind that it may be necessary as New Zealand's industrial capacity expands to consider local assembly or manufacture or licensing arrangements. Consumer goods and equipment for the forest-products industry are of particular current interest. Planned projects should be cleared with the New Zealand Department of Industries and Commerce and the Reserve Bank. The latter views sympathetically applications for repatriation of profits and dividends arising from projects that in its view aid the country's economic development.

Foreign Trade Pattern

New Zealand is the world's biggest international trader per capita. One of the smallest countries in the Commonwealth, it probably conducts a higher proportion of its total trade with Commonwealth members than do any of its sister Dominions. Last year 65 per cent of New Zealand's total sales abroad, valued provisionally at £250 million, (£NZ1=$2.70 Canadian) were made to Commonwealth countries. The United Kingdom alone bought 56 per cent of its exports and easily remained the biggest customer. However, partly through necessity following the serious fall in receipts from sales of primary produce to Britain, New Zealand's export markets are becoming more diversified. Because the United Kingdom was offering lower prices last year, New Zealand was thankful that it sold substantially increased quantities of beef to the United States. As a consequence, it achieved a highly favourable trade balance with the dollar area in 1958.*

Imports represent over 40 per cent of the total value of goods available for use in New Zealand and, despite rapid expansion in manufacturing, the country's great dependence upon foreign trade has not lessened.

About 80 per cent of all New Zealand's imports come from Commonwealth countries, and machinery and transport equipment comprise nearly one-third of total foreign purchases. The other main imports include base metals and manufactures of metals, textiles and clothing, food, beverages, tobacco, chemicals and mineral fuels.

Controls to Be Relaxed

Full licensing of imports reintroduced at the beginning of 1958 as a result of extreme balance-of-payments difficulties was even more rigidly applied in 1959. Although quotas for 1959 imports were increased recently for a number of categories, imports for the full year may well be the lowest in three years. In the first five months of 1959, imports had already fallen by 30 per cent compared with the same period in 1958.

However, stronger demand and better prices for wool and dairy

*See "New Zealand Meat Sales Boom" in *Foreign Trade* of September 26, 1959.

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products as the year progressed made possible a further relaxation of import controls. This was announced in October, to take effect on January 1, 1960. This revised import program places Canadian exporters on the same footing as suppliers from all other currency areas, with the two exceptions of motor vehicles and lumber. The New Zealand Government removed controls altogether on many industrial raw materials, such as sulphur, lubricating oils, and explosives. Increased imports of more than 100 other products, up to a maximum of 50 per cent above the 1959 figure, will be permitted. Emphasis in this relaxation is on essential materials that industry needs and included are commodities that Canada can supply, such as metals, chemicals, textiles, sausage casings, plastic moulding powders, and medicinal preparations. For some 90 products, chiefly consumer goods, a token import system has been introduced.

Canada-New Zealand Trade

Traditionally, New Zealand has had an adverse balance in her trade with Canada. Only twice since 1945 has this balance been in New Zealand's favour. However, the value of sales to Canada has improved considerably in the postwar years and in 1958 New Zealand's exports to Canada were valued at £4.1 million, down slightly from 1957. Apart from abnormally high exports in 1951 and 1952, when wool prices were at an all-time high, exports in each of the last four years have been higher in value than in any previous period since 1945. Canada buys mainly lamb, beef, casein, hides, wool and sausage casings from New Zealand.

What Canada Sells

Although Canada is New Zealand's third largest supplier in the Commonwealth after the United Kingdom and Australia, it provides only 2½ per cent of the value of its total imports. Canadian sales to New Zealand in 1958 were valued at £6.1 million, the lowest in four years; the figure for 1959 is expected to drop even further, as the value of our exports in the first seven months of this year fell 30 per cent below the comparable period a year ago. The decline has resulted chiefly from import control and expanding local production. Motor vehicles, newsprint, canned salmon and timber have been hardest hit. In addition to these principal commodities, Canada sells industrial raw materials and smaller quantities of manufactured and semi-manufactured goods—such as fine papers, cotton and synthetic fabrics, pumps, power saws, typewriters, artificers' tools, and wire screening. The revised import-control program should mean greater sales opportunities next year.

Notes for Exporters

New Zealand is a highly competitive market and some form of representation is highly desirable, if not essential, to secure business. The customer has a strong preference for working directly with the New Zealand agents of foreign manufacturers and few show any interest in dealing with export agents or wholesale merchants in other countries.

Most successful Canadian exporters to this market are represented by true manufacturers' representatives operating on a commission; where necessary, New Zealand firms act as stockists' agents.

In the engineering and machinery field, specialized importers are the rule. They are in a good position to cover such important outlets as contracts with the Government and local authorities and special industrial projects. The specialized importer may trade partly as purchaser on his own account and partly as an agent selling on commission.

When they buy from the dollar area, importers like c.i.f. quotations in United States dollars, but Canadian dollar quotations are acceptable. Much of New Zealand's import trade with the United Kingdom is financed by sight drafts but presentation of documents is often deferred until the arrival of the vessel. In contrast, imports from the dollar area, except those made through long-established trade connections, are usually covered by a letter of credit. This practice arose largely because of historical dollar-exchange difficulties. It is customary for many importers to seek terms of thirty days or more and United Kingdom and Continental suppliers have been extending generous treatment in that direction.

Mr. MacNaught, author of this article, is now on leave in Canada and will visit a number of Canadian cities late in 1959 and early in 1960. His itinerary appears on page 22.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Japan Sets Foreign-Currency Budget

Import budget for October 1-April 1 is second largest since war, to meet sharp rise in import requirements. Gradual liberalization of imports, in line with international trend, is emphasized.

J. L. MUTTER, *Commercial Counsellor, Tokyo.*

JAPAN'S publication on September 29 of the import budget for the second half of the current fiscal year was preceded by a number of announcements which suggest that the country plans to move steadily, if gradually, towards the freeing of controls on foreign exchange and trade.

On September 11 the Government announced the liberalization of the dollar exchange rate, effective September 12. This meant that exchange banks could thenceforth set freely spot telegraphic transfer rates for yen-dollar exchange within a margin of Y1.80 above and below the official rate of Y360 per U.S. dollar. This action was taken as a preliminary move in a series of liberalization measures, to include the eventual introduction of the yen as an exchange currency, and all aimed at freeing trade as far as practicable. The authorities are concerned lest the public attribute to the move more significance than it deserves. They have emphasized that it is merely an advance in the right direction and have stressed that Japan's progress in easing exchange and trade restrictions cannot yet compare with that of the Western European countries.

Why Step Taken

The decision to take this step, which has been under intensive study for some time, was undoubtedly based on the continuing and rising favourable balance of international payments, (Japan's foreign currency holdings as of September 30 were over $1,209 million, an all-time high); the export surplus in trade with the United States for the first time in a long period, and the imminence of the general meeting of the International Monetary Fund, at which trade and exchange liberalization was to be discussed against a background of rising reserves in many countries, including Japan.

A considerable amount of agitation has also been apparent in recent weeks, supported by such powerful and influential bodies as Keidanren (Federation of Economic Organizations), for a review of the present severe regulations governing foreign investment in Japan. This matter seems likely to receive sympathetic consideration from the Finance Ministry, where the existing legislation is now under study.

Policy Approved

Again, at a conference of ministers concerned held on September 16, a basic policy on steps towards import liberalization was approved. This policy includes:

- Present restrictions on ten basic commodities on the Automatic Approval list, (steel scrap, abaca fibre, gypsum, tallow, lard, soybeans, copper alloy scrap, lauan mahogany, cowhides and pig iron) which discriminate against imports from dollar countries, will be removed from all but pig iron. (Under the Automatic Approval system, applications of traders to import are automatically approved within the total figure for Automatic Approval imports in the foreign currency budget. Import of these items from the dollar area has hitherto been permitted under the Fund Allocation system, whereby purchases are limited to specific amounts allocated to individual end-users.)

- Import liberalization of these nine commodities is to proceed gradually but is to be completed by the end of the fiscal year 1960 (March 1961).

- The shifting of other principal bulk raw commodities, such as raw cotton and wool, to the Automatic Approval list, and import liberalization of finished products (e.g., transistorized radios and sewing machines) is to be properly considered at an early date.

These developments, moreover, are related to Japan's stronger foreign exchange position with the consequent incentive to reduce or eliminate discriminatory import controls, particularly against dollar products.

Freer Imports Needed

Because existing import and exchange controls have been playing such an important role in adjusting Japan's international balance of payments and regulating domestic industries, procedural

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problems have been encountered in abolishing or relaxing these restrictions. In the final analysis, the needs of Japan's expanding economy have predominated, although the full implementation of import liberalization has still to be achieved and will undoubtedly take some time.

Budget Set

The import budget, fixed at $2,862,930,000, reflects the greatly improved economic situation. It is the second largest since the war and is 15.2 per cent larger than that for the first half of the current fiscal year and 30 per cent greater than the October 1958-March 1959 budget. It provides for $2,328 million worth of commodity imports and $534,930,000 worth of invisible imports. Some 150 products formerly subject to foreign currency allocation may now be imported under the Automatic Approval system. For most of these there has been little or no demand during the postwar period. This change adds only some $10 million to the Automatic Approval import total which, at $670 million, represents 31 per cent of the total import budget, compared with 33.5 per cent in the previous half-year. Of the ten basic raw materials that formerly were discriminated against when they were from the dollar area, two (lauan mahogany and copper alloy scrap) go on the Automatic Approval list for global treatment with effect from January 1, 1960.

Table one above compares the new budget with those for the first half of the current fiscal year and the second half of the last fiscal year.

The same comparisons are made in table two.

As this table shows, imports of wheat are held at about the same level as during the two previous half-year periods. The quota for barley is nil, the need for it having disappeared for the time being following a series of bumper rice crops. Raw cotton and raw wool quotas are up substantially as production in the textile industry increases. Raw materials for the iron and steel industry will probably set new import records as the demand for steel is expected to rise still further. A substantial jump in the crude oil quota reflects the growing demand for gasoline. The heavy oil

TABLE 1

COMMODITY IMPORTS

(in thousands of U.S. dollars)

Commodity Groups	Oct. '59-Mar. '60 (2nd half)	Apr.-Sept. '59 (1st half)	Oct. '58-Mar. '59 (2nd half)
Foodstuffs	209,643	192,712	217,907
Monopoly goods	16,342	7,975	15,150
Lumber	17,848	17,562	9,984
Raw materials for daily necessities	19,845	20,730	14,762
Textile materials	430,217	280,408	337,877
Fertilizers and raw materials	19,050	15,350	14,758
Coal	43,125	46,595	41,455
Iron and steel raw materials (excluding coal)	114,260	63,661	41,380
Non-ferrous metals and non-metallic minerals	54,000	39,500	23,977
Petroleum	166,117	140,130	126,651
Chemicals and chemical materials	13,985	13,354	13,653
Pharmaceuticals	3,804	3,866	2,715
Machinery	200,000	165,000	150,000
Materials for processing trade	37,000	35,000	33,000
Goods for compensating transactions	20,000	30,000	30,000
Goods for U.S. Forces	3,500	3,500	4,000
Re-export and additional import goods	2,000	3,000	2,000
Miscellaneous imports (I)	62,264	57,657	54,487
Miscellaneous imports (II)	25,000	25,000	30,000
Automatic Approval goods	670,000	580,000	470,000
Reserve fund	200,000	200,000	125,244
Total	2,328,000	1,941,000	1,757,000

TABLE 2

IMPORT VOLUMES OF PRINCIPAL COMMODITIES

Commodities	Unit	Oct. '59-Mar. '60	Apr.-Sept. 1959	Oct. '58-Mar. '59
Rice	1,000 metric tons	200	34	24
Barley	" " "	nil	257	309
Wheat	" " "	1,046	1,073	1,024
Soybeans	" " "	459	429	318
Sugar	" " "	500	500	570
Wood	1,000 cu.m.	786	1,392	462
Salt	1,000 metric tons	1,140	970	970
Raw cotton (for spinning)	1,000 bales	1,491	1,202	1,191
Raw wool	1,000 "	882	405	525
Scrap iron and steel*	1,000 metric tons	1,604	1,610	523
Coking coal (for iron-steel making	" " "	2,126	2,075	1,640
Crude oil	1,000 kilolitres	13,136	10,194	8,625
Heavy oil	" "	950	774	758

*Excludes imports under the A.A. system.

quota, although it was set somewhat higher than in the first half of the fiscal year, was in fact held down to assist the depressed domestic coal-mining industry.

Invisible Imports

All but one or two items in the invisible import budget stand at a higher level for the second half of the fiscal year than for the first half, as shown in the next table.

INVISIBLE IMPORTS

(in thousands of U.S. dollars)

Invisible Items	Oct. '59-Mar. '60	Apr.-Sept. '59 (Original)
Payments for transportation	194,260	156,046
Payments for insurance	10,630	9,275
Expenses for travelling abroad	16,000	11,000
Payments of profits for foreign investments	40,780	33,915
Government transactions	16,420	16,361
Expenses accompanying trade transactions	40,920	38,500
Payments for foreign technical assistance	40,280	34,400
Communications expenses	3,910	4,122
Other services	51,520	35,278
Gifts	6,150	10,550
Long-term capital transactions	55,200	52,476
Short-term capital transactions	6,900	5,548
Expenses accompanying commodity transactions	1,960	215
Reserve fund	50,000	50,000
Total	534,930	457,686

Among the more conspicuous increases are appropriations for transportation, payment of profits on foreign investment, and payment of royalties and other charges arising from technological tie-ups with foreign companies. The amount provided for "other services"—which is more than $16 million greater than in April-September 1959—includes the drilling expenses associated with Japan's oil venture in the Middle East. Funds for overseas travel are up from $11 to $16 million. ●

Belgium Prefers Steel Office Furniture

. . . Markets can be developed for Canadian-made steel furniture in Belgium, where demand outstrips domestic production.

A distinct preference for steel furniture has developed in the Belgian market. The local metal fabricating industry, a modern one, satisfies most of this growing demand but each year domestic production must be supplemented with imports. Although "Made in Canada" products compare in quality with Belgian furniture, they are usually higher priced and thus have made little impact on this market.

Large Demand

Local output is confined largely to office and industrial furniture, where metal fabrications account for over 70 per cent of total sales. Because Belgians continue to prefer wooden furniture of traditional design for their homes, only 20 per cent of the kitchen furniture market is covered by steel products (the proportion in the United States is 50 per cent). Sales by the industry in 1956 totalled $12.5 million, accounting for 17 per cent of all furniture sales in the country. Productivity and design have improved and today the manufacture of a metal bookcase takes only half the time it did in 1947.

Imports Double Exports

Belgian imports of steel furniture are roughly double exports in value but both have been growing steadily. Imports have increased at an average rate of 14 per cent a year; export increases have been somewhat more modest. In 1958 net imports amounted to $1.74 million, with 68 per cent coming from the Netherlands. Dutch merchandise is not subject to a 16 per cent import duty as are goods originating outside the Benelux area. None the less, well-known British makes of steel office furniture are sold here, and so are similar products from France and West Germany. Belgium's exports go mainly to the Belgian Congo and the Netherlands.

Retail Prices

This office recently prepared a comparative price study of Belgian, United Kingdom and Canadian office furniture. The following table gives typical Belgian retail prices of products comparable in quality and design to Canadian steel furniture.

BELGIAN RETAIL PRICES OF STEEL FURNITURE

(in Canadian dollars)

Item	Belgian Product	United Kingdom Product
Executive desk	$110	$188-265
Secretarial desk	78	120-200
Filing cabinet	66	78
Executive tilter chair	65	55

Difficulties of Entering Market

The Canadian exporter faces serious obstacles when trying to sell in Belgium. An efficient trade, manned by workers receiving wages well below Canadian equivalents, produces lower-priced furniture. A duty of 16 per cent, supplemented by a current import tax of 8 per cent, increases the importer's landed price, already seriously affected by freight costs from Canada. (The 8 per cent import tax compensates for a similar tax on furniture produced domestically.) Nevertheless, local production cannot fully cover domestic needs and all foreign suppliers, except the Netherlands, face the same tariff barrier. United Kingdom shippers have significant freight costs yet they sell here. Canadian manufacturers, however, might be able to ship to this market if they cut profit margins to a minimum.

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

The Outlook for World Wheat Exports

S. C. HUDSON, *Chief, Grain Division, and*
F. A. PISCOPO, *Economics Branch.*

1 Underlying Trends in World Wheat Markets

WHEAT production has been growing steadily since the beginning of the century, with the exception of marked declines during the two World Wars; in fact, it has more than doubled during this period. In the early decades, much of the increase resulted from the opening-up of new land in the Western Hemisphere and in Australia. Recent years have brought extensive changes in the pattern of world wheat production. In those countries in which supply failed to keep pace with rising demand, a higher level of production became a national goal, with little regard paid to domestic costs in relation to international wheat prices. Current production has risen some 30 per cent above the years before the Second World War, and it is double that before World War I. The U.S. Department of Agriculture figures show that world output has averaged 220 million metric tons (8.1 billion bushels) a year for the last four years, 1956-59. The average for 1950-54 was 188 million tons (6.9 billion bushels), and for 1945-49, only 158 million tons (5.8 billion bushels). The production forecast for the next few years is as high as 250 million metric tons (about 9 billion bushels).

A remarkable expansion of the international trade in wheat has occurred since the end of World War II, parallelling production gains. The rapid growth of wheat supplies in the United States available for export and for carryover has become the dominant feature. With the help of various forms of concessional sales and give-away programs, the U.S. has extended its share of the world market to about 40 per cent of the total, from an average of 22-23 per cent for the period from 1900 to 1959.

Western Europe

Because Western Europe accounts for well over half of the world's commercial wheat market and 65 per cent of the Canadian export market, developments in this area are particularly significant.

Although world wheat production and also consumption and trade have increased in recent years, a different pattern has emerged in Western Europe. There production of wheat has gone up and commercial imports have gone down, either in absolute terms or proportionately. In other words, the move has been towards a greater measure of self-sufficiency, largely because of national agricultural policies on grains and also because of technological progress.

Wheat is subject to some form of government intervention in all European countries. This intervention is related to price and income support measures and includes such devices as import quotas, import levies, milling quotas, currency control, tariffs, and multiple exchange-rate techniques. Few countries base their price-support level on world market conditions. Instead, they base it on cost of production or other domestic considerations, thus providing incentives for greater output. As a result, some former importing nations are now entering the export market. Traditional deficit countries such as Italy and Spain have so expanded production of soft wheats that they have surpluses for export and have joined the new International Wheat Agreement as exporters.

The international movement of grains is currently affected by a network of trade agreements and payments arrangements. The most recent development along this line is the European Common Market, as a result of which long-term con-

tracts between signatory countries covering the supplying of wheat have already emerged. Such arrangements contribute to rigidity in the pattern of trade and stimulate uneconomic local production. They thus become of particular concern to traditional wheat exporters.

Most of the importing countries control the flow of imports of all grains, either through state-trading agencies or by the use of import licences. Import licences are usually tied in with exchange controls and import quotas. The method of restricting the volume of imports is relatively simple. In breadgrains it is often done by setting milling quotas that make it compulsory for millers in importing countries to use a specified minimum volume of domestic grains in making flour, even if this results in a lower quality. For some countries, such as the United Kingdom and the Netherlands, 25 to 35 per cent of the grist must be made up of home-grown grains; in others it runs as high as 90 per cent. The current minimum for Germany is 66 per cent and for Austria, Belgium and Ireland, 70 to 79 per cent.

The national grain policies of importers in most cases do not allow consumers in the importing countries to benefit from lower foreign prices and in this manner may contribute to limited consumption. At the same time, the producers in importing countries are protected from the competitive impact of lower-priced grains from abroad. The United Kingdom is a major exception only as far as consumer prices are concerned. By use of the deficiency payment system, the British producer is subsidized but consumer prices are kept more in line with the lower world price level. As long as the majority of importers maintain a comprehensive system of protection to encourage production, the cost of any adjustment in the demand/supply position falls primarily on the exporting countries.

The pattern of development in the European market during the past decade presents certain contrasts when looked at regionally. In the United Kingdom, production increased by about 15 per cent but imports were well maintained. In the northwest European countries, domestic production of wheat increased by about 35 per cent and aggregate net imports declined by over 10 per cent. In southern European countries, total production went up by nearly 60 per cent and net imports down by nearly 90 per cent. During this period, per capita consumption of wheat decreased in Britain and northwest Europe, but increased substantially in southwest Europe.

The outlook is for the maintenance of a continuing increase in wheat production in continental Europe. It seems probable also that Western Europe's grain production will become more genuinely competitive as a result of improvements in productivity. The consequent heavy supplies of soft wheats will undoubtedly cause some shrinking of European export outlets, in which, however, Canadian hard spring wheat should maintain some competitive advantage.

The Soviet Union

The largest expansion in wheat production in recent years has taken place in the U.S.S.R.—mainly as a result of the development of the hitherto virgin lands of Kazakhstan, West Siberia and the Urals, a series of good harvests, and improved technology. Russia has traditionally ranked among the world's largest producers and exporters of wheat as well as of other grains. On the basis of present boundaries, wheat production reached a high of over 40 million metric tons in 1937 but did not regain that level until 1955. Since 1954, as a result of the opening-up of new lands, it is estimated that the area sown to wheat in the U.S.S.R. increased from 49 to 69 million hectares and production rose by about 50 per cent. The 1958 production is believed to have been of the order of 2.3 billion bushels, 300 million over the estimated previous high in 1956. This year's output is reported as considerably lower, probably less than two billion bushels, as a consequence of smaller acreage and of drought in a number of areas.

Although official Soviet plans call for a further large increase in grain production by 1965, there is evidence that coarse grains will receive the major attention. With the shortage of fertilizer, the expansion in wheat production to date has resulted in large part from the opening up of new land. It is planned to increase fertilizer deliveries to agriculture, thus making possible greater application to grain crops, going up from the present 1.5 million to 8 to 10 million tons by 1965. Increased yields can therefore be anticipated, although at the same time the present area devoted to wheat will probably be reduced as a result of greater use of crop rotations. Like Canada's prairie wheat land, the yield on much of the newly developed wheat area in Russia will be subject to wide variations, depending on the rainfall.

It is evident, however, that wheat production in the U.S.S.R. will be maintained at a high level and that Russian wheat will be an important potential competitive factor in the world market.

The Major Exporters

Aggregate production of wheat in the four major exporting countries —the United States, Canada, Argentina and Australia—during the last five years has averaged 51.4 million metric tons, compared with 39.8 million tons for the period 1935-39 and 52.7 million tons for the 1946-50 period. This expansion has stemmed largely from phenomenal increases in yield in the United States and to a lesser extent in Canada, reflecting favourable climatic factors, improved technology, and more capital invested in agriculture. In the United States, the rise in yields more than offset the substantial reduction in acreage in 1956

and 1957, thus cancelling out the expected effect of acreage reductions required by public legislation. In addition to the effect of increased fertilizer and improved cultural operations, the pronounced tendency to remove the poorer soils from production became an important factor in higher yields.

Production in individual exporting countries has varied widely from year to year, particularly in Canada and Australia. During the period 1952-57, for example, wheat production in Canada ranged from 35 per cent above the five-year average to 39 per cent below. Similarly, in Australia wheat production in individual years ranged from 20 per cent above to 41 per cent below the average for the period.

The distribution of wheat exports among the principal exporting countries is significant in an examination of recent world trends. Although total imports are currently almost double prewar, the most significant element is the growth of concessional exports from the United States under government programs. A large part of this movement has been to under-developed countries in Asia and Latin America which, although they lack immediate purchasing power to satisfy their potential capacity to consume, offer long-term possibilities as commercial outlets.

Clearly there is a great capacity for larger wheat production in the four major exporting countries. However, it is to be expected that as long as the current situation continues under which stocks in the "big four" wheat-exporting countries are sufficient to meet their domestic and export needs for one year, expansion of acreage will be limited and increased production will tend to be largely fortuitous.

The outlook for wheat production is summarized in the following general statement included in the report of the Fourth Session of the FAO Group on Grains:

"Grain production, trade and consumption trends and the appraisal of factors underlying them would indicate that surpluses, or the persistence of production in excess of effective demand, may now be considered as a chronic feature of the present world grain economy. The heart of the problem lies in the level of price or income guarantees to producers of wheat and other grains in many exporting as well as importing countries. These guarantees, combined with other aspects of national agricultural policies, if maintained substantially unchanged, will continue, together with technological advance, to stimulate year after year an output larger than can be absorbed by normal effective demand. Independent measures of surplus disposal may therefore assume a semi-permanent character and affect an increasing part of the international trade in grains, thus adding to the marketing difficulties now being experienced by exporting countries."

2 Current Situation in World Wheat Markets

The world supply of wheat for the year 1959-60 is believed to be much the same as in the year just past—and once again well above the commercial demand.

Supplies on hand at July 1 in the four major exporting countries totalled somewhat more than two billion bushels, up 22 per cent from last year. Most of the increase occurred in the United States; Canada is the only major exporter that managed to reduce stocks. It is probable, however, that the larger carryover (which exceeded all previous records) will be offset by smaller production in 1959.

It is estimated that world wheat production in 1959 will approximate 8 billion bushels, compared with nearly 9 billion last year. This sizable decline results mainly from lower yields in some key countries because of less favourable climatic conditions. Instances of a reduction in seeded acreage are few: the U.S.S.R., Italy, France, and Argentina are the most significant cases.

Prospects for wheat production in most of Europe and Asia are favourable; on the other hand, it is now certain that the outturn in North America will be smaller than in 1958. At this time of the year it is too early to prognosticate on crops in the Southern Hemisphere. However, on the basis of seeded acreage and of weather conditions so far, production will be moderately less than last year.

Official figures by the U.S. Department of Agriculture give a U.S. crop of about 1,116 million bushels, compared with last year's unparalleled 1,462 million bushels. Notwithstanding this sharp drop, the new crop will provide half-a-billion bushels for export and carryover, to be added to the gigantic surplus stored in the United States. The larger crop expected in Canada—forecast by DBS at 421 million bushels,* up 13 per cent from 1958—and the improvement in Mexico's production can only in part compensate for the reduced U.S. outturn. The total North American production will be thus smaller than in the previous year.

In Western Europe

Wheat production in Western Europe is expected to be practically the same as in 1958, but the quality of the crop will be substantially better. Production in the United Kingdom is expected to total about 100-150 thousand tons less than last year's 2,750,000 tons. Wheat of remarkably fine appearance and quality has been harvested, whereas much of last year's crop was not fit for human consumption. Wheat production in Western Germany is estimated as somewhat higher than last year's 3.7 million tons, despite the drought that curtailed the yields,

*Recent weather conditions in the Prairie Provinces may result in a lowering of this figure.

especially of spring wheat. France has gathered an excellent crop in quality as well as quantity; it may exceed 11 million tons, compared with 9.5 million harvested in 1958. This will leave France with almost three million tons for export and carryover, above the stocks already available. In the Netherlands, Belgium and Austria, high yields of good-quality wheat are reported as common. In Southern Europe as a whole production has been satisfactory, with bumper crops harvested in Spain, Yugoslavia and Greece and crops moderately reduced but still sufficient for domestic needs gathered in Portugal and in Italy. In the Scandinavian countries, particularly in Sweden, the drought has damaged yields more than elsewhere in Western Europe; a material reduction in wheat outturn is probable.

In Eastern Europe

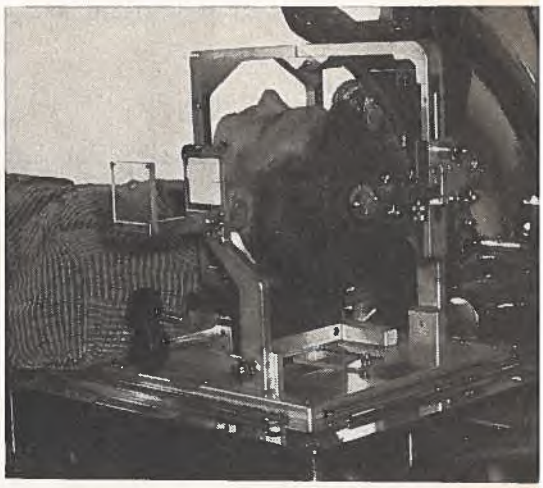
Reports from Eastern Europe are fragmentary, but on the basis of available information it seems that the supply position will be less stringent than in previous years. Wheat crops in the satellite countries are reported as adequate, with the exception of Poland, where the prolonged drought caused considerable damage, and possibly Bulgaria. Output in the Soviet Union is expected to be somewhat smaller than in 1958, because of smaller acreage and insufficient moisture in several districts. However, there is no doubt that Russian supplies will exceed domestic needs and, if the demand from the European satellites turns out to be less burdensome than in 1958, the possibility of stronger Soviet competition in western markets will be enhanced.

In Asia

The supply of foodgrains in Asia is, by and large, better at the present time than it has been for a good many years. In spite of this improvement and the current high level of imports, it can be assumed that the potential demand for food still remains very large. Wheat production was considerably above average in India, Pakistan and Iran, but Turkey's crop has been somewhat smaller because of drought. Reports on the crop in Communist China are limited and often contradictory and, although it seems that production of wheat and other grains is increasing, it is difficult to say whether any improvement has been made on a per capita basis. Japan reports a good rice crop and a slightly below average production of other foodgrains. In examining prospects for wheat exports to Asian countries, the local availability of rice is of foremost importance. Reliable estimates indicate that rice production has been satisfactory in nearly every Asian country. It must be noted, however, that consumer acceptance of wheat is growing among Asians, especially in Japan.

On the basis of domestic availability of milling-quality wheat and other foodgrains in importing countries, it seems reasonable to expect some decline in import demand. It must be noted that the smaller wheat production of this year is largely centered in exporting countries; it is therefore of little consequence for international trade. In view of the present level of stocks and of the limited elasticity of wheat demand, the favourable balance-of-payments position of many leading importing countries, the low cargo rates, and attractive grain prices are not likely to stimulate the wheat trade noticeably. It seems, therefore, that total world trade in wheat will shrink moderately compared with the level of last year.

In the face of a re-entry of Australia and France into the export market with normal exportable supplies, a decline in demand is bound to stiffen competition among exporters. This will be felt particularly among the suppliers of filler-type wheats, because they will have to compete directly with the unusually high quality crops in Western Europe. It may not unduly affect the take of the strong wheats such as Canada provides. ●



A New Canadian Export

THE young man with his head in this gleaming apparatus of stainless steel and aluminum is demonstrating one of the newest products to be exported by a Canadian manufacturer: a Pneumotaxic Guide X-ray Localizer for the treatment of Parkinson's disease and other diseases of the brain. It is made by Preci-Tools Limited of Montreal, which for the past nine years has been turning out at its Bleury Street shop top precision tools for both local and foreign buyers. This is the first time the firm has made a complete surgical instrument, says President Z. Grunvald.

Preci-Tools Limited came to Canada in 1952 after 25 years of toolmaking in Belgium. Soon it became known for precision jobs on aircraft instruments, special tools, jigs, fixtures, panel and dial engravings, gyroscope pivots, and prototype developing. Its customers now include hospitals, aircraft plants, laboratories, business machine manufacturers, and universities. The firm is just setting up a special department for making high-precision instrument gears.

The apparatus shown in the photograph was designed for holding a patient's head during various types of brain operations. The head rests on a comfortable cushion in the mobile head-holder and the frame frees for incision almost the entire surface of the skull. Brain lesions are located by X-ray and a needle electrode. When the electrode has touched the lesion, it is replaced by a fine, blunt-wire cutting instrument.

The X-ray localizer is made entirely of Canadian aluminum and stainless steel. Eight have already been sold to the United States. ●

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Commodity Notes

Aluminum

JAMAICA—Alumina Jamaica Ltd., a subsidiary of Aluminium Ltd., has announced that its second Jamaican plant being built at Ewarton will be completed in the next few months. To cost $16 million, it will be able to turn out 250 thousand tons of alumina a year, roughly half the capacity of the Kirkvine works. Most of the concentrate is being sent to Kitimat, with small shipments to Scandinavia, India and Brazil—Kingston.

Asphalt

BRAZIL—An asphalt plant operated in conjunction with one of the principal refineries of Petrobras (Brazil's National Petroleum Council) has doubled its production to 122 thousand barrels a month, or an average of 4,607 barrels a day. The plant's rated capacity is 3,500 barrels. With production nearing estimated demand of 16,000 to 18,000 tons a month, Petrobras is studying new means of increasing output, especially of liquid asphalt—Rio de Janeiro.

Carbon Black

NETHERLANDS—The Ketjen sulphuric acid works of Amsterdam hopes to open early in 1960 its new carbon black plant in the Botlek area near Rotterdam. The factory is being built in co-operation with Godfrey L. Cabot of the United States, said to be the largest carbon black producer in the world—The Hague.

Chemicals

MEXICO—Productora Química Mexicana, S.A. de C.V., in the State of Mexico, plans to add to its present production many products that are now being imported. These new products include acetic, hydrochloric, nitric and sulphuric acids; radium and lead acetates, acetone and industrial alcohols; ammonium and mercury salts; sulphate of aluminum, and bicarbonate of soda—Mexico, D.F.

Citric Acid

MEXICO—Industrias Químicas de Mexico, S.A., a joint Mexican-American company affiliated with the Stauffer Chemical Co. (U.S.A.), will build a citric acid plant in central Mexico. Production is scheduled to begin in the spring of 1960. Company officials state that the new plant will make enough citric acid to supply Mexico's needs, thus eliminating several million dollars a year in imports—Mexico, D.F.

Flour

DOMINICAN REPUBLIC—The Compañia Molinos Dominicanos C. por A., is to start operating its new RD$2 million flour mill in January 1960. It is expected initially to produce 150 tons of flour a day and later, 250 tons. Machinery, valued at RD$850 thousand, was bought from a West German firm. The mill contains complete facilities for flour and feed storage and packaging, and will use both imported and domestic wheat—Ciudad Trujillo.

Forest Products

SOUTH AFRICA—One of the latest forestry developments in South Africa is the completion of a £1.3 million private enterprise sawmill at Sabie, Eastern Transvaal. Latest official estimates show that in 1956 investment in the forest products industries in the Union totalled £160 million—Johannesburg.

Linseed

INDIA—Linseed production in 1958-59, estimated at 430 thousand tons, the highest since 1948-49, increased by 181 thousand tons over last year. The area under linseed has risen from 3,129,000 acres in 1957 to 3,708,000 acres this year. The yield per acre for 1958-59 is 260 pounds, 46 per cent higher than in 1957-58. The expansion in production is a result of the larger area under cultivation and the higher yield per acre. The crop also enjoyed good growing weather throughout the year—Bombay.

Motor Vehicles

PORTUGAL—On August 24, licences were granted for the first time in Portugal for making cars, trucks, general-purpose vehicles (jeep-type) and tractors.

One of the licences for the manufacture of freight and passenger heavy vehicles, general-purpose vehicles

and tractors has gone to a firm in north Portugal. Its new factory must be completed within two years. Production should include 20 per cent Portuguese materials and parts by the end of the first working year, to be increased gradually to 60 per cent by the end of the fourth year.

The second licence, to make at least two types of cars, (one of small and the other of medium cylinder capacity), trucks and tractors, has been granted to a new company to be called Fabrica Portuguesa de Automoveis.

Imports into Portugal in 1958 of all kinds of vehicles, including tractors, numbered 22,697 and were valued at Can. $31.2 million. The Portuguese overseas provinces imported about 8,500 vehicles of all kinds last year—Lisbon.

Natural Gas

FRANCE—Compagnie Française du Methane, responsible for Lacq gas distribution north of the Garonne, is reported to be negotiating with the Swiss company Electro-Watt to build a pipeline feeder in 1961 from Besançon to Basle that would supply Switzerland with a million cubic metres a year—Paris.

Paper

SOUTH AFRICA—Ten factories in the Union of South Africa are producing paper—mainly carton board, printers' board, cartridge paper, sack draft, wrapping and toilet paper, liners and fluting, and mechanical and wood-free paper. Between them the factories turn out about 55 per cent of the Union's paper requirements of some 360 thousand tons a year—Johannesburg.

Phenol

NETHERLANDS—The Ketjen sulphuric acid works of Amsterdam is preparing to build a new fl.10 million plant for phenol production. Phenol is a raw material for the organic chemical industry, and so far has been mainly imported from abroad. Ketjen will finance the project from its own resources—The Hague.

Phosphate

MEXICO—Guanos y Fertilizantes de México, S.A. plans to make calcium triple superphosphate in the near future. A plant is to be built in the state of Veracruz at an estimated cost of $4.28 million. It is expected to turn out 50,000 tons of calcium triple superphosphate a year once it is in full production—Mexico, D.F.

Pumps

MEXICO—Jacuzzi Universal, S.A. is making a new line of pumps for the chemical industry that, according to company spokesmen, will handle any kind of chemical or acid. These pumps have been imported in the past. The company has also added to its regular line of boiler feeder pumps, which were also imported before Mexican firms began making them quite recently—Mexico, D.F.

Seed Potatoes

DOMINICAN REPUBLIC—In 1958, the Dominican Department of Agriculture imported seed potatoes from Canada of the Red Pontiac, Sebago and Katahdin varieties for experimental planting in the agricultural colony of Constanza. Production totalled five million pounds at the beginning of 1959; many of the potatoes weigh about one pound each. Shipments of Canadian Kennebecs, Netted Gems and Royal Russets have also been brought in, and these have been planted successfully.

With the results obtained so far, it is believed that growers will be able to harvest two crops a year: the first in March or April, and the second in August or September. It is expected that Canadian seed will make the Dominican Republic self-sufficient in potato production—Ciudad Trujillo.

Steel

COMMUNIST CHINA—A seamless-steel tubing mill with an annual capacity of some 20,000 tons has been built in Tientsin, North China, according to press reports. It is the first factory of its kind in that city and is part of the scheme to expand Tientsin's steel industry. It is reported that this scheme increased steel output in that area by 20 per cent last year over 1957—Hong Kong.

Tanks

MEXICO—Jacuzzi Universal, S.A. is completing a ten-million-peso expansion program to house its tank-fabrication plant. The new plant will make tanks for water, filters and air compressors—Mexico, D.F.

Telephone Exchanges

GREECE—The state-owned Greek Telecommunications Organization (OTE) is building nine new telephone exchanges in Greece this year—four of them in the capital area with 2,400 connections. At the end of 1959, telephone installations in the whole country should number nearly 170 thousand, which will boost the national average of two telephones per 100 persons to 2.3.

In addition to expansion on the mainland, extensions and new installations will be made for island connections, including short-wave ship-to-shore installations in Attica, Crete, Chios, Patras and Salonica. Cable, telephone and radio connections with European and Eastern countries are also to be extended—Athens.

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—South West Africa Annual.
An Ovambo shepherd holds in his arms a newborn persian lamb, or karakul.

Exploring the Market in South West Africa

Our Trade Commissioner in Cape Town, back from a business trip to South West Africa, comes up with some interesting facts about this little-known territory. Population is rising, industries growing; opportunities for doing business seem promising.

M. R. M. DALE, *Trade Commissioner, Cape Town.*

SOUTH WEST AFRICA is a fast-developing area that Canadian exporters ought not to overlook. Expansion of its mining, fishing and agriculture, plus an increasing population and a dearth of secondary industries, has prompted higher spending and a rising demand for consumer goods and industrial equipment.

Ties with the Union

South West Africa is sensitive to changes in world economic activity. Most of its products—diamonds, copper, lead, persian lamb pelts, fish, cattle and dairy products, some of which may be regarded as luxuries—are sold in overseas markets outside the control of the Administration.

Today, economic integration of the Territory and the Union of South Africa is under way. Although 80 per cent of South West African imports, both consumer and investment goods, come from South Africa, the Union takes only 25 per cent of the Territory's exports. However, sales to the Union account for all the Territory's exports of cattle and dairy products, important factors in determining its national income. The Territory has not borrowed money from the Union Government nor from any other source since 1937, but the Union is still responsible for certain of South West Africa's services, including customs and excise, railways, police, defence, public service, air services, external affairs, and native affairs in the northern section. Thus the Territory's budget is able to show surprising surpluses each year and today the Administration has about £23 million in the bank. At the same time, residents enjoy a low rate of taxation.

Pace Is Quickening

The number of Europeans in the Territory has risen from 50,000 in 1951 to 70,000 today. In the principal cities, such as Windhoek, they have increased from 12,000 to 22,000, and in Walvis Bay from

1,000 to 5,000, since the last official census in 1951.

This population, which has not yet reached its maximum, has demanded improved services and has thus sparked increased government expenditures. Many of these services represent lasting benefits and have led to further economic development. For example, the harbour at Walvis Bay is being expanded from three to nine berths at a cost of some $11 million. The railway gauge is being widened at a cost of $18 million, locomotives are being changed from steam to diesel electric, and municipal and rural water supplies are being improved. New construction includes a £1 million hospital, new roads, improved facilities for tourists, housing for public servants, and more educational facilities—all of which contribute to prosperity.

Mining

Prospecting for minerals in South West Africa continues as in early times, though today it is large corporations that are conducting geological surveys and uncovering hidden deposits.

Vast deposits of ores occur throughout the country. Base metals mined at present include copper, lead, zinc, tin, wolfram, tantalite, nickel, monazite, beryllium, feldspar, graphite, iron, lithium, and manganese; silver is produced as a by-product of copper. Also found among the copper ores are the valuable compounds of renierite and germanite, used for the extraction of germanium. When the new pyrochemical plant for extracting germanium is in operation, South West Africa will play an important role in the world's electronics industry.

Enough salt is produced from pans to supply the needs of the Territory and to provide some for export. Marble, limestone and kyanite for the ceramic and brickmaking industries are also mined. A large percentage of the world's production of diamonds comes from the Territory, as well as a great variety of semi-precious stones.

Mineral production has increased substantially over the past 12 years, with values rising from about $8 million in 1936 to over $100 million today. Sales of all minerals, both for export and local use, totalled $60 million in 1958, down $20 million from the previous year. Diamonds accounted for more than 50 per cent of this total, about $42 million. Lead, copper and zinc concentrates were valued at $20 million and manganese at over $3 million.

The outlook for 1959 appears brighter, though spectacular expansion over the next few years is not expected. The mining corporations are undertaking normal development and exploration and the broadening of the narrow-gauge railway to the north should mean increased mineral output.

Petroleum prospecting has attracted a good deal of attention this year. An aerial magnetometer survey of South West Africa's diamond area No. 2 has begun and will be completed in two months. Rights to oil and gas in the 10,000-square-mile area were recently ceded to the Trans-American Mining Corporation by the Diamond Mining and Utility Company, with the sanction of the South West African Administration. The area extends from a point 60 miles north of Lüderitz for 160 miles to Conception Bay.

Fishing

The fishing industry, centered around Walvis Bay and Lüderitz, has grown rapidly and makes a significant contribution to the Territory's economic life. It brings in over $25 million worth of business a year and employs some 4,000 persons. Six mechanized canneries and freezing plants permit efficient and hygienic production of canned pilchards, fish oil and fishmeal.

This year the permissible pilchard catch has been increased by 50,000 pounds to 300 thousand. This bodes well for the industry because there has been greater demand for fishmeal and oil as well as for canned fish. Competition from the United States and Japan has been keen, however, particularly in the Philippine market for canned fish. Although canned lobster production has fallen off, the United States market for frozen tails has kept the rock lobster industry healthy and it has processed about 20 million pounds a year.

Pilchard, Rock Lobster Production and Whitefish Catch

	1957	1958
	(short tons)	
Pilchards		
Canned	42,838	56,422
Fishmeal	46,768	46,200
Fish oil	10,793	12,381
	(pounds)	
Rock lobster		
Canned	1,808,093	430,330
Frozen tails	1,374,150	1,777,360
Fishmeal	3,698,110	1,881,624
Whitefish	10,382,766	6,619,566

Farming

Sparse rainfall in South West Africa tends to limit agriculture to stock-raising, except in some of the northern regions, where small quantities of wheat and about two million pounds of maize are raised each year. Cattle farming is carried on in the north and karakul (persian lamb) farming in the south. There is some dairy production but this has been gradually reduced in favour of raising beef stock. This year both the Territory and the Union had an over-all shortage of butter and cheese.

Karakul farming has been giving way to cattle farming, but present drought conditions, which are ideally suited for karakul, may

SOUTH WEST AFRICAN EXPORTS OF KARAKUL PELTS

	No. of pelts	Est. value	Average price per pelt
1952	2,504,925	£5,641,198	45s. 0d.
1953	2,838,422	5,038,199	35s. 6d.
1954	2,741,355	4,865,905	35s. 6d.
1955	2,864,246	5,728,492	40s. 0d.
1956	2,862,927	5,605,854	40s. 0d.
1957	2,633,169	5,606,456	42s. 7d.
1958	2,708,644	5,168,996	38s. 2d.

revive interest in this industry. A "Persian Lamb Board" has attempted to regulate it and to bridge the gap between farm and fashion. Extensive advertising programs have been carried out on the Continent and in Canada and the United States. Persian lamb pelts, incidentally, are Canada's biggest import from South West Africa.

External Trade

Separate trade returns for South West Africa and the Union of South Africa have been suspended since 1954. However, the pattern in the latest available statistics is said to be similar to that today and is therefore worth examining.

The marked increase in trade between South West Africa and the Union since 1950 is indicated by the following table, which shows that exports (excluding diamonds) to the Union almost doubled and imports rose by about 75 per cent in that period. The Union supplied 81.1 per cent of imports in 1954 and took 23.1 per cent of exports.

South West African Trade with the Union

(including merchandise and government stores)

	1954 £	1950 £
Imports from the Union	14,080,614	7,516,947
Re-exports	3,731,141	3,057,424
Total imports	17,811,755	10,574,371
Exports to the Union (excluding diamonds)	8,197,950	4,723,025

Although most South West African imports come from the Union there are, in some cases, separate import permits issued for the Territory. These have increased substantially since 1954, and it is therefore safe to assume that total imports from all sources must now be close to $85 million.

Outlook for Canadian Sales

Canada's exports to South West Africa range from orlon blankets and cotton piecegoods to live mink breeding stock, from lumber to aluminum, canned fruit to motor cars, fish nets to surgical supplies, and electric fences to mine hoists. There are opportunities for a wide range of consumer goods—including canned food, clothing and watches—and for construction materials such as lumber and cement mixers. Farm machinery, air-conditioning equipment, and aircraft are also in demand.

Quotations for South West African imports should be c.i.f. Walvis Bay. Where direct shipment is impossible, quotations may be worked out that include costs of transhipment at Cape Town and onward movement by coastal vessel.

The South West African market is covered in some instances by Union agents. However, Canadian exporters are advised to examine their sales to South West Africa and to determine whether or not their Union agents are, in fact, covering the market satisfactorily. There are plenty of opportunities for business direct with South West African consumers or through manufacturers' agents who are well established in the Territory.

FOREIGN TRADE OF SOUTH WEST AFRICA

	Imports £	Exports £
1946	6,972,749	9,647,922
1947	9,524,030	9,449,519
1948	11,081,613	12,843,212
1949	11,790,774	14,867,758
1950	13,172,312	21,375,495
1951	18,032,442	31,487,019
1952	20,367,866	35,198,832
1953	24,727,362	34,497,452
1954	22,734,040	36,818,195

MAIN IMPORTS

	1954 £	1952 £
Metals, metal manufactures, machinery, vehicles		7,742,351
Fibres, yarns, textiles, apparel	3,471,760	2,609,876
Foodstuffs	2,685,779	2,999,077
Oils, waxes, resins, paints	1,668,661	1,290,795
Leather, rubber, manufactures	820,472	792,922
Tobacco	705,734	573,397
Minerals, earthenware, glassware, cement	670,599	573,068
Drugs, chemicals, fertilizers	578,507	510,086
Books, paper, stationery	472,066	373,502
Ales, spirits, wines, beverages	426,994	379,925

MAIN EXPORTS

	1954 £	1952 £
Diamonds	12,068,070	11,765,279
Hides, skins	4,212,986	5,177,293
Vanadium ore	323,357	353,596
Tin ore	167,717	51,151
Copper ore	48,581	28,297
Lead, zinc, manganese	7,664,002	9,795,421
Fish	2,815,021	1,738,428
Animals (living)	2,779,685	1,397,053
Wool	1,093,247	767,936
Butter	972,345	663,880
Meat	607,307	85,138
Other foodstuffs	486,039	264,763
Other agricultural products	1,653,129	1,650,440

Cattle Risk Tsetse Bush

Try driving 400 head of cattle through the Tanganyika wilderness, swarming with wild animals and infested with tsetse fly, to bring them safe and healthy to their destination five weeks and 400 miles later. It's a feat worth exclaiming about.

This is what a team of Tanganyika's Veterinary Department officers and Wagogo tribesmen did recently. They herded 400 steers and six Boran bulls from Kilosa in the Eastern Province to Nachingwea in the Southern Province, where many of the inhabitants have never tasted fresh milk and where there has always been a shortage of meat.

The herdsmen were occasionally forced to climb into trees to take refuge from lions, elephants, leopards and rhinos. Fires were lit at night to ward off preying animals; the cattle were swum over the Lewegu River; they were inoculated regularly and sprayed with insecticides to protect them from the tsetse fly—all this, yet they arrived without mishap. And, after a few days' rest, and with coats gleaming, they settled down to a ruminating life in Nachingwea.

As the Businessman Sees Czechoslovakia

This past summer, a trade and goodwill mission took fifty members of the Vancouver Board of Trade on a businessman's tour of Czechoslovakia. Here is one member's account of contacts made with the Czechs and his views about increasing trade.

REG. T. ROSE, *General Manager, Vancouver Board of Trade.*

"THIS was my first trip to Europe and the entire trip was most stimulating and interesting. In addition to getting a general grasp of economic and political conditions in Europe, I made specific inquiries about possible sources of financing for B.C. industries, the possibility of European industrialists setting up branch plants in B.C., and the possibility of increasing trade (two ways) generally with British Columbia."

One of the fifty Vancouver Board of Trade members who participated in the 7th Offshore Trade and Goodwill Mission sponsored by the Board made these remarks on his return. The trip lasted 24 days and took the party to Czechoslovakia, France and the United Kingdom.

Previous Board missions had visited the United Kingdom, West Germany, the Netherlands, Belgium, Austria, Spain, Portugal, Japan, Argentina, Peru, Mexico and Uruguay. A mission that will set out in April 1960 is now in the planning stage.

Journey to Prague

The 1959 tour was the first to visit one of the Communist countries; it was therefore significant and interesting. Those who took it included both buyers and sellers and all were eager to see how business could be done in a country in which trade is rigidly controlled and operated by government only.

From the moment of arrival at the airport in Prague, when we were cordially and warmly greeted with English words and Czech slivovic by the President of the Czechoslovakian Chamber of Commerce, Frantisek Adamek, we were made to feel welcome. So far as we could learn, ours was the first organized party of Canadian businessmen to visit the country in postwar years —and certainly the largest delegation representing the business life of Canada.

Our program of plant visits, courtesy calls on government and civic officials, tours of the western area of Czechoslovakia including Marianske Lazne (Marienbad), Karlovy Vary (Carlsbad), and Pilsen, and to Brno in central Czechoslovakia (arranged but which time did not permit us to take) indicated that we were free to travel where and when we liked. We were also assured that, except for strategic areas or military operations, we could see anything we asked to see. Generally speaking this was true—yet some curious anomalies appeared. A fine-paper distributor, discovering that no fine papers beyond local needs were produced in the country, asked to see a modern printing plant. Despite several attempts and some promises, he did not visit one.

Again, arrangements were made for two engineers interested in the use of forest products to see a fibreboard plant. But when a third man wanted to go along at the last moment, this apparently was not permitted.

Trading through Corporations

All foreign trading is done through the several distinct government agencies set up for this purpose. Businessmen from abroad have no contact with the plant or plants in which manufacturing goes on. In many cases the sales representatives were extremely able, well-informed persons. (Madam Karasova of Glassexport was an example.) In other cases, the appointment appeared to have been made on grounds other than trained sales ability.

In price, certain commodities appeared to be competitive and officials said they were prepared to meet foreign competition and to quote at prices necessary to obtain orders. Obviously, they had knowledge of prices and conditions in Canada and the United States.

Sales pressure is noticeable; the Czechs believe in the "hard sell". They are direct, persuasive, persistent, and fired with a zeal for promptness of decision.

However, we came away with the feeling that although a large number of excellent products are made in this small but well developed industrial nation, there seem to be some

technical problems, apart from political considerations, to be overcome before any large-scale increase in purchasing is attained. It seems too that purchases from Canada are not likely to rise significantly, largely because of problems of availability.

The Czechs are definitely not interested in providing capital funds for industrial development elsewhere. They need capital within their own country.

Sell to Communist Bloc

Another factor to be recognized is the dependence of Czech industry on Russian, or satellite country, orders. It was said that over 75 per cent of export production is destined for these areas. These orders, of course, were placed in bulk through government agencies. The type of buying done in private-enterprise areas does not conform to this pattern and exhibits a greater demand for differences of design, style, quality, and range, not easily available under the present form of administration. The Czechs, however, are vigorous in their sales promotion of the goods they produce and are finding good response in many parts of the world.*

A Businessman Comments

In a report to his company, one of our party made three comments that are relevant to any discussion such as this.

"The obstacles which appear to stand in the way of increasing sales to Czechoslovakia are:

1. "Standards. For example, screw threads are not the same as in North America and the Czechs are not prepared to alter their standards to conform.

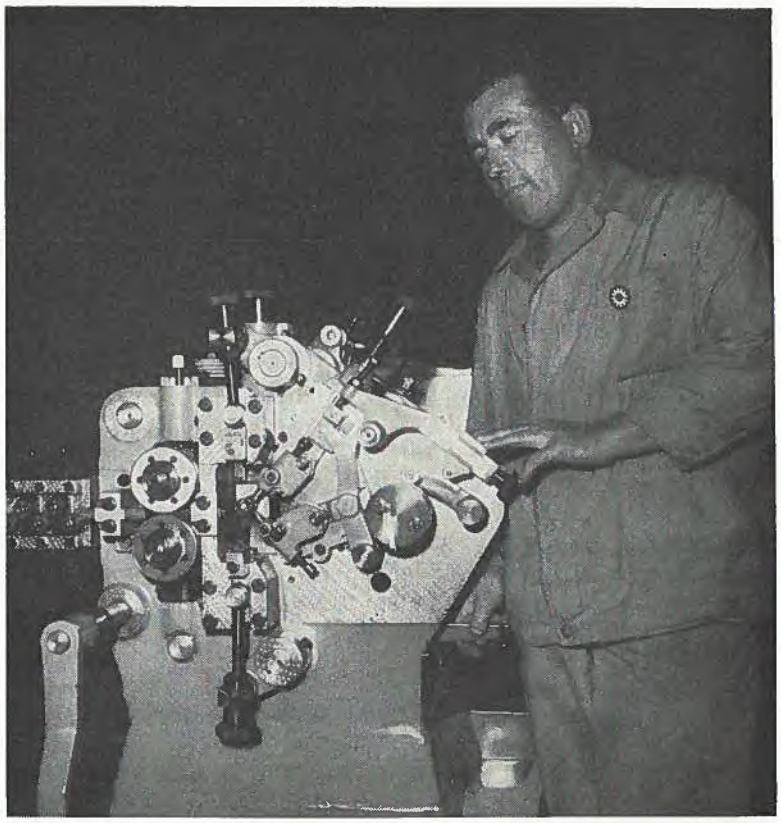
2. "They do not maintain stocks of spare parts for their equipment in Canada nor even in North America at present. They prefer when they sell equipment to sell several years of spare parts at the same time.

3. "There does not appear to be any reliable procedure for redress if equipment is not satisfactory or not up to specifications. The foreign trade corporations are the official contacts for foreign buyers and these corporations buy from the Czech factories to sell to foreign customers. There does not seem to be any possibility of a potential customer establishing direct communication with the technical people in the factory."

Later discussions with Czech trade officials in this country indicated that they do not altogether agree with these remarks. However, the government agencies appear to be unwilling to set up stocks of spare parts and service personnel in anticipation of business. Rather, they hope that appointed distributors will accept these responsibilities as a normal business risk.

Several members of the Board of Trade mission were engineers and architects, who reported strong interest among Czech architectural and engineering groups in engaging in "package" deals, including market and feasibility studies, the design, building and construction of plant and equipment, and management of the plant until the local personnel are trained.

From published figures it would appear that Czechoslovakia has made a remarkable recovery since the war. In the areas we visited we noted considerably less war damage than in Germany. We could not, of course, determine how much gutting of factories by the retreating Germans or the incoming Russians took place. But the emphasis of the five-year plans is evidently on industrial and agricultural development rather



A Czechoslovak worker tends a Swiss-type automatic screw machine in a Czech factory. A large proportion of the country's industrial output is sold to the Communist Bloc countries through government trading agencies.

*See also "Doing Business with Czechoslovakia" in the December 20, 1958, issue of *Foreign Trade*.

than on consumer goods and housing. Czechoslovakia is in the fourth year of the second five-year plan.

Personal Impressions

Representatives of finance in our group had ample opportunity to meet with state bank officials and to discuss differences of policy. Indeed the Czechs we met—and they included many who were particularly articulate and well informed—all obviously were tried-and-tested supporters of the present regime. They were ready to discuss, debate, or argue, but all in good part and with the optimistic hope that we would find their point of view acceptable.

No group could have been more hospitably received or more attentively served. We had opportunity to meet and interview at length ministers and officials of the Foreign Trade Department, the mayor and senior officials of the City of Prague and the president, economists and officers of the Czech Chamber of Commerce. The latter is a government agency that acts primarily as a public relations body, including the management and administration of trade fairs such as the one at Brno, and of exhibits in trade fairs throughout the world. A staff of fifty is currently promoting exhibits of trade goods in 32 trade fairs outside of Czechoslovakia.

Those we met assured us that they were Czechs first and Communists second. They are intensely nationalistic, with pride in a tradition and heritage that is amongst the oldest in Europe. They seemed proud too of the strides toward national unity and harmony made after the establishment of the nation following World War I but this has now been dwarfed by more recent attainments.

One wonders sometimes whether the "hard sell" of country, peoples, production and politics is symptomatic of a bit of wishful thinking, for we found also some evidences of strict control, of continuous propaganda in many forms, and of the overwhelming influence of Moscow. But this is a story in itself.

We went by invitation and we were courteously and generously received. We were given great opportunities of observation, and afforded every facility to trade and to develop interest in trading. We are grateful for an outstanding and exhilarating experience. ●

Seed Potatoes for Argentina?

Earlier forecast that Canada might sell seed potatoes to the Argentine is now revised, in light of new developments.

THE prospects for imports of Canadian seed potatoes into Argentina have undergone a complete and unexpected change in the ten weeks since *Foreign Trade* published a report on the subject in its July 18 issue. It is now unlikely that Argentina will buy any imported seed potatoes this year from any source, except for one possibility. This is that, up to the end of November, some relatively small orders may be placed (principally for Kennebecs) to arrive in Argentina for early January planting in the late, northern potato zone near the city of Rosario.

A number of factors have contributed to this. In May and June potatoes were extremely high-priced. Wholesalers paid between five and six pesos a kilo in the fields for potatoes and retail prices reached as high as nine and ten pesos per kilo. As a result, consumption fell off sharply and when prices came down, the demand was not elastic enough to reach its former level until a number of weeks had elapsed. Because of consumer refusal to buy (the potatoes were of particularly poor quality in any case) during the period of high prices, stocks of table potatoes began to accumulate.

In addition, production estimates were discovered to be conservative. A local variety called Huinkul often gives unpredictably large yields, as it did this year. Suddenly it was realized that there would be an over-all surplus of table potatoes. Everybody seems to have been caught off guard. Growers and wholesalers who have been in the business for years lost, and continue to lose, large amounts of money. At present wholesalers are paying as low as 1.50 pesos per kilo for supplies. The large stocks of high-priced potatoes that some wholesalers had on hand are now bringing 4.50 pesos per kilo retail. Locally grown seed potatoes, although of poor quality, are selling at about 200 pesos per bag. The cheapest imported seed, at the now more steady exchange rate of about 81 pesos per U.S. dollar, is twice that price and although it is generally of a much higher uniform quality, under present circumstances there is no demand. Many growers are preparing to replant what they have harvested rather than take a loss. Practically all growers have sustained some losses already, and adding to the confusion is the fact that, during the period of high prices, growers as well as wholesalers and everybody else could not do any banking or even cash cheques because of the bank strike that for many weeks closed all but the few Buenos Aires branches of foreign banks.

Briefly, then, Argentina at present has a surplus of low-quality potatoes, smaller consumption, growers who have neither the money nor the inclination to buy new imported seed, and the possibility of another bad year in 1960 because even larger quantities of low-quality potatoes may be produced.

—G. E. BLACKSTOCK,
Assistant Commercial Secretary, Buenos Aires.

Six Months of Irish Trade

Our correspondent in Dublin finds much that is hopeful, in spite of the adverse trade balance. The Government has given its blessing to an export-promotion program and sales abroad of some products—foodstuffs, manufactured goods and raw materials—have increased.

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

IRELAND moved into 1959 with a bigger trade deficit than in the same period last year, the result in large measure of the caprices of weather and some non-recurring expenditures. The second half of the year appears much more promising.

First, some figures. Imports in the first six months of 1959 totalled £108.1 million, an increase of £7.9 million over the same period in 1958. Exports, at £60.1 million, shrank by £5.3 million. This created an adverse trade balance of £48 million, 28 per cent higher than during the same period a year ago.

Favourable Trade Terms

Import prices, which have been fairly constant since the spring of 1958, were on the average 2 per cent lower during the period. Export prices, on the other hand, tended to rise and were, on the average, higher. Lower import prices thus meant a saving in exports of roughly £2.1 million, though exports actually increased by £7.9 million.

Because of the disastrous harvest of 1958, Ireland had to import much more wheat—£4.9 million worth in fact, compared with £1.2 million in the same period of 1958. The table below shows imports by country of origin.

IRISH WHEAT IMPORTS

From:	6 months 1959	6 months 1958
	(£'000,000)	
Argentina	1.2	
Australia	2.0	
Canada	1.4	0.8
United States	0.2	0.2

Other big imports included aircraft and parts valued at £2.2 million, up £1.6 million over the previous year. Imports of unrefined sugar, at £1.8 million, practically doubled, and those of seeds for sowing increased from £0.9 to £1.8 million. A new import was crude or partly refined petroleum for Ireland's first oil refinery, recently opened at Cork.

Imports from dollar countries climbed by £2.2 million over the first six months of last year. Products were mostly wheat from Canada, coal from the United States, and unrefined sugar from the Dominican Republic. Purchases from the non-sterling European Monetary Agreement countries increased by £4.3 million, and included a more varied range of goods than last year—aircraft and parts, fertilizers, machinery, electrical goods and timber.

How did Canada fare? In the six-month period under review, we boosted our exports to Ireland from $3.3 million to $4.1 million, (f.o.b.). Wheat, newsprint, aluminum ingots, drugs and chemicals, rags and waste were mainly responsible for the increase.

Agricultural Exports Down

The continued decline in cattle exports, the falling-off of bacon shipments from last year's record high, and the stopping of butter sales together accounted for a drop of almost £10 million during the six months. Counteracting the serious decline in primary agricultural commodities, to the extent of more than half of the values lost, were bigger sales of a wide range of other exports—foodstuffs, other manufactures, and raw materials.

The following statistics compare the value of exports by groups of commodities:

EXPORTS FROM IRELAND

	6 months 1958	6 months 1959
	(£'000)	
Cattle	22,927	16,041
Other animals	3,653	4,105
Bacon and creamery butter	5,821	2,736
Other food, drink and tobacco	15,168	16,009
Manufactured goods (excluding food, drink and tobacco)	8,727	10,569
Raw materials	2,639	4,592
Miscellaneous small exports	4,321	4,352
Total domestic exports	63,256	58,404
Re-exports	2,152	1,716
Total, all exports	65,408	60,120

The slump in bacon and butter exports was largely made up by much higher sales of frozen beef to the United States, steady and substantial sales of cereals to the United Kingdom (including Northern Ireland), and expanding chocolate-crumb exports to the United Kingdom and Canada.

The export value for manufactured goods jumped by 21 per cent over the six-month period of 1958. A wide range of products were affected, including cement, jewellery, women's clothes, leather,

furniture, glassware and machinery (other than agricultural or electrical).

PRINCIPAL IRISH EXPORTS OF MANUFACTURED GOODS

	6 months 1958	6 months 1959
	(£'000)	
Leather	746	1,057
Women's outerwear (excluding knitwear)	492	744
Footwear	371	528
Woollen fabrics (excluding handwoven)	301	359
Electrical machinery (including radio and TV)	391	419
Other machinery (excluding agricultural)	135	465
Secondhand cars	448	696
New cars	678	269
Metals and metal manufactures	370	740
Paper products	1,072	966

Bigger shipments of wool to the United States and the United Kingdom, as well as increased exports of copper concentrate to Europe, contributed most to the rise in value of raw-material sales. Sharp increases in both the quantity and price of hides and skins to the United Kingdom and Spain also helped.

Outlook Promising

Although the adverse balance of trade for the first six months of 1959 may appear high, it may well be offset by the following factors:

- Cattle exports have been cut for two reasons. Dry weather in the U.K. has considerably slowed up the grass crop. British farmers are therefore reluctant to take more than the bare minimum of cattle for further fattening on their farms. Once feeding conditions have improved, British imports should rise. Moreover, strides being made in eradicating bovine TB should also ultimately improve exports.

- Because of the poor harvest last year, unusually large quantities of wheat, especially Argentine and Australian soft wheats, have had to be imported. This year's harvest in Ireland is said to be good.

- Heavy imports of aircraft and parts for the national airlines are a non-recurring expenditure.

- Because of the fine weather this year, the tourist trade has greatly expanded and the results of this summer's "take" will, of course, not be known until the second half of the year.

- Production of petroleum products in Ireland's new refinery should partially offset future import outlay.

- New industries, with products basically for export, including ore from the Canadian-owned copper mines, are steadily increasing Ireland's earnings from sales abroad.

Helping things along is the Irish Export Promotion Board, which has been made a government agency with a significant boost in its appropriation. The Board will receive grants from the Government of up to £1 million to carry out more extensive export promotion. ●

U.S. Buys Gypsum

Expansion in the United States gypsum industry may widen the scope for Canadian suppliers—if they can cope with competition from Mexican, Jamaican and U.S. producers.

CANADIAN suppliers of crude gypsum may soon find a bigger market for their product in the Southern States. The reason? U.S. companies are building two new gypsum plants and expanding a third. Canadians can expect stiff competition, however, from domestic producers of crude gypsum who will probably boost output to meet rising demand. Other rivals in the field are Mexico and Jamaica, which have greatly increased exports of crude gypsum to the U.S. during the last four years.

Construction Moves Ahead

The National Gypsum Company recently increased the capacity of its plant at Savannah, Georgia, by 25 per cent which, it is said, makes it the largest gypsum plant in the world. (It has thus been enlarged by 300 per cent since it was built in 1939.) National Gypsum imports about 350 thousand tons of gypsum rock a year for this plant from its quarries in Nova Scotia. Last year the company installed new dock equipment at Savannah to enable gypsum ore to be unloaded from its new 18,000-ton self-unloading ships. This has cut unloading time in half. The Savannah plant turns out gypsum wallboard, lath, plaster and other gypsum building products.

The Bestwell Gypsum Company of Ardmore, Pennsylvania, is building an $8.5 million plant in Brunswick, Georgia, that will begin operations this fall. Bestwell has also announced plans to build a $5.5 million plant at New Orleans on the new Mississippi River-Gulf Outlet, which extends from New Orleans to the Gulf of Mexico. It will make plaster, lath, and gypsum board and is scheduled for completion by June 1960. About 200 thousand tons of gypsum rock will be imported annually to supply the factory; its production capacity is to be 150 million square feet of gypsum board a year. The plant will be built 1½ miles east of the Industrial Canal and will have almost straight-line access (when the Outlet is completed) by deep water to the Gulf of Mexico 70 miles away. The site

comprises 30 acres and can be reached by rail and road.

Adjacent to the plant, the Port of New Orleans will put up a million-dollar public bulk-handling facility. This will permit the unloading of sand, gravel, sulphur, bauxite, limestone, gypsum, sugar and similar bulk commodities from ships and barges for delivery to barges or conveyors serving adjacent industries. It will include a travelling bulk-unloading crane and conveyors with an initial unloading capacity of up to 750 tons an hour.

U.S. Production Rises

In 1958, total U.S. output of gypsum products—including acoustical and insulating plaster, plasterboard and wallboard—was higher than in 1957; so was the total of products sold and used. Domestic production of gypsum in 1958 reached some 9,647 thousand tons. This is expected to be slightly higher this year, thanks to increased activity in home construction. The five leading states mining crude gypsum are Michigan, California, Iowa, Texas and New York, which together produce about 62 per cent of the total.

Canadian Sales Down

Imports in 1957 totalled 4,334,467 short tons (one short ton=2,000 pounds), valued at $7,570,671, of which Canada supplied 3,686,237 short tons valued at $6,500,085. The next largest suppliers were Mexico with 419,304 tons and Jamaica with 167,203. Imports for that year dropped slightly from the 1956 figure of 4,346,135 tons, as did imports from Canada (3,771,282 in 1956). Mexico supplied 388,839 tons in 1956 and Jamaica 135,441. Preliminary figures for 1958 indicate that Mexico and Jamaica have again increased their share of the market and imports from Canada, according to DBS figures, have declined further to 3,246,017 short tons. Whether or not Canada can capture a larger share of the increasing market depends largely on the ability of Canadian suppliers to compete with U.S. producers, and with exporters in Mexico and Jamaica.

—T. F. HARRIS, *Consul and Trade Commissioner, New Orleans.*

Trade Commissioners on Tour

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

D. S. ARMSTRONG, Commercial Counsellor in Cairo, Egypt:

Montreal—Nov. 2-13	Ottawa—Nov. 16-27

A. B. BRODIE, Commercial Counsellor in Tehran, Iran:

Toronto—Nov. 6-11	Windsor—Nov. 17
Hamilton—Nov. 12	Vancouver—Nov. 19-25
Brantford—Nov. 13	Winnipeg—Nov. 27
London—Nov. 16	Ottawa—Nov. 30-Dec. 4

JOHN MACNAUGHT, Assistant Commercial Secretary in Wellington, New Zealand:

Southern Ontario—Nov. 30-Dec. 1	Southern Ontario—Dec. 8-9
Toronto—Dec. 2-7	Ottawa—Feb. 4-17
	Montreal—Feb. 18-23

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

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit British Honduras from November 17-24.

D. H. CHENEY, Commercial Secretary in Lima, Peru, will visit the following centres in Bolivia from November 3-18: La Paz, Cochabamba, Santa Cruz, Oruro, Sucre, Potosi, Trinidad and Tarija.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Israel from November 16-27.

R. H. GAYNER, Vice Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Taiwan from November 10-20.

B. A. MACDONALD, Commercal Counsellor in New Delhi, India, will visit Hyderabad, Madras, Bangalore, Cochin, Trivandrum and other business centres in South India during the first half of November.

W. R. VAN, Commercial Secretary in Dublin, Ireland, will visit Cork, Limerick, and Shannon Airport from November 17-19.

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. Bullis at Kingston, Mr. Cheney at Lima, Mr. Dyke at Athens, Mr. Gayner at Manila, Mr. Macdonald at New Delhi, and Mr. Van at Dublin.

Peru Sets Up a Steel Industry

Steel complex centered around Chimbote is now producing basic steel products and beginning to supply certain export markets. But Peruvians will still import specialty steels in various forms.

D. H. CHENEY, *Commercial Secretary, Lima.*

PERU recently delivered its first shipment of steel (mainly reinforcing rods) to a large fabricator in the United States. According to reports, the quality was found to be excellent. During the past few weeks, the country's second large-scale iron-ore mine has begun production. These two developments illustrate how initial disappointment and even disaster has been transformed into success by the determination and foresight of a group of Peruvian and French businessmen and industrialists.

Custodian of the industry is the Corporación Peruana del Santa (the Peruvian Santa Corporation), a Peruvian Government entity formed in June 1943, and similar to a Canadian Crown company. Production and manufacturing facilities of the corporation consist of the following: extensive iron ore deposits at Marcona in southern Peru, the exploitation of which has been leased to the Marcona Mining Corporation, a U.S. company; a pig-iron plant, a steel plant and a rolling mill, located in the northern coastal city of Chimbote; extensive harbour installations, also located at the port of Chimbote, and a 50,000 kw. hydro-electric power plant about 100 miles east of Chimbote.

The Peruvian Santa Corporation was established for the purpose of setting up an iron and steel industry in Peru. The town of Chimbote was selected as the most likely centre and plans were drawn up for the construction of modern port facilities. At the same time, preliminary studies were made of the Marcona iron ore deposits in southern Peru. A small railway running from Chimbote to the site selected for the hydro-electric power station was purchased and work on the hydro-electric power plant started. This work was carried out almost entirely by Peruvian engineers.

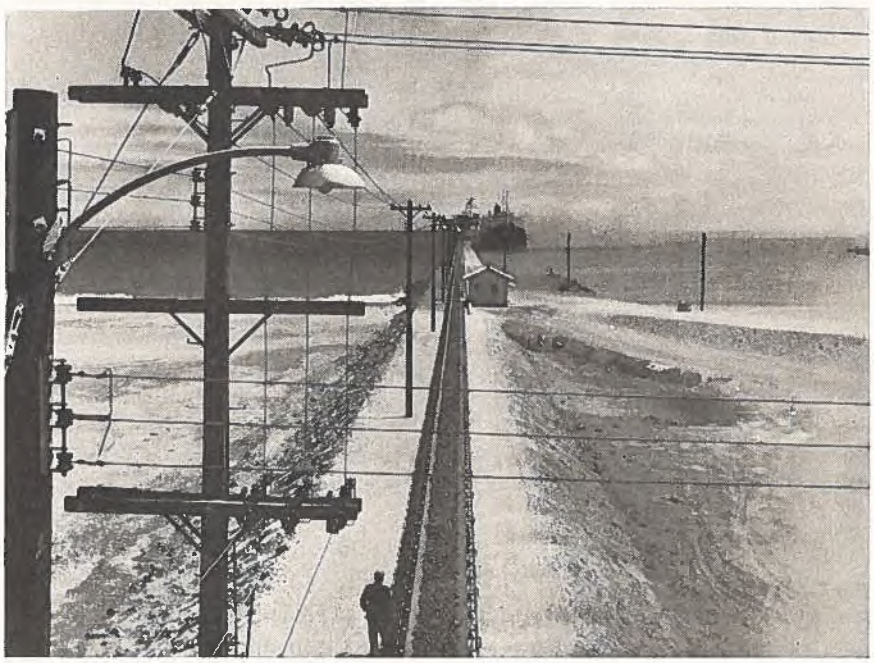
Difficulties Arise

During this initial period, several contracts were signed with foreign suppliers for equipment and with the Marcona Mining Company for the exploitation of the iron-ore deposits. However, the venture soon ran into financial problems and in 1950 an avalanche and flood damaged much of the preliminary construction work.

In 1954 the President of Peru appointed an executive reorganizing commission for the Peruvian Santa Corporation, placing at its head an experienced Peruvian engineer and businessman. However, financing problems continued. Soon negotiations were begun with French banking and industrial interests and an agreement was concluded whereby the corporation would import French iron and steel products and sell them for cash to Peruvian importing firms. In return, it would get five-year credit terms from the French suppliers of iron and steel equipment.

The stimulus that the corporation received from this arrangement

This belt conveyor transports iron ore from Peru's newest mine, Acari, to an ore carrier at dockside. Late in August, the first shipment went to Bethlehem Steel Company in the U.S. Output is expected to reach about one million tons a year.



PERU'S IMPORTS OF PRIMARY STEEL PRODUCTS

Description	Quantity (metric tons) 1956	1957
Bars, plates and rods of iron or steel, unpolished, of any cross section, thickness or length, not drilled	8,777	10,293
Bars and rods of iron or steel, folded, distorted or twisted, for buildings	26,984	23,098
Bars and rods of iron or steel, polished, of rectangular or circular section, for tools or other purposes	317	228
Steel bars of hexagonal, octagonal or cross-shaped section, whether drilled or not, for mining drills	531	883
Bars or rectangular section or flat bars of iron or steel for manufacture of tools and springs	624	432
Angular beams of iron or steel, neither drilled nor otherwise prepared in various shaped sections	9,136	11,125
Iron or steel wire of more than ¼ mm. diameter, galvanized or not, including baling wire	7,568	4,412
Barbed wire	1,338	1,043
Bands, hoops, circles and strip up to 20 cm. in width and between one and three mm. thick	890	490
Iron or steel hoops and circles for closing packages	743	1,850
Tinplate in plates or sheets, not painted or varnished	7,955	9,794
Plates of iron or steel, flat, of any shape and size, not drilled, painted or varnished	11,371	16,569
Plates or sheets of iron, galvanized, flat or corrugated	6,354	8,920
Water pipes of non-malleable cast iron and unions therefor	2,559	2,812
Pipes of iron or steel not more than 2 inches internal diameter	5,029	2,384
Pipes of iron or steel in excess of 2 inches diameter and black steel seamless pipes for petroleum industry	9,779	21,547
Steel rails for railways and tramways	4,139	3,645
Steel Decauville rails	1,100	1,083

meant that it could consider proposals being advanced by several foreign companies. It called for bids on the international market for the completion of the hydro-electric plant and for the installation of the Chimbote iron and steel mill. In June 1954 it accepted a bid submitted by a French group. A consortium of Peruvian contracting engineers became affiliated with the French group and the way was cleared for action. These affiliated groups formed an operating company under the name of Sociedad de Gastión (SOGESA) and French engineers and technicians were dispatched to Peru to initiate work on the project. Chief among the French interests involved in its financing and completion were the Banque de Paris et des Pays Bas, Société Genérale d'Exploitations Industrielles (SOGEI), and Etablissements Delatre et Frouard Réunis.

The steel mill at Chimbote was designed by a New York firm retained as consultants to the Peruvian iron and steel industry. The civil engineering work for the mill and the hydro-electric plant was carried out by SOGESA.

In July 1956 the sheet mill at the steelworks was inaugurated. By the end of that year, financial problems again became acute and it was necessary to secure soles 200 million in Peruvian currency from the Peruvian Industrial Bank. These funds will be amortized in ten years, beginning in 1960.

By the end of 1957 the power plant on the Santa River was completed, providing an initial 50,000 kilowatts of power. In March 1958, electric power was made available for testing of furnaces in the steel mill. The completed installations were officially inaugurated by the President of Peru in April 1958 and Peru's iron and steel industry began to operate with a rated capacity of 60,000 tons of steel products a year.

The Chimbote operation has been designed and built as an integrated iron and steel plant to produce pig iron, concrete reinforcing bars, wire rod, hot rolled sheets, and various small bar sections. The three principal divisions of the mill are the pig-iron plant, the steelmaking plant, and the rolling mills. Located on the open desert where there is practically no precipitation and very light winds, the buildings are completely open, permitting a high degree of air circulation and making this steel mill one of the most comfortable in the world to work in.

The Pig-Iron Plant

The iron-ore reduction equipment consists of two submerged-arc electric pig-iron furnaces of the Tysland-Hole type. Each has a daily capacity of 90 metric tons, giving the plant a total output of 60,000 metric tons of pig iron a year. It is equipped with the latest mechanized handling equipment to transport and store raw materials and charge the furnaces.

Iron ore from the Marcona mines in southern Peru goes by ship to Chimbote. From the dock the raw material is moved less than half-a-mile by rail to the storage yard which has a capacity of approximately 50,000 tons of ore. Anthracite coal, coke, and limestone are brought to the plant by truck or railroad. The coal comes from the Peruvian mines in the Santa River canyon and areas east of Chimbote; the coke is imported from Germany and Britain. Adequate supplies of good-quality limestone come from quarries located in the mountains behind the mill.

Automatic electrode regulators purchased in Switzerland maintain a constant power input to the furnaces. An elaborate system of relays and automatic warning devices insures safe operation of the intricate electrical equipment and control systems. The pig-iron furnaces are cylindrical and approximately 33 feet in diameter. They are supplied with three self-baking, continuous Soederberg electrodes, approximately three feet in diameter. Raw

materials for building up the electrodes are imported in bulk from France. As the electrodes are consumed at the rate of approximately 20 to 30 pounds of electrode carbon per ton of pig iron, they are fed continuously by lowering them step by step through water-cooled electrode holders. New electrode casing sections of steel sheets are welded to the top of the electrodes as they are consumed, while the electrode paste imported from France is packed into the empty casing. The electrodes partially penetrate the charge inside the furnace and heat is obtained through the resistance of the charge as well as from the electric arc produced.

The Steel Mill

The steel plant is equipped with two electric-arc furnaces 15 feet in diameter. Each furnace can hold more than 25 tons of molten steel and together they have a production capacity of 66,000 tons of steel ingots per year.

Steel scrap produced from the steel-trimming operations at the rolling mills is also placed in the furnaces, plus small amounts of scrap. Electrodes for the steel-mill furnaces are imported from Japan in sections and these are bolted together at the site.

The Rolling Mills

A series of concrete structures with steel framework incorporating the bridge cranes, heating furnaces, and rolling equipment house the rolling mill. The building is constructed in six parallel sections, three of which are used to store semi-finished steel and house the furnaces and the mills; in the other three, steel sheets are finished. A seventh bay is used for finishing bars, rods and shapes.

Steel ingots coming from the steel plant are converted into steel billets or sheet bar on a 26-inch mill. The billets are rolled into concrete reinforcing bars, commercial profiles, and wire rods by 18-inch, 12-inch and 10-inch mills.

The Chimbote mill turns out the following products:

1. *Ingots*—10 x 10 x 60 inches, 650 kilos in weight.

2. *Steel Billets*—rectangulars 2 x 4 inches.

3. *Sheet Bar*—10 x 0.40 x 1½ inches.

4. *Rods*—concrete bar, ⅜ x 1¼ inches; wire rod, ¼ x ½ inch.

5. *Structural Sections*—round and square bars, up to 1¼ inches; flats up to 2 x ⅝ inches; angles up to 2 inches; beams up to 2 inches; channels up to 2 inches.

6. *Sheets*—black, pickled or galvanized, varying in thickness from .016 to .120 inch and in width from 24 to 48 inches.

Imports Still Needed

Although this new industry is now supplying a significant proportion of Peru's domestic requirements of basic steel products—particularly sheet, plates and reinforcing rod—the country will remain dependent upon foreign sources for a large volume and a wide variety of specialty items. Production of finished steel products in the 14 months from May 1958 to June 1959 totalled 39,128 metric tons. In addition, small quantities of pig iron and semi-finished products were produced for export. Of the total of finished products, the domestic market absorbed 29,886 metric tons and the export market 9,242. Exports consisted of the following: Argentina, 6,000 tons of pig iron, 690 tons of sheets and 1,550 tons of semi-finished bars (plate); United States, 1,000 tons of reinforcing rod (a similar shipment was made in July); Ecuador, 200 tons of reinforcing rod.

Peru's main imports of primary steel products during the years 1956 and 1957 are shown in the table on page 24. ●

U.K. Food Output

THE amount and variety of food produced in Britain have changed considerably in recent years. Part of the change has been fostered by the Government to take advantage of world market situations; part of it reflects changed consumer habits. These shifts have, in turn, affected demand for products from Canada.

Domestic output of wheat and flour (expressed as a wheat equivalent) in 1951 accounted for 24 per cent of total supplies; in 1958, it dropped to 19 per cent because of government policy of diverting production from wheat to feed grains. Of the 169 million bushels of wheat imported in 1958, Canada shipped almost 90 million. Barley imports totalled 62 million bushels, of which Canada supplied 44 million. Canada also supplied a third of British imports of oats, which totalled 11 million bushels in 1958.

In 1951, Britain supplied 10 per cent of her needs of oils and fats; this rose to 18 per cent in 1958. Domestic butter output jumped from 4 to 8 per cent of total supplies.

The proportion of home output of carcass meats remains unchanged from 1951, at 65 per cent, but bacon and ham production declined from 49 to 42 per cent. The number of pigs in Britain has dropped in the past two years, partly because the Government has discouraged pig-raising. Imports of bacon and ham, mainly from Denmark, totalled 758 million pounds in 1958, 53 per cent of the total market. No imports from dollar countries are licensed.

British cheese output soared from 18 per cent of total supplies in 1951 to 45 per cent in 1958. Imports of cheddar dropped last year to 211 million lb. though purchases of Canadian cheddar, at 15 million lb., doubled the 1957 figure. Indications in the trade are that demand for Canadian cheese continues strong.

Britons are almost completely self-sufficient in eggs: imports account for only 1 per cent of total supplies compared with 14 per cent in 1951. Eggs and egg products can now be shipped from Canada and it is reported that the trade has received favourably trial shipments of our frozen eggs.

—D. B. LAUGHTON,
Agricultural Secretary, London.

Trade and Tariff Regulations

Australia

TARIFF BOARD INQUIRIES—The Australian Minister for Trade and Customs recently referred to the Tariff Board for inquiry and report the question whether assistance should be accorded, through tariff action or otherwise, to the production of textiles of man-made fibres which would be classifiable under Item 105 (D) (1).

Canadian firms exporting these products to Austraila may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his Australian agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in Australia soon after the announcements are made.

Rates of duty on these products may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

British Honduras

IMPORT CONTROLS RELAXED—British Honduras issued an Open General Licence, effective July 1, 1959, for the import of goods from the dollar area, with the exception of the following for which specific licences are required:

Aerated waters

Air-conditioning machines, self-contained, comprising elements for cooling, control of humidity, cleaning and circulating of air

Arms and munitions

Beans, dried (red kidney, pinto, split and lentils)

Boots and shoes of leather

Centrifugal drying and separating machines, other than of a kind used for domestic purposes

Cattle for slaughter, etc.

Cigarettes

Citrus juices

Cocks, taps, traps and valves for controlling gases, liquids or vapours

Compressers and exhausters, air and gas

Dredging equipment

Dressed poultry

Eggs, in the shell (hens')

Flexible tubing and piping, wholly or mainly of metal

Furniture

Gas and chemical plant

Gold, fully and semi-manufactured

Lifting, hauling and transporting machinery, the following: hoists, winches, pulleys

Lumber

Maize (corn)

Meat, fresh, chilled or frozen

Motor vehicles and parts thereof

Oil-refining plant

Peas

Petroleum and shale oils, crude and refined (other than lubricating oils, waxes of all kinds including mixtures of waxes, wax residues, petrolatum and greases)

Pile-drivers

Printing machinery

Pumps of all kinds, including petrol and oil-measuring pumps, other than of a kind used in motor vehicles, ships, boats or aircraft or for domestic purposes

Refrigerators and refrigeration machinery, other than of a kind used for domestic purposes

Rice, whole and broken

Swine for slaughter, etc.

Separators for separating oil from mixtures of oil and water

Soap, blue mottled (laundry)

Sugar

Tiles

Vegetables, fresh (cabbages, carrots, lettuce and tomatoes)

Welding machines

Well-boring machinery and plant.

India

IMPORT CONTROLS—The Government of India has just announced its import trade control policy for the period October 1, 1959, to March 31, 1960. The new policy continues the emphasis on strict economy in imports, the adequate supply of raw materials for existing domestic industries, and assistance wherever possible to export industries.

Complete details of the revised licensing schedule have not yet been received but it is understood that there has been some increase in the quotas for copper, brass scrap, zinc, unwrought nickel, parts for motors and motor vehicles, photographic negatives and printing paper (excluding X-ray films), and alloy and tool steels (but not including stainless steel).

Imports of certain products required by export-earning industries have also been liberalized. These include hydrosulphate of soda, coal tars and dyes for textiles, machinery, packing paper required by tea and coffee industries, nylon gut for sporting goods industries, and raw film for the motion-picture industry.

Quotas have been reduced for imports of the following items: cables, pumps, bleaching powders, meters, and certain drugs and medicines.

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

Japan

IMPORTS LIBERALIZED—The Japanese Government recently announced its intention to liberalize the import from the dollar area of nine commodities by the end of the 1960 fiscal year (April 1960-March 1961). At present the nine items, when imported from the dollar area, enter Japan under the Foreign Exchange Allocation System; when they are liberalized, they will be switched to the Automatic Approval System.

The nine items, with scheduled effective date for import liberalization, are: copper alloy scrap and lauan logs, January 1960; gypsum and abaca fibre, between October 1959 and March 1960; scrap iron, soybeans, lard, beef tallow, cattle hides, by the end of March 1961.

No decision was taken on the import liberalization of a tenth item—pig iron—that was also considered —Tokyo.

Malta

IMPORT RESTRICTIONS RELAXED—The Government of Malta has announced that, effective August 7, 1959, an Open General Licence has been granted for the import of goods from the dollar area, except for a limited list of items which still require specific licences.

Information concerning particular commodities for which specific licences are required may be obtained from the International Trade Relations Branch of the Department.

Morocco

DEVALUATION AND RELATED MEASURES ANNOUNCED—Effective October 17, the Government of Morocco devalued the Moroccan franc by 20.44 per cent, from 420 francs to the U.S. dollar to 506 francs. At the same time, the adoption of a new monetary unit, the dirham, valued at 100 Moroccan francs, was introduced. An exchange control system has been reinstated governing all franc transfers within the franc area, except those connected with commodity trade.

The measure calls for declaration and repatriation of foreign holdings by residents and domiciled non-residents under certain conditions. The 10 per cent tax applied on franc transfers to France since January 1959 has been removed. Provision is made for automatically authorizing the transfer of earnings abroad, varying in amount between 20 and 50 per cent according to status.

In addition, the measure provides for termination of the 1957 Tangiers free-port privileges, except for six-months extension as regards most import-export operations and certain exchange transactions.

Rhodesia and Nyasaland

IMPORT CONTROLS—Details have been received concerning revisions in the Federation of Rhodesia and Nyasaland's import control program for the July-December 1959 licensing period.

The following goods have been removed from the restricted list which means that they may now be imported freely from the dollar area under Open General Licence without individual import permits:

Description	Tariff Item No.
Hairclippers and scissors	ex 99
Cocoa:	ex 12
(c) Mass, paste or slab, unsweetened; block, chocolate, unsweetened; and cocoa butter in bulk	
(d) Other unsweetened; cocoa mixed with milk or other food substances, except sugar	
Chocolate specially prepared for drinking, and cocoa, sweetened	ex 14 (2)
Gauze, sieving and screening, not being metal; battery cloth and baize; matting, but excluding coconut matting; brattice cloth, filter cloth and plastic filter sheeting; bolting cloth; silk-screen silk and mill silk; blanketing and felt, and similar textile materials; asbestos sheeting for use in power laundries: (used in connection with machinery)	ex 60
Hats, caps and bonnets	
(a) Hats	
(iv) hoods and shapes	ex 69
Quilts, padded	77 (1)
Airplanes and other aircraft	ex 82
Firearms:	
(a) Guns and rifles, including barrels therefor, single	
(b) Guns and rifles, including barrels therefor, double or other	
(c) Revolvers and pistols, including barrels therefor	
(d) Gun and rifle furniture	ex 108
Hardware, including domestic kitchenware and appliances, n.e.e., but excluding locks of all kinds, n.e.e.	ex 113
Lamps and lampware:	
(a) Lampshades and reflectors, including glass chimneys for oil lamps, n.e.e.	
(c) Electric hand-lamps and torches	
(e) Other (not including miners' safety lamps and racks therefor, or incandescent lamps of the pressure type using liquid fuel only), n.e.e., including brackets and fittings but not parts of motor vehicles or cycles	ex 116

Description	Tariff Item No.
Refrigerators, refrigeration plant and refrigerants therefor:	
(b) Refrigerators, including cabinet refrigerators and refrigerated counters and display cabinets, having a capacity of less than 14 cubic feet	ex 139
Stoves, ranges, coppers, grates, ovens and steam-jacketed pans, not industrial:	
(b) Other, n.e.e., not including cooking stoves for liquid fuel (oil) of pressure type	ex 143 (1)
Electrical cooking and heating appliances, including kettles and irons, not industrial	143 (2)
Washing and ironing machines, including wringers, not industrial	143 (3)
Cards, playing	288
Carbon, tracing; wall and plain blotting paper, and other paper, n.e.e.	295 (7)
Band instruments and stands, the bona fide property of an air, military, naval or police force and not the property of individuals	298

The half-yearly dollar-area quota for women's silk and nylon hosiery has been increased to £20,000 and has been extended to include ladies' foundation garments (previously prohibited). Because stoves, washing machines and refrigerators of dollar-area origin are now under Open General Licence, the restricted quota previously in effect for these goods no longer exists.

Further details concerning commodities which are still on the restricted or prohibited list when originating in the dollar area may be obtained from the International Trade Relations Branch.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it had received the following representations respecting the tariff:

Increase in duty on:

1. Fluorescent lamp ballasts (control gear) from free (minimum rate) and 5 per cent ad valorem (intermediate rate) to 25 per cent and 30 per cent ad valorem, respectively, with a maximum rate of 50 per cent ad valorem.

(Applicant: Superior Manufacturing Development Company, (Pty.), Limited, P.O. Box 109, Bramley, Transvaal.)

2. Immersion thermostats for use in electrical domestic hot water cylinders, from 15 per cent ad valorem (minimum rate) and 20 per cent ad valorem (intermediate rate) to 25 per cent and 30 per cent ad valorem, respectively.

(Applicant: Contractor (Pty.), Limited, Zuider Paarl, Cape.)

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

United Kingdom

TRAVEL ALLOWANCE LIMIT REMOVED—A Treasury announcement of October 19, in effect, removes the limit on the amount of foreign currency available to United Kingdom residents for travel abroad.

In practice, the present basic allowance of £100 annually will be increased from November 1 to £250. This amount will be automatically available to any person in any foreign currency, including dollars. In addition, the various special allowances for travel on business, health, or educational grounds will continue to be granted at the discretion of the chartered banks.

Application to the Bank of England will be necessary in cases where sums in addition to the basic £250 (or the basic £250 plus special allowance) are required. The purpose is to check against the unauthorized export of capital.

From November 1, children under twelve years will receive the same treatment as adults.

There will be no change in the existing regulations whereby emigrants to the dollar area are permitted to transfer £5,000 per family at the time of departure.

Data for Exporters

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

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

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**Unless otherwise noted, all offices of the Department are in this building. Cable address: COMAGENT, Ottawa. If you are telephoning from out of town, call the government switchboard, CEntral 2-8211, and ask for the local; if you are in Ottawa, dial 9, then the government local.*

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Montreal Branch 607 St. James St. West	UN6-1268
Toronto Branch Rm. 1511, 55 York St.	EM4-5778

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 1.05575717.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 26	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01157	86.43	(1)
Austria	Schilling		.03670	27.25	
Australia	Pound		2.1268	.4715	
Bahamas	Pound		2.6585	.3761	
Belgium, Belgian Congo and Luxembourg	Franc		.01894	52.80	
Bermuda	Pound		2.6585	.3761	
Bolivia	Boliviano	Free	.00008290	12,062.73	
British Guiana	Dollar		.5539	1.80	
British Honduras	Dollar		.6646	1.50	
Brazil	Cruzeiro	General Category*	.004443	225.05	*Sept. 29 (2)
		Special Category	.002294	435.94	
		Official selling	.05007	19.97	(3)
Burma	Kyat		.1989	5.03	
Ceylon	Rupee		.1994	5.01	
Chile	Peso	Free	.0009004	1,110.62	(4)
Colombia	Peso	Certificate	.1479	6.76	
Costa Rica	Colon	Official	.1687	5.93	
		Controlled free	.1424	7.02	
Cuba	Peso		.9472	1.05574	tax 2%
Czechoslovakia	Koruna		.1315	7.60	
Denmark	Krone		.1375	7.27	
Dominican Republic	Peso		.9472	1.05574	
Ecuador	Sucre	Official	.06315	15.83	
		Free	.05318	18.80	
Egyptian Region, United Arab Rep.	Pound	Official	2.7199	.3677	
		Export account selling	2.1125	.4734	
El Salvador	Colon		.3789	2.64	
Fiji	Pound		2.3950	.4175	
Finland	Markka		.002960	337.84	
France, Monaco, etc.	Franc		.001930	518.13	(5)
French colonies	Franc		.003860	259.07	(6)
French Pacific	Franc		.01062	94.16	(7)
Germany	D Mark		.2269	4.41	
Ghana	Pound		2.6585	.3761	
Greece	Drachma		.03157	31.67	
Guatemala	Quetzal		.9472	1.05574	
Haiti	Gourde		.1894	5.28	
Honduras	Lempira		.4736	2.11	
Hong Kong	Dollar	Free*	.1650	6.06	*Oct. 9
		Official	.1662	6.02	
Iceland	Krona	Official	.05816	17.19	(8)
India	Rupee		.1994	5.01	
Indonesia	Rupiah	Official rate	.02105	47.50	(8)
Iran	Rial		.01250	79.97	
Iraq	Dinar		2.6521	.3770	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 26	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6585	.3761	
Israel	Pound		.5262	1.90	
Italy	Lira		.001526	655.31	
Japan	Yen		.002631	380.08	
Lebanon	Pound	Free	.3005	3.33	
Mexico	Peso		.07578	13.19	
Netherlands	Florin		.2508	3.99	
Netherlands Antilles	Florin		.5054	1.98	
New Zealand	Pound		2.6585	.3761	
Nicaragua	Cordoba	Effective buying	.1435	6.97	
		Official selling	.1344	7.44	
Norway	Krone		.1328	7.53	
Pakistan	Rupee		.1994	5.01	
Panama	Balboa		.9472	1.05574	
Paraguay	Guarani	Official	.007828	127.75	
Peru	Sol	Certificate	.03413	29.30	
Philippines	Peso		.4736	2.11	
Portugal & Colonies	Escudo		.03306	30.25	(9)
Singapore and Malaya	Straits Dollar		.3102	3.22	
Spain and Dependencies	Peseta		.01579	63.34	
Sweden	Krona		.1830	5.46	
Switzerland	Franc		.2181	4.58	
Syrian Region, United Arab Rep.	Pound	Free	.2645	3.78	
Thailand	Baht	Free	.04508	22.18	(8)
Turkey	Lira		.1052	9.50	(8)
Union of South Africa	Pound		2.6585	.3761	
United Kingdom	Pound		2.6585	.3761	
United States	Dollar		.9471875	1.05575717	
Uruguay	Peso	Free	.08982	11.13	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4504	2.22	
Venezuela	Bolivar		.2827	3.54	
West Indies Fed.	Dollar		.5539	1.80	(10)
	Pound		2.6585	.3761	(11)
Yugoslavia	Dinar	Official	.003157	316.76	(8)
		Settlement rate	.001499	667.24	

*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 buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
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, 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.

Markets in Brief

COLOMBIA, South America

Area: 439,714 square miles.

Population: 13.2 million.

Climate: tropical in coastal areas, cool in mountains.

Language: Spanish; sales literature in Spanish essential.

Currency: peso; one peso equals Can.$0.1479 at certificate rate applicable to all imports as at October 26, 1959.

Weights and measures: metric system.

Capital: Bogota; altitude 8,680 feet.

Chief ports: on Caribbean—Barranquilla, Cartagena, Santa Marta; on Pacific—Buenaventura.

Marketing centers: Bogota (population) 903,000; Medellin 457,530; Cali 396,220; Barranquilla 340,420; Cartagena 147,520; Manizales 142,880; Cucuta 112,180; Bucaramanga 144,680.

Economy: mainly dependent on coffee; agriculture and cattle-raising important; local capital available for industrial expansion; oil exploration.

Total Colombian imports: 1958—US$393,883,000 (c.i.f.); 1957—US$482,575,000 (c.i.f.); imports per capita—$29.83.

Chief imports: 1957 (in per cent)—machinery, apparatus 24.2, chemicals and products 16.4, iron and steel and manufactures 13.6, electric machinery 7.6, textiles and manufactures 7.1, petroleum products 5.4, paper and manufactures 5.0.

Chief suppliers: 1958 (in per cent)—United States 67.1, West Germany 11.7, United Kingdom 4.4, Sweden 3.0, Canada 3.0.

Value of imports from Canada: 1958—Can.$13,865,247; 1957—Can.$14,627,202.

Chief imports from Canada: newsprint 15 per cent, cellulose products 15, phosphate fertilizers 8.3, asbestos 6.3, malt 5.8.

Total Colombian exports: 1958—US$387,434,000 (f.o.b.); 1957—US$511,108,000 (f.o.b.).

Chief exports: coffee 78.1 per cent, crude petroleum 14.8, bananas 1.7, tobacco 0.4, wood 0.3.

Chief markets: 1958 (in per cent)—United States 73.8, West Germany 9.9, Sweden 2.6, Netherlands 2.1, Canada 1.4.

Value of Canadian purchases: 1958—Can.$16,584,718; 1957—Can.$18,190,326.

Chief Canadian purchases: green coffee 97 per cent, mahogany 0.8.

Dollar exchange: freely available for all permitted imports but many commodities subject to licensing or their import prohibited.

Prices: quote only in U.S. dollars and must be f.o.b.

Samples: import restricted if of commercial value.

Trade agreements: most-favoured-nation agreement with Canada; equal tariff treatment of imports from all countries.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: Royal Bank of Canada—Bogota, Medellin, Cali, Barranquilla, Cartagena; Bank of London and Montreal—Bogota, Medellin, Cali, Barranquilla.

Correspondence: airmail only; letters 10 cents per half ounce.

For detailed information on this market write:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
Apartado Aero 3562
Bogota, Colombia
(by airmail only)

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