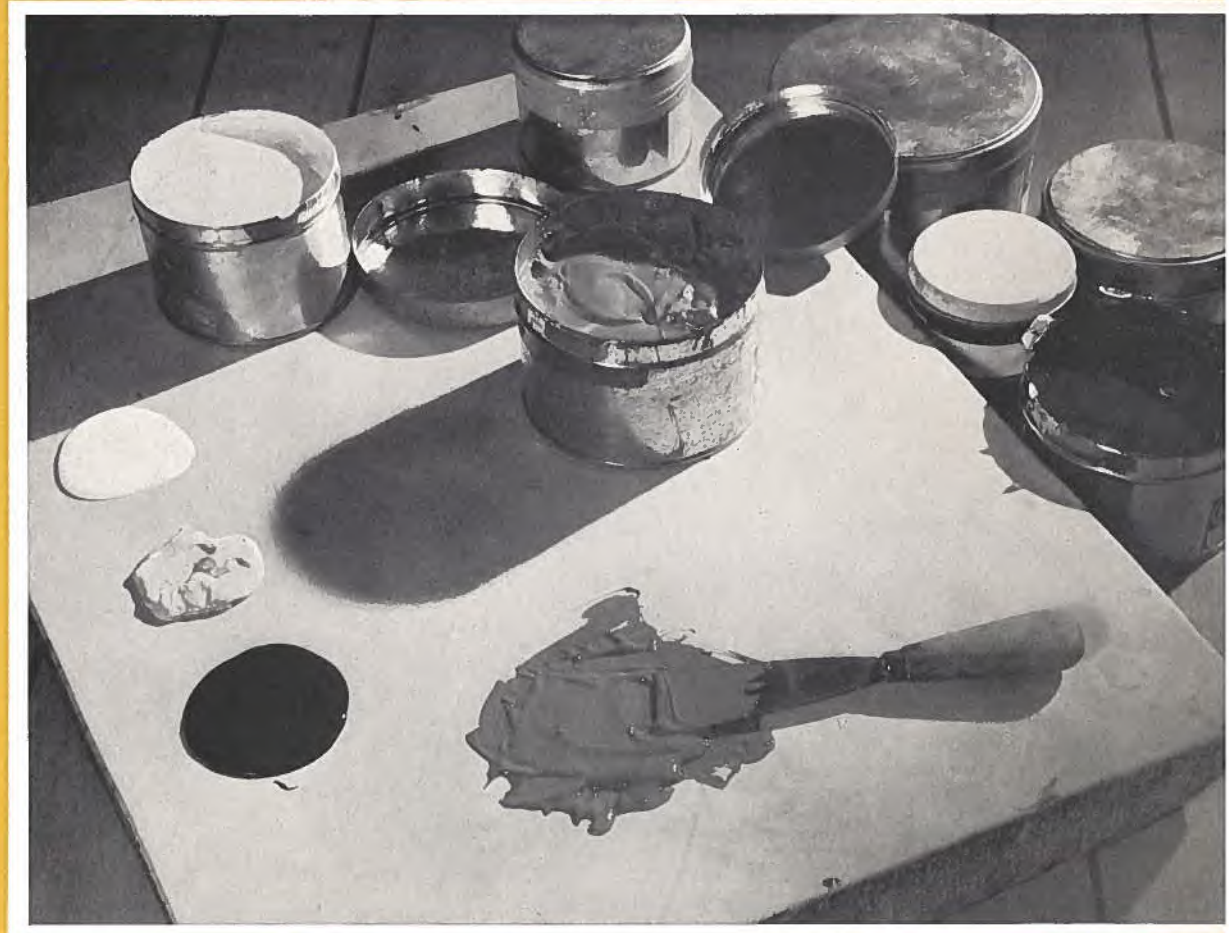
JANUARY 2, 1960

foreign trade

CANADA



CANADA'S PAINT, VARNISH AND LACQUER INDUSTRY

Established in 1904

foreign trade

OTTAWA, JANUARY 2, 1960 Vol. 113, No. 1

cover Many of the pigments that go into the Canadian paint-pot are imported; some of them find their way into paints that are, in turn, sold in foreign markets. The article on page two that sketches the history, current production and sales of our paint industry introduces a series of reports on world markets for Canadian paints, varnishes and lacquers, prepared by the Trade Commissioners abroad.

CANADA

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Canada's Paint, Varnish and Lacquer Industry

A $143 million industry produces largely for the domestic market but also seeks export opportunities. What are its advantages and disadvantages in the search for foreign markets?

G. E. McCORMACK, *Chemicals Division.*

THE paint, varnish and lacquer industry in Canada dates back to 1842, when the first plant was established in Montreal. Since that time the industry has become well developed; in 1958* it consisted of 131 plants located in nine of the ten provinces and turning out products worth $143 million. It is now, in fact, the second largest group in the field of chemicals and allied products.

The table on page three illustrates the growth that has taken place.

A few brief comments on the make-up of the industry might interest Canadian readers. Of the 129 plants in 1957 (the last year for which complete figures are available), the output of 35 accounted for $108.4 million of the $131.1 million total; four plants alone had a total production worth $37 million. Thirty-seven plants each produced less than $100,000 worth a year, and accounted for only $1.5 million of the accumulated production. Over half of all production was in Ontario, which has 69 out of the 129 plants. Of the 129 plants, 110 are incorporated companies and the remaining 19 accounted for only $1 million worth of total output.

*All figures for 1958 are preliminary.

Trade sales outnumbered industrial sales by about two to one and ready-mixed paints and enamels make up approximately three-quarters of the total sales of all finishes. Exterior house paints represent the largest single volume of paint sales in Canada. Of the trade sales, it has been estimated that about 80 per cent are of maintenance paints and the small remainder is paint required for new structures. Using ready-mixed paints and enamels as an index, the volume of production has actually increased in fairly close proportion to the value of the product since 1949. This indicates that inflation is not the only reason for the increased value but that productivity has also risen. (The value of production is only about 10 per cent higher than the corresponding increase in volume.)

Investment in new plant and equipment in 1958 reached approximately $2.6 million and investment in repairs $1.4 million. Forecasts for 1959 indicate about the same expenditures. Total investment in the industry has been estimated at over $150 million.

The Canadian industry is well diversified and makes nearly all its own requirements. The types of finishes produced range from the original linseed-oil paints through nitrocellulose lacquers to a wide range of finishes based on synthetic resins, such as polyester, phenolic, vinyl, acrylic, epoxy, melamine and others. Relatively small quantities of finishes, largely of the specialty type, are imported; in 1957 these imports totalled $4.75 million and came mainly from the United States.

New Developments

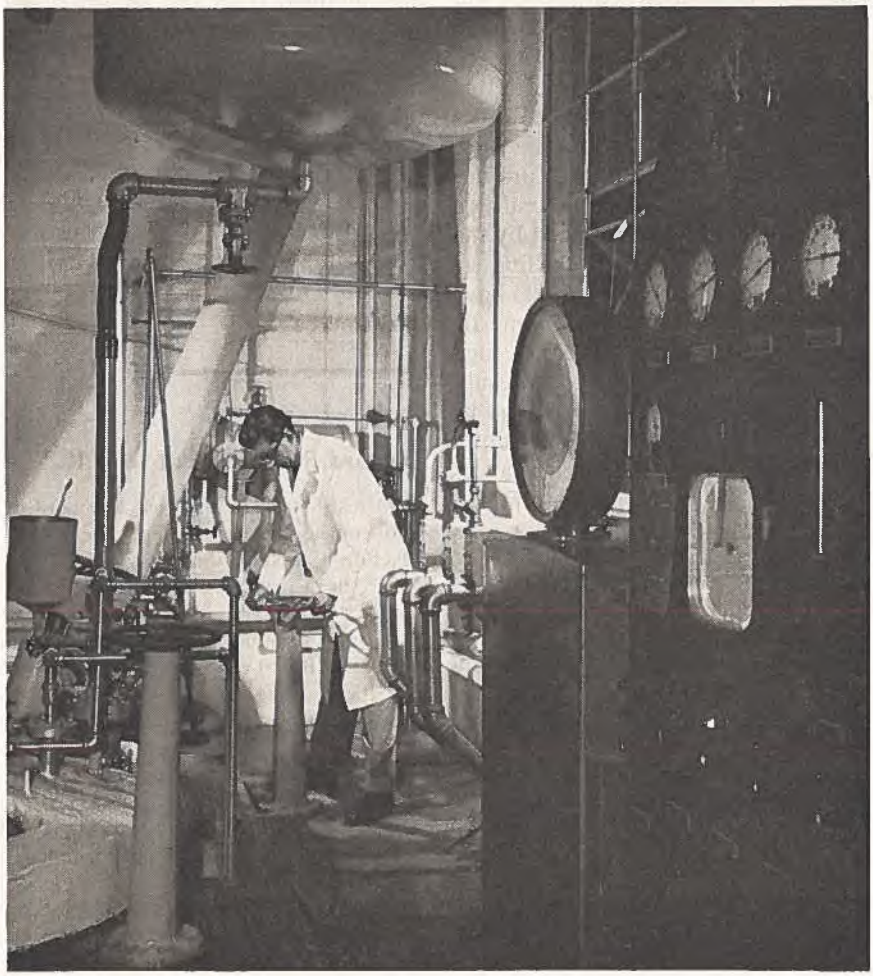
Close ties with many United States and United Kingdom firms have resulted in Canadian tech-

nology maintaining the highest standards. Although knowhow for most finishes is imported into Canada, in many instances it has been necessary to do local development work to adapt these finishes to the requirements of the Canadian climate. In addition, certain new ones have been developed entirely in Canada. The industry is conscious of a certain irony in this because, as improved finishes appear, the frequency of repainting declines. As examples of the newer developments, polyester lacquers for furniture finishing have aroused the interest of several manufacturers because they could revolutionize the furniture-finishing trade. Other recent trends in the industry include the development of tinting systems for industrial finishes, particularly body work; the swing to water-reduced coatings for industrial sales in addition to the already established trade sales, and the use of latex paints for exterior work. Exterior paint sales have remained relatively constant, but the sales volume of interior paints has increased appreciably during the past ten years. This is attributed largely to the do-it-yourself appeal of latex interior paints. Many in the paint trade expect the latex exterior paints to promote a similar upsurge as home owners find it easier to repaint more often.

THE CANADIAN INDUSTRY

Year	Number of Plants	Selling value of factory shipments	Cost of raw materials at plant	Salaries and wages	Number of employees
		(in millions of dollars)			
1949	112	82.9	42.4	14.1	6,035
1953	122	113.2	55.1	19.2	5,887
1957	129	131.1	65.6	24.3	6,316
1958	131	143.0	70.3	24.7	6,331

A technician in this modern paint plant in Toronto is supervising the operation of a resin reactor unit. The unit makes synthetic resins—such as polyester, phenolic, vinyl, acrylic, epoxy, melamine and others—that are used as components in paint formulae. —The Glidden Company.



Imports for the Industry

The Canadian chemical industry has developed to the point where only about one-quarter of the materials used in the paint, varnish and lacquer industry are imported. Pigments are the principal import, plus many of the vegetable oils not indigenous to Canada and some special organic chemicals not yet made here. In considering the wide range of oils, solvents, resins, dryers, plasticizers, pigments, etc., that paint manufacturers use, it is easy to appreciate that few industries have in the last generation felt the impact of chemistry so strongly.

Aggressive Selling Needed

As might be expected since so many Canadian plants have access to foreign knowhow, competition is keen and if a firm is to increase its share of the trade, it must employ aggressive selling techniques. Despite the fact that the Canadian paint industry is to the fore in new developments, there is a noticeable undercurrent of dissatisfaction that business is not expanding as much as the industry could wish. This has largely resulted from the fact that many applications formerly served by the paint industry are now being filled by new materials such as stainless steel, glass and particularly plastics, which do not require paint. As a result, efforts are being made to develop new markets for finishes

78438-9—2

and new coatings tailor-made to fill a particular need.

Export Markets

Exports of paints, varnishes and lacquers represent a small portion of our total trade, amounting to $1.1 million in both 1957 and 1958. There are, however, several paint firms in Canada interested in exporting finishes. Exports were classified under the following headings for 1957 and 1958: enamels and lacquers, $66,600 (1957) and $45,600 (1958); varnish, $221,400 and $176,700; other paints $769,900 and $859,000. These shipments went to 34 countries in 1957 and to 40 countries in 1958. Historically, Canada has been an important supplier of finishes to the British possessions in the Caribbean (including Bermuda) and this area remains our largest market, with exports totalling $610,000 in 1957 and $593,000 in 1958. The United States, in terms of its sales volume, imports insignificant quantities from Canada but to the Canadian industry it is still our second largest foreign customer, taking varnishes to the value of $172,000 in 1957 and $134,200 in 1958, and other paints worth $148,000 and $154,000 respectively. Sales to the West Indies are largely regular trade sales but exports to the United States consist mainly of specialized finishes. It is interesting to note that, in general, of the various firms selling regularly to the West Indies none is selling to the United States, and vice versa.

New Markets Opened

The United States exported finishes worth over $30 million in 1958 and the United Kingdom finishes worth approximately $30 million. This at least shows that there are export markets abroad and opportunities for Canadian manufacturers if they are willing and able to meet the competition. It is true that much of the United States export business is not available to Canadian firms because it is transacted through corporate ties or because of United States defence requirements abroad, but there are enough non-captive markets left to enable a substantial increase in Canadian sales. United Kingdom exports, on the other hand, not only are the result of long established connections but have also benefited from various discriminatory controls against dollar imports in many countries. These restrictions have now been largely removed and there are new possibilities for Canadians to compete with the United Kingdom for sales. Various underdeveloped areas of the Commonwealth appear to offer particular promise because we frequently benefit from a tariff preference over the United States in these countries.

It would be unwise, however, to jump to the conclusion that exports will prove the easy answer to the problems Canadian firms face in increasing their sales. Competition in export markets is extremely keen and only an aggressive approach will bring any significant results. Among the difficulties encountered abroad are the need to meet the terms offered by other suppliers, to be competitive in price, and to offer adequate assistance in sales promotion. This, of course, is really a problem similar to that faced by the Canadian manufacturer selling in Canada. Most foreign markets have established a degree of domestic paint production and because high tariff protection is often the result, export opportunities will often be greater in the specialty finishes not available locally. In other instances there is a market for the higher quality finishes (such as Canada can offer) in demand for certain applications that the domestic product cannot fill. Despite these problems Canadian firms are still showing that it is possible to enter a new market through good salesmanship.

Series Projected

In an effort to stimulate interest in export markets and to give paint manufacturers a look at the paint industry in other countries, the Department has initiated a series of reports from our Trade Commissioners around the world. The reports in this issue of *Foreign Trade* are the first in the series and further ones will appear in subsequent numbers. In these reports we have tried to obtain a description of the present status of the paint industry in each country and some advice on the prospects for imports from Canada. In many cases, the reader will discover that opportunities for direct export of finishes are not too promising but it may be possible to sell raw materials to the local paint manufacturers, provided our prices are competitive. Another approach to foreign sales is the opportunity presented in some countries to make finishes there under licence to a Canadian firm.

Where tariff information on any one country is not provided, it can be obtained from the International Trade Relations Branch of the Department. Statistics on paint imports for some countries were received but are not published because of space limitations. Any reader with an interest in a particular country can obtain a copy of these statistics by writing to the Chemicals Division of the Department of Trade and Commerce.

Record Steel Output in U.K.

British steel output set a record in November, with an average weekly production of 458,600 long tons. At this rate, steel furnaces were operating at 95 per cent of their capacity, now estimated at just over 25 million tons a year. The Iron and Steel Board estimates that production for the final quarter of 1959 will total 25 per cent more than in 1958, or twice the increase achieved in the previous quarter. Development plans in progress and announced will lead to a marked rise in capacity over the next few years. It will boost particularly output of sheet steels, where a bottleneck in supplies has been created by the booming demand for consumer durables, such as motor vehicles, refrigerators and washing machines.

The Market in Belgium

Quality paints and varnishes can be sold, but U.S. producers provide our exporters with stiff competition.

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

BELGIUM'S paint and varnish industry is relatively smaller than Canada's. The chemical industry has tended to emphasize other types of manufacturing so that these coatings account for only 7 per cent of its total output by value compared with about 11 per cent in Canada. Canadians produce almost 96 per cent of their paint and varnish requirements domestically; Belgians produce only 90 per cent. The local industry, which is not particularly specialized, makes the usual types of oil-base and water-base paints, but has concentrated on the development of cellulose lacquers and synthetic resin paints and varnishes. The finishes produced are:

Enamels of all types
Cellulose and spirit lacquers
Rust-resisting paint
Water paints
Oil and synthetic paints
Waterproof paints (liquid glass base)
Latex paints
Luminous, fluorescent, phosphorescent and radioactive paints
Flat washable paints
Marine paints
Acid-resisting paints and varnishes
Ready-mixed paints of all types
Spirit varnishes
Cellulose varnishes
Synthetic varnishes
Synthetic resin paints and varnishes

The production of these finishes is scattered among 100 firms, or roughly 25 per cent fewer producers than in Canada. Output in 1958 was valued at about $30 million, as against the Canadian figure of approximately $130 million.* Table I gives Belgian consumption and production for the past three years.

*Canada has twice the population of Belgium and is 320 times larger in area.

Cellulose paints have made the greatest gain and now account for 9 per cent of total Belgian production. The trend towards greater use of latex paints has halted. Water-base paints and emulsion paints account for almost one-third of total production and other types make up the remaining 60 per cent.

The industry consists largely of family businesses. Its development follows the pace set by United States manufacturers and on the whole it appears to be doing well. Production in the last three years has increased at an average annual rate of 8.6 per cent. Consumption, however, has

Imported and domestic marine paints are widely used in Belgium. Painters here apply a gleaming coat to the hull of a ship that has gone into a Belgian drydock for repairs.

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Table I

Paints, Enamels and Varnishes in Belgium

	1956	1957	1958
Production (metric tons)	57,000	60,000	65,000
Value of production ($ million)	29.6	31.5	34.4
Consumption (metric tons)	60,771	66,152	71,297

exceeded production to such an extent that imports have increased on the average 8.2 per cent in each of the past three years, even though exports have dropped slightly—by about 0.5 per cent. The drop in exports, however, occurred largely in shipments to the Belgian Congo, where local production is increasing steadily. An effort is being made to close the widening gap between consumption and production. Sizable investment has been made in industrial sites and property to enable further expansion. The U.S. firm of E. I. du Pont de Nemours is expected to put a new paint and varnish plant into operation almost immediately.

Table II

Imports into Belgium of Paints, Varnishes, Enamels and Siccatives

	1957		1958	
Country of Origin	Metric tons	Value '000 fr.	Metric tons	Value '000 fr.
Netherlands	2,647	95,702	3,240	110,630
United States	2,366	104,553	1,866	89,041
West Germany	1,540	62,394	1,543	67,489
United Kingdom	1,211	40,329	1,164	36,549
France	114	5,265	281	10,625
Italy	13	769	47	2,271
Norway	138	4,416	50	1,756
Sweden	10	473	14	455
Switzerland	76	3,016	88	3,230
Canada		45	32	2,081
Denmark	7	255	4	177
Others	2	78	578	349
TOTALS	8,124	317,295	8,907	324,653

TABLE III

Benelux Tariff Item	Description of Product	Customs Duty	Excise Duty	Transmission Tax
307 (a)	Colours, not prepared, n.e.s.i.	Exemption		8%
308	Prepared colours of all kinds:			
(c)	Ground in oil, also with an admixture of diluting materials (turpentine oil, etc.) and of siccatives:			
	(1) white lead	12%	A - B	14% if packed for retail sale; otherwise 9%
	(2) other	12%	A - B	
(e)	Other	12%	A-B-C	
311	Varnishes, with or without admixture of colours or colouring materials of all kinds, concentrated or not:			
(a)	with drying oils (oil varnishes)	12%	None	14% if total package weight is 1.5 kg. or less; otherwise 9%
(b)	with alcohol (spirit varnishes)	12%	D.	
(c)	with cellulose esters (cellulose varnishes)	12%	None	
(d)	Other	12%	None	

(1) containing denatured ethyl alcohol: 40 frs. per hectolitre (subject to conditions laid down by Ministry of Finance)

(2) containing non-denatured ethyl alcohol: for each degree of the Gay Lussac alcoholmetre at a temperature of 15°C.: 92 frs. per hectolitre (subject also to special consumption tax of 1,500 or 11,000 frs. per hectolitre)

(3) not containing ethyl alcohol: exemption

(4) containing denatured alcohol without distinction as to degree: see (1) containing non-denatured alcohol: see (2)

Sources of Imports

From 1953 to 1957, Canadian exports of finishes to Belgium averaged $1,500 a year and consisted almost exclusively of paints n.o.p. In 1958, a year when business activity was down in Belgium, Canadian shipments shot up to $43,000.*

Table two, on the left, shows the import pattern for 1957 and 1958. The import market is dominated by three of Belgium's closest neighbours and by the United States. All are traditional suppliers but the United States appears to be losing ground. Falling Dutch and German prices and rising U.S. prices no doubt contributed largely to the reduction in U.S. sales in 1958. For a number of years, U.S. suppliers have none the less managed to sell because of the superior quality of their products.

The increasing differential between North American and European paint-production costs is believed to be one of the main reasons why Du Pont is building in Belgium. It is not expected that its output will close the production-consumption gap. Du Pont products account for a large share of imports from North America and output of their new plant will presumably replace some paint and varnish imports.

Entering the Market

There appears to be a market for quality Canadian paints and varnishes, even if it turns out to be temporary. At the present time, it is readily accessible to Canadian exporters. The Belgian franc can

*According to Belgian statistics, imports from Canada were worth $40,000.

be freely converted into Canadian dollars. Tariff and tax barriers are fairly high but not insurmountable. Table III summarizes duties and taxes payable on various categories of finishes. No import licences are required. Most imported finishes are of the types listed in the first paragraph and they compete directly with the products of local manufacturers. Because the United States provides about one-third of current imports, there is reason to believe that Canadian exporters could continue to sell to Belgium.

Effect of Common Market

The Belgian duty mentioned above will eventually be reduced to zero for other members of the Common Market. A common tariff will also be applied on goods entering Belgium from countries outside the Common Market. The common duty rate will be above 12 per cent (for items 308 and 311) and will be the average of the various Common Market rates now in force. The resulting benefit to paint and varnish suppliers in West Germany, the Netherlands, Italy and France is obvious. The notable increase in imports from France and Italy already may be indicative of attempts by producers in those countries to gain a better foothold in Belgium, with the hope of increasing sales when the Rome Treaty is fully implemented.

Agents and Terms

About 60 firms are active in the export-import trade in paints and varnishes in Belgium. The Trade Commissioner in Brussels is familiar with enough of these firms to provide proper contacts for Canadian exporters seeking agents. Belgian clients are now accustomed to receiving 30 days' payment terms from foreign firms and local commission agents stress this factor to their Canadian principals. In many cases agents have to retain stocks of paints. These stocks are usually paid for, as Belgian firms do not insist they be sent on consignment from North America. Promotion leaflets or catalogues are necessary, of course, and they should be in the French language if possible. Canadian firms selling paints in containers bearing bilingual labels may have a slight advantage. Ready-mix paints are still sold by U.S. and U.K. firms in their domestic measures. None the less, there is a demand for metric measures where possible. In any event, it is necessary to print on labels the volume of the contents in litres or centilitres. ●

The Market in France

Canadian manufacturers of ingredients for paints and varnishes might investigate opportunities in this expanding French industry, which now supplies most of the country's needs.

W. G. BRETT, *Assistant Commercial Secretary, Paris.*

A brief sketch of the structure of the French paint and varnish industry may prove valuable to potential Canadian exporters. Some 315 major plants each produce over 100 tons of end-products a year. Their total output is divided as follows:

Exterior oil paints	120 firms
Enamels	90 "
Vinyl or latex	30 "
Synthetic	30 "
Cellulose	45 "

Virtually all sectors of the industry have enjoyed a steady growth over the past ten years and now, with an annual production of some 400,000 metric tons (a 7.7 per cent increase over 1957), can satisfy French needs and fill export orders.

For some years the industry has been operating in a favourable economic setting. Statistics include allied industries (printing ink, mastics, artists' colours and so on) but paints and varnishes are the most important items in this group. Taking the group as a whole, investment in 1957 totalled about Frs.2.6 billion or 3.3 per cent of turnover (tax included). The total number of plants now stands at slightly over 400. Raw material prices have been steady although buyers have felt the effects of devaluation. Since January 1, 1959, product prices have increased somewhat. Consumption has risen, following sound advertising and promotion by the Government and the industry. The labour scene has been generally quiet and there has been no difficulty in recruiting labour to meet expanding production schedules. Productivity has remained at about 47 tons per worker.

The industry seems to have achieved stability, following some reconstruction and expansion. In fact, the number of plants has declined slightly since 1958 but this is considered a part of the stabilizing trend.

Depends on Imported Ingredients

This picture of the French paint and varnish industry shows a healthy domestic industry able to supply an increasing internal demand. The export picture is equally encouraging. Superficially Canadian participation does not seem likely at the present time. However, a strongly developed industry means more possibilities of selling Canadian-made ingredients.

The following table indicates the degree to which France depends on the import of essential elements in manufacture:

Ingredients	Per cent Imported
Linseed	80
Natural gums	90
Synthetic iron oxide	100
Lithopone	20
Colour material	15

Naturally, these percentages are subject to change. Certain ingredients are produced domestically, particularly zinc oxide, lead and white spirit. Nevertheless, there is an important variety of raw materials that may be sold to France.

Trends in Trade

With the advent of convertibility and the recent liberalization measures, it is difficult to visualize future sales in relation to past performance. However, a study of the past two years' statistics reveals certain current trends in the market.

Looking at the statistical group of which paints and varnishes are a part, we note that exports doubled in 1958 (3,680 tons compared with 1,642 tons in 1957) and for the same period imports declined by 35 per cent. During the first three months of 1959, exports of the whole group fell by nearly 8 per cent. However, the paint and varnish industry increased its exports by more than 15 per cent (303 tons compared with 263 tons).

During the same quarter, imports of paints and varnishes rose by 20 per cent (523 tons compared with 433 tons). The growing importance of the paint and varnish industry is evident when compared with producers in allied fields. As a result, there are growing opportunities for Canadian suppliers of ingredients.

Approach to the Market

As various sections of the French tariff deal with the multiplicity of products and ingredients related to paints and varnishes, all potential exporters should make sure of the sub-group which includes their products. However, the most general category is Item 32.09:

"Varnishes and lacquers; distempers; prepared water pigments of the kind used for finishing leather; other paints and enamels; pigments in linseed oil, white spirit, spirits of turpentine, varnish or other paint or enamel media; dyes in forms or packings of a kind sold by retail; stamping foils."

The duties applicable to sub-groups under this category are 21.6 per cent for prepared pigments, and ranging from 21.6 per cent to 27 per cent for various other types of varnishes and paints.

Under another category, Item 32.07 lists colouring matters, with duties ranging from 5 per cent for soluble Vandyck brown and similar products to 22.5 per cent and 27 per cent for cadmium-based pigments.

As is customary in France, the industry is organized into a national federation. However, the number of plants indicates a wide geographical distribution and consequently it is advantageous to deal through well-connected agencies, although for some products direct arrangements may be made.

Synthetic and cellulose varnishes and lacquers are mainly sold by the litre but usually paints and pigments are sold by the kilogram. Again exporters are reminded that although a product may be liberalized an import licence is still required.

Exporters should note these facts and study other aspects of the French market if they wish to participate in France's industrial expansion. The Commercial Division of the Paris Embassy will be happy to assist Canadian manufacturers interested in selling to the growing paint and varnish industry. ●

The Market in West Germany

Canadians exporting paint to Germany face competition from a highly developed local industry and from suppliers in the U.S. and Europe, though there may be opportunities to sell the latest in paints and printing inks.

J. M. T. THOMAS, *Vice Consul and Assistant Trade Commissioner, Hamburg.*

THE West German paint and varnish industry is highly developed and dynamic; from 1950 to 1958 production expanded by over 115 per cent, or considerably faster than the rate of growth of the economy as a whole. This remarkable increase can be attributed in part to the rapid postwar growth of certain paint-using industries. The German standard of living has risen steeply since the war and consequently the automobile and household appliance industries have made remarkable strides. These industries are all large consumers of paint, varnish and enamel.

Technological advances since the war have also given impetus to the paint industry by providing many new uses for paints. Manufacturers have an excellent supply of raw materials, partly obtained at home.

The paint and varnish industry is extremely concentrated. Between eight to ten firms control up to 60 per cent of the production; the other 40 per cent is divided among 200 smaller firms.

Over the past eight years paint prices have remained remarkably stable despite general over-all price increases in Germany. It is said that this stability stems directly from modernization and rationalization within the industry itself.

Despite modern developments, the use of paints in the building industry is not nearly as great as in North America. In Germany, between 15 and 20 per cent of total production finds its way into the

construction industry; in the United States the figure is about 60 per cent.

Production of Principal Paints and Varnishes

	1950	1958
	(tons)	
Total paints, varnishes and thinners	186,947	401,612
Oil paints and varnishes	89,788	145,411
Nitro-varnishes	29,226	68,214
Oil-free artificial resin varnishes	10,478	32,481
Artificial resin and other emulsion-based paints	6,902	26,267
Bituminous varnishes	9,384	28,140

New Paints Developed

Oil-based paints are still the most important products of the paint industry, though the table shows that their rate of growth is the slowest (only 60 per cent since 1950). The development of new raw materials for paints, particularly oil-free artificial resin bases, has introduced new kinds of paints that are rapidly replacing the oil-based ones. Production of oil-free artificial resin-based paints increased by 210 per cent between 1950 and 1958, and that of emulsion paint by 280 per cent during the same period. Emulsion paints and artificial resin paints and varnishes are used largely by industry. One interesting artificial resin that is gaining popularity is polyester. Its principal use is in producing the high-gloss finish so popular on German furniture today.

Polyester has also contributed to the decline in importance of the nitrocellulose lacquers. The metal industries once used these lacquers in large quantities but because they are considered dangerous and difficult to apply, they are being ousted by the new varnishes.

Rubber-based paints have never really captured the market in Germany because, at the time when they were being developed in the United States, German industry was bringing out emulsion paints from polyvinyl acetate. PVA has proved very popular and German manufacturers feel that it may replace rubber-based paints even in the United States, at least for household use.

U.S. Is Biggest Supplier

Germany is a large net exporter of paints and varnishes; some 3 per cent of total production is sold abroad, principally to other European countries. Imports have grown somewhat but in 1958 amounted to only about one-third of 1 per cent of German production. Much of the growth in the last few years is probably the result of a general reduction of the German customs duty on paint imports. The U.S. is the biggest supplier, with a 45 to 50 per cent share of total German imports. Gaining ground rapidly, however, are the countries of the "Outer Seven" Free Trade Area (the United Kingdom, Sweden, Switzerland, Austria, Portugal, Norway and Denmark).

Imports in many instances reflect special conditions. Large amounts of marine paints are brought in, for example, but these are actually ordered by foreign steamship companies who wish to have their ships repainted with their own brand of paint when they are in German ports. A good portion of purchases from the United States are said to represent inter-company transactions in which the U.S. head office supplies its German branch with certain highly specialized paints and bases.

Openings for Canadians

Apart from the highly competitive position of the German industry itself, a problem for foreign suppliers is the fact that the chief users in Germany are industrial. These users prefer to buy from local companies because of service problems. German paint factories with large accounts, such as Volkswagen, have to maintain full-time technicians in their customers' factories. This would probably pose difficulties for Canadian firms. In the consumer field there are other problems. Germans are conservative in trying out new paints, particularly when they come from abroad. So far no U.S. firm has really been successful in marketing household paints here.

In general, the possibilities of selling Canadian paints on the German market do not appear too bright because of the strong competitive position of the German industry. The only opening seems to be in highly specialized paints that represent the latest developments in technology; even here, only paints that are not yet being produced in Germany have a chance. For example, at present PVC-based compounds must be burnt on with infra-red heating. The German paint industry is working on the development of compounds that could be applied as is and left to air-dry. Efforts to date have not been successful. If the Canadian paint industry has been able to develop such compounds, the German market might prove accessible.

Another field in which sales might be made is that of printing ink. Many people consider that North American inks are superior in quality. Germany already imports inks from Switzerland and Britain where the quality of inks is also high. Canadian ink producers might therefore compete against the Swiss and the British—if their prices are competitive.

In selling paints and varnishes on the German market, it is important to use the kilogram as the unit of measurement. The trade is familiar only with metric measurements.

The usual terms of payment when selling to the German trade are eight days 2 per cent discount, 30 days net. Because the principal buyers are large industrial firms, they are often able to dictate terms and consequently the terms given above may be considered minimal. No Canadian firms should expect to sell on letter of credit.

There are no restrictions on the import of paints and varnishes from dollar countries. Businessmen interested in obtaining details of the German import tariff may write to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. ●

Commodity Notes

Agricultural Tools

CEYLON—The Department of Agriculture has completed plans to manufacture at Welisara, near Colombo, a wide range of light agricultural implements; this will conserve foreign currency and reduce farmers' costs. Preliminary production plans provide for manufacturing 40,000 weeders, 15,000 paddy seeders, 10,000 light iron ploughs, 80,000 mammoties, 80,000 sickles, 1,000 mammoty forks, 1,000 hand forks, 10,000 crowbars and 25,000 water cans. The project will be aided by the Co-operative for American Remittances Everywhere (CARE). It will also be directed towards training and developing mechanical aptitudes of local personnel and will provide incentive for technical advancement—Colombo.

Aluminum

AUSTRALIA—In September, the Federal Prime Minister and the Treasurer of Tasmania made a statement concerning the expansion of the aluminum industry at Bell Bay. An act was passed in 1958 authorizing the Government's contribution of £1.5 million for expanding the plant. The intention at that time was to increase the capacity of the plant from the present 12,000 tons of ingot metal a year to 16,000 tons. But as provision will be made to increase capacity to 28,500 tons, the estimated cost will rise. The Government may introduce a Bill authorizing a state contribution but this depends on the outcome of present negotiations over admitting a third partner to the undertaking. The hope is that ancillary industries will also develop at Bell Bay—Melbourne.

TAIWAN—The Development Loan Fund has approved a loan of US$1.3 million to the Taiwan Aluminum Corporation to expand its plant.

The Corporation disclosed that a 3,000-ton pressing machine was added recently to its Kaohsiung plant. It can now produce any shape of aluminum sheet with a diameter of up to eight inches—Manila.

Aluminum Cable

INDIA—The Government of India has entered into an agreement with a Japanese firm to set up a plant to make aluminum steel-reinforced cable. It will have an initial capacity of 6,000 tons a year and construction is expected to be completed by November 1960—Bombay.

Batteries

SINGAPORE—A new automobile battery manufacturing plant known as Associated Battery Manufacturers (Malaya) is scheduled to begin producing in March, with an initial output of 50,000 batteries a year. A combination of Lucas and Exide resources, it is located in the satellite town of Petaling Jaya, near Kuala Lumpur, in the Federation of Malaya—Singapore.

Chrome Ore

INDIA—Because of severe competition in the world market, sales abroad of Indian chrome ore will probably be smaller in 1959. During the first three months of 1959 India exported 15,854 tons compared with 43,495 tons in the whole of 1958—Bombay.

Domestic Appliances

UNITED KINGDOM—Statistics published by the Electricity Council show a considerable rise in sales of domestic appliances in August 1959 compared with the same month in 1958.

Sales of refrigerators totalled 17,434 units, or 168.4 per cent higher than the corresponding month; sales of washing machines increased 97.5 per cent, stoves 39.1 per cent, and immersion water heaters 30.6 per cent.

For the twelve-month period ended August 31, 1959, refrigerator sales totalled 156,961, or 163.5 per cent more than the preceding 12 months; comparable figures for washing machines were 161,552 units, an increase of nearly 115 per cent—London.

Ferro-Manganese

AUSTRALIA—The Tasmanian Government and the Broken Hill Proprietary Co. Ltd. have decided to establish an electro-metallurgical industry at Bell Bay on the Tamar River. The 280-acre site will adjoin the works of the Australian Aluminum Production Com-

mission at Bell Bay. Initially the A£1.6 million plant is to produce ferro-manganese, an alloy used in steel-making, and should be ready for production by early 1962. The industry will be operated by a new company to be known as Tasmanian Electro Metallurgical Co. Pty. Ltd., a wholly-owned subsidiary of the Broken Hill Pty. Co. Ltd.—Melbourne.

Footwear

ITALY—Although official statistics are not available because such a large number of artisans contribute to the production of footwear in Italy, it is estimated that annual output now totals about 70 million pairs with a value of $240 million. Exports have been an important factor in the rapid advance of this industry. In 1951, approximately 300,000 pairs with a value of $1.4 million were exported, rising to 10.7 million pairs valued at $42.8 million in 1958. During the first eight months of 1959, exports exceeded the twelve months of 1958 by nearly two million pairs—Rome.

Hydraulic Brakes

FRANCE—Complying with the French Government's request to decentralize French industry, Lockheed of France, manufacturers of hydraulic brakes, recently inaugurated a new factory at Beauvais, 50 miles north of Paris. Expected to employ over 1,000 workers by the end of 1959, the Beauvais factory will be used as a final assembly plant for all Lockheed production—Paris.

Locomotives

INDIA—Ninety diesel locomotives will be manufactured by three Indian firms, in collaboration with West German and U.S. companies, for the Government of India. The locomotives will be equipped with foreign-made engines, and will come off the assembly line in two years. It is expected that by 1964 locomotives will be entirely made in India—Bombay.

Molybdenum

ITALY—It is reported that an important deposit of molybdenum has been discovered on Sardinia. The ore body is estimated to contain five million tons, and it is reckoned that, on a commercial basis, molybdenum could be produced at a cost of $1.25 a pound. A company has already applied for permission to exploit the deposit, which will necessitate the construction of a hydro-electric power development in addition to a concentration plant—Rome.

Motor Vehicles

RHODESIA—The Leyland Albion organization is shortly to begin assembling buses and trucks in the Federation of Rhodesia and Nyasaland. Its initial assembly program is for 300 to 350 units a year and it expects that eventually most of the components will be made locally—Salisbury.

Natural Gas, Oil

ISRAEL—Rich natural gas deposits have been struck at Rosh Zohar, 25 miles east of Beersheba, by Naphtha Israel Oil Company. Production has been estimated as equivalent to 260 tons of oil a day and further drilling is taking place. Israeli authorities believe this field is more promising than the one at Helez, where total annual oil output is now 120,000 tons—less than one-tenth of domestic needs—Athens.

Newsprint

INDIA—The National Newsprint and Paper Mill, the sole newsprint producer in India, is expected to achieve its production target of 100 tons per day within the next few months. In 1958-59, it produced 22,000 tons as against 14,000 in the previous year—Bombay.

Oil

PAKISTAN—The discovery of oil in commercial quantities at Karsal, West Pakistan, has been confirmed by Pakistan Petroleum Limited. Output of crude oil may rise by about 20 per cent when Karsal Well No. 3 is put on regular commercial production. The well, which was brought in at over 11,000 feet, will produce about 800 to 1,000 barrels a day—Karachi.

Paper

FRANCE—Bowater Paper Corporation of London has purchased the majority of the capital of Société Prot Frères of Reims, a firm specializing in the manufacture of paper bags, cardboard, and miscellaneous packing materials. The new company, Bowater Prot, is expected to install additional automatic machinery in the plant —Paris.

Peat Moss

IRELAND—At Kilberry, Athy, Co. Kildare, Bord na Mona produces sphagnum peat moss. About eleven years ago, the first consignment of 2,100 bales was shipped to the Channel Islands as a soil conditioner for tomato culture. It proved so beneficial that sales in 1959 have risen to between 23,000 and 25,000 bales. Commercial tomato growers claim that, since commencing to use it, their yield has increased by about 25 per cent. A trial shipment of 2,000 bales is being sent to the South of England for mushroom growing. (One bale contains about 160 lb.)—Dublin.

Petroleum Refinery

SINGAPORE—The Standard-Vacuum Oil Company plans to set up a petroleum refinery in the Federation of Malaya. Pioneer industry applications have been

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submitted to the Government for this project which forms part of a C$30 million investment program that Stanvac has for Malaya. The refinery will meet Stanvac's present and future requirements of principal petroleum products—Singapore.

Phosphate Rock

COMMUNIST CHINA—The new China News Agency reports that Communist China will import half-a-million tons of phosphate rock from Morocco. The contract, included in the Sino-Morocco trade agreement of last October, was signed between the China National Metals Corporation and the Cherifien Office of Phosphates of Morocco—Hong Kong.

Plastics

UNITED KINGDOM—Statistics of plastic materials in the second quarter of 1959 show that sales are expanding rapidly and have fully recovered from the slackness in 1958; this applies to both home and export sales. In the second quarter of 1959 net sales reached 128,000 tons, compared with 114,000 in the first quarter and 100,000 in the second quarter of 1958. As before, the biggest expansion in sales was in thermoplastic materials, where sales of all types exceeded all previous levels.

Sales of all types of thermosetting materials increased over a year earlier. Although still small in terms of tonnage, sales of epoxy resins and of polyesters (other than for use in the manufacture of synthetic textile fibres) continued to rise sharply.

At 37,000 tons, exports of plastic materials in the second quarter reached a record. Comparing the first six months of 1958 and 1959, higher exports have accounted for over 40 per cent of the increase in net sales in terms of volume. Imports, at 14,000 tons, also rose more than 30 per cent over the previous quarter —London.

Pulp

ISRAEL—A pulp-processing plant (estimated cost between $3 and $4 million) is to be built in Israel with U.S. capital. It will require that large areas of land be planted with eucalyptus and corn to provide the raw material. When it comes into production, the new plant should be in a position to cover the pulp needs of the Israeli paper industry—Athens.

TAIWAN—The Taiwan Pulp and Paper Corporation, a government-controlled corporation, has recently announced the sale of three shipments of bagasse pulp, totalling 420 tons, to the Philippines.

The Philippines currently has one producer of bagasse pulp but, as indicated by this sale from Taiwan, needs more bagasse pulp than it is turning out. This is largely due to the fact that Philippine sugar mills use a great deal of their bagasse as fuel.

There are four Philippine paper mills manufacturing approximately 100 short tons of paper a day—Manila.

Pulp Machinery

FINLAND—The Wärtsila organization in Finland will deliver complete equipment for a kraft paper mill to Wifstavarfs AB's plant near Sundsvall, Sweden. The new mill will produce approximately 250 tons per 24-hour day and will come into operation in the spring of 1961—Stockholm.

Stainless Steel

INDIA—In the first six months of 1959, India spent Rs.6 million on the import of 1,212 tons of stainless steel, compared with Rs.11.1 million for the whole of 1958. Stainless steel is not yet produced in India—Bombay.

Steelmaking Materials

JAPAN—The Japanese Government recently announced the following import quotas for the period October 1, 1959-March 31, 1960: iron ore 5,905,000 tons, steel scrap 1,604,000 tons, and coking coal 2,126,000 tons—Tokyo.

Tetra Paks

SWEDEN—The Soviet state trading organization Technopro-import, Moscow, has purchased Tetra-Pak machines from Sweden to a value of Sw.kr.3 million. Next summer, housewives in Moscow and Leningrad will be able to buy their milk in Tetra Paks—pyramid-shaped cartons made of polyethylene-coated paper —Stockholm.

Textiles

NETHERLANDS—The manager of the autumn fair of the Dutch textile industry reports that the industry is receiving an increased number of orders. Dutch textile exports to Euromarket countries are developing favourably, with the notable exception of France. Dutch exports of cotton, rayon and linen fabrics to European countries increased to 10,302 tons during the first half of 1959 and accounted for 54 per cent of total Dutch textile exports. Sales of the Dutch tricot industry were valued at Fl.73.6 million during the second quarter of 1959—The Hague.

TV and Radio Sets

SWEDEN—Sweden imported TV and radio sets worth approximately Sw.kr.242 million during 1958: of this figure, Kr.122 million were imported from West Germany, 72 million from the Netherlands, 13 million from Britain, 11 million from the United States, 8 million from Denmark and 6 million from Japan —Stockholm.

Selling Apples in Venezuela

Bigger sales should reward the Canadian apple producer who caters to the needs of this growing but competitive market.

J. E. MONTGOMERY, *Assistant Commercial Secretary, Caracas.*

VENEZUELA is a potentially attractive outlet for Canadian apple exporters. It is a market with high purchasing power; Venezuelans have more money than most Latin Americans to spend on high-quality foods from abroad. The market for non-citrus fresh fruit is large and is growing rapidly. Venezuelan import statistics do not show apples separately, but imports of all non-citrus fresh fruit into Venezuela reached 31.4 million kilograms in 1958, valued at more than Can.$7 million.

The United States is the main supplier to the Venezuelan fresh fruit market and sold about $4.3 million worth here during 1958. Other major suppliers are Canada, Argentina, Chile, Greece and New Zealand. The U.S., Canada and Argentina are the principal exporters of apples to Venezuela. Argentina delivers during the off-season and thus supplements North American shipments.

U.S. AND CANADIAN APPLE EXPORTS TO VENEZUELA

	United States	Canada
1954	U.S.$ 715,951	Can.$79,106
1955	845,923	56,975
1956	629,315	22,986
1957	907,217	33,664
1958	1,479,821	54,968

North American varieties of apples are popular with the Venezuelan consumer; he usually buys them in small lots from street vendors or in small grocery stores. Venezuelan wholesalers prefer a large-size, well-coloured apple of uniform quality and this type finds ready acceptance in the retail trade. For this reason the main varieties sold are Red Delicious, Red Rome, Golden Delicious and McIntosh. Prices for North American apples range from U.S.$5.50 to $7.00 per carton, c.i.f. La Guaira (for a carton containing 80 to 100 apples), depending on quality and variety.

How Sales Are Made

In the past, fresh fruit has been purchased by a large number of small independent firms. Recently many of these firms have united to form central buying agencies that purchase for their members. Each firm maintains refrigerated storage space in which the apples are kept at 2 degrees centigrade and can be stored for long periods. However, these little firms buy only small quantities on a regular basis; they must achieve a prompt turnover because their refrigerated storage facilities are so limited.

The Canadian exporter faces keen competition from U.S. suppliers both in credit terms and shipping facilities. U.S. exporters offer a price discount for advance payment, but usually sell on the basis of net 15-30 days. Venezuelan buyers sometimes accept letter-of-credit terms if the price for the apples is reduced so that they can afford local financing. Retail market fluctuations have at times created a situation where some apple importers have found themselves heavily stocked because of slow sales to retailers. Payments on credit extended for imports have thus been somewhat slow.

More shipping lines with refrigerated storage facilities serve Venezuela from the U.S. than from Canada, giving the buyer shorter waiting periods between shipments. Refrigerated storage is available from Canadian ports, however, and Canadian exporters can easily make arrangements to serve Venezuelan customers on a regular delivery schedule. Some Canadian exporters prefer to sell in this market through U.S. export houses and tranship through the United States.

Packing Important

The Venezuelan merchant prefers apples packed in heavy cardboard cartons containing 80 to 100 apples and weighing about 22 kilograms. The buyers find that this type of packaging prevents bruising during shipment and that the apples keep better in cold storage. Apples shipped in wooden crates seem to fetch a lower price in this market.

In general, prices for apples in Venezuela are high and the market is promising and potentially profitable. Prices are generally quoted c.i.f. La Guaira or Maracaibo, Venezuela's two main ports. One Caracas firm that maintains its own vessel on fortnightly runs between La Guaira and Miami is prepared to accept quotations f.a.s. Miami. The ship has space for about 12,000 cases of apples on each trip.

As the Venezuelan market for fresh apples continues to grow, more Canadian exporters might well investigate the possibility of making sales here. Further details about the market and the names of suitable agents or direct purchasers may be obtained from the office of the Commercial Counsellor, Caracas. ●

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Brazil's Steel Industry Progresses

Rapid expansion of local production has cut down imports of primary steel. Market continues to be promising for specialty steels and for certain steel products in short domestic supply.

C. M. KERR, *Assistant Commercial Secretary, Rio de Janeiro.*

BRAZIL, the principal steel producer in Latin America, has seen domestic ingot production expand from 483,000 tons in 1948 to 1.7 million tons at the end of 1958. This 1958 total compares with 1.1 million tons in Mexico, 349,000 tons in Chile, 230,000 tons in Argentina, and 143,000 tons in Colombia. Expansion plans of existing mills and the new mills expected to come into production in the next few years should mean that the present capacity will more than double by 1965.

Expansion Plans

Expansion plans are based on the projected rate of growth in Brazil's heavy and secondary industry, including two new industries that normally consume a large volume of steel products—motor vehicle manufacturing and ship construction. The motor vehicle industry, with a production of 61,000 units in 1958, consumed 59,000 tons of steel for those parts of the vehicles that are made in Brazil. However, with production expected to reach 110,000 vehicles in 1959 and the percentage of nationally-made parts stepped up, consumption should total approximately 144,000 tons of steel this year and 220,000 tons by 1962.

The shipbuilding industry, although it has been operating in a small way for many years, has been given an important rôle in Brazil's development plans because of the need to replace the aging merchant fleet. Government authorities estimate that new shipyards now under construction or scheduled to be built in the next few years will consume 4,000 tons in 1960 and 40,000 tons in 1963.

However, leaders in the steel industry predict that demand will grow more rapidly than recent government studies anticipate. In addition, because of delays encountered in obtaining suppliers' credits for medium-term financing of capital equipment needed for new steel mills, they doubt whether the domestic industry's steel ingot capacity will reach the 3.5 million-ton mark by 1965.

The Producers

Principal producers in 1959, with comparative figures for 1956 and projected estimates for 1960 and 1962, appear in the table below.

The largest producer in the Brazilian steel industry is the Companhia Siderurgica Nacional (National Steel Company), cited by Latin American economists and industrial planners as a shining example of mixed state and private participation in a vital sector of the industrial economy. Located at Volta Redonda in the State of Rio de Janeiro, some 106 kilometres from the federal capital, the big integrated steel mill is the centre of a planned community of 60,000 and came into production in 1946 with equipment purchased in the United States. A number of additions have been made to the plant since then and in 1958 output of steel ingot there reached 811,000 tons, or almost 50 per cent of domestic ingot production. With the inauguration of a new Siemens-Martin furnace this year, ingot capacity will rise to 950,000 tons. A new rolling mill scheduled to come into production in the first half of 1960 should help to relieve the domestic shortage of cold rolled steel sheets.

The remaining steel producers listed in the table do not compare in volume or complexity of operation with the National Steel Company but they are nevertheless important producers of rolled products and specialty steels. Principal product of Companhia Siderurgica Mannesmann is seamless steel tubes.

PRINCIPAL BRAZILIAN STEEL INGOT PRODUCERS

Producer	1956	1959	1960 (est.)	1962 (est.)
	('000 metric tons)			
Companhia Siderúrgica Nacional (CSN)	740	920	1,100	1,300
Cia. Siderurgica Belgo Mineira	213	300	320	500
Mineração Geral do Brasil Ltda.	160	210	220	250
Cia. Siderúrgica Mannesmann	70	100	100	100
Cia. de Aços Especiais Itabira (ACESITA)	43	55	65	120
Cia. Siderurgica Paulista (COSIPA)				500
Usinas Siderurgicas Minas Gerais (USIMINAS)				350

BRAZIL'S STEEL PRODUCTION AND IMPORTS

(in thousands of metric tons)

Year	Sheets and Plates					Shapes, Sections, etc.					Ingots				
	Production	%	Imports	%	Consumption	Production	%	Imports or Exports	%	Consumption	Production	%	Imports or Exports	%	Consumption
1948	125	52	115	48	240	256	77	76	23	332	483	62	299	38	782
1949	172	58	125	42	297	293	74	104	26	397	615	65	326	35	941
1956	478	78	135	22	613	596	86	97	14	693	1,470	82	300	18	1,637
1957	504	79	130	21	634	626	86	100	14	726	1,647	83	300	17	1,770
1960	806	74	277	26	1,083	873	78	244	22	1,117	2,206	76	694	24	2,900
1962	1,226	96	47	4	1,273	1,436	113	*+160	+13	1,276	3,552	105	*+152	+ 5	3,400
1965	1,571	99.5	7	5	1,578	1,697	109	*+143	+ 9	1,551	4,297	105	*+177	+ 5	4,120

*Available for export.

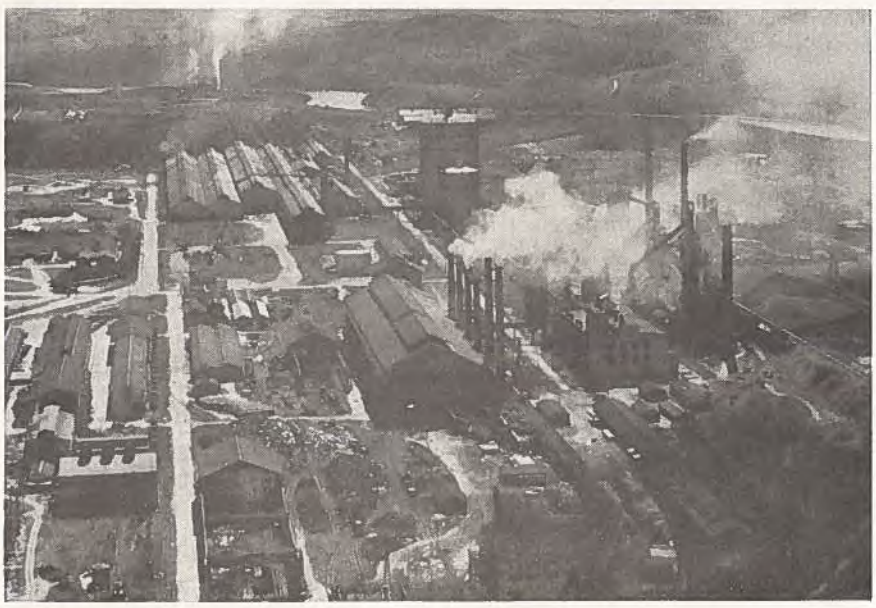
Two large new mills are scheduled to come into production in 1962. One of these, the Companhia Siderurgica Paulista (COSIPA), will be located in the State of Sao Paulo near the port of Santos. Initial capacity will be 500,000 tons of steel ingot but present plans call for an eventual capacity of one to two million tons. The company's rolling-mill facilities will be geared to meet the needs of the domestic automotive industry, most of which is located in the Sao Paulo region. Capital for the project has come from the National Economic Development Bank, the State of Sao Paulo and the National Steel Company. However, both federal and state authorities say that there is no intention of making COSIPA a state-owned mill.

The other big mill scheduled to come into production is Usinas Siderurgica de Minas Gerais (USIMINAS) to be built at Ipatinga in the State of Minas Gerais, in the heart of Brazil's largest iron ore holdings. This company's specialty will be extra large plates for the new ship-construction industry. USIMINAS represents an investment of approximately $200 million; 60 per cent of the capital is Brazilian and the remaining 40 per cent comes from a Japanese group that includes Fujii Steel Company, Yawata Steel Company, Nippon Steel and Ishikawajima.

Raw Materials

The principal raw materials for Brazil's steel—iron ore, manganese, dolomite and limestone—are close at hand for most of the steel mills. In fact, many of the mills are located in the State of Minas Gerais because it has iron ore and the additives in abundance. With few exceptions, the larger steel producers obtain iron ore from their own ore deposits. One raw material not readily accessible is coal. Brazil's chief coal mines are located in the southeast in the State of Santa Catarina. Production from these mines falls far short of the steel industry's requirements and rail and sea transport facilities to the north are still inadequate.

In 1958 the National Steel Company consumed approximately 705,000 tons of coal. Only 256,000 tons came from domestic coal mines and the remainder was imported from the United States. Imports of metallurgical coke totalled 40,000 tons. A number of the other steel producers have for technical reasons substituted charcoal for coal, using the fast growing eucalyptus tree



A view from the air of Volta Redonda in the State of Rio de Janeiro shows in the foreground the huge integrated steel mill of the National Steel Company, which began producing in 1946. The plant now turns out about one-half of Brazil's output of steel ingot.

found in large stands in Minas Gerais. In the past few years low-priced hydro-electric power has encouraged the installation of electric furnaces as the answer to the coal shortage. In spite of these alternatives and the more economic processes being introduced by coal-users, it is estimated that, with current and planned expansion of the steel industry, Brazil will have to import 1.25 million tons of coal a year by 1965.

Imports and Domestic Prices

In spite of the remarkable progress made by the domestic steel industry in recent years, production still falls short of satisfying the growing demands of the home market. Yearly imports of rolled steel average 325,000 tons, to which must be added heavy imports of steel rails for use in the railway renovation plan. Experts estimated earlier in the year that import requirements of rolled steel would total 418,000 tons in 1960, 600,000 tons in 1961, 800,000 tons in 1962 and one million tons in 1963. Requirements for these years, however, will probably fall midway between these figures and the more conservative estimates of the National Economic Development Bank. The latter are 521,000 tons for 1960 (plus 694,000 tons of steel ingot to be used for rolling purposes by COSIPA and USIMINAS), 47,000 tons in 1962 and 7,000 tons in 1965. These figures are given in the table on page 15, which was prepared by the Bank for a conference of Latin American steel producers last September.

The table indicates that there will be excess production of ingots and shapes available for export from 1962 onward. Steel industry officials consider this estimate optimistic; they do not believe that domestic production will reach the predicted level by 1965 and think that demand will be greater than anticipated.

The main suppliers of imported steel over the three years 1956-58, in order of importance, were Germany, Sweden, the United States, Czechoslovakia and Poland. Actually, the combination in Brazil of lower labour costs, ready access to raw materials, and cheap hydro power makes it virtually impossible for primary steel imports to compete in price with products of the domestic industry. In addition, the domestic industry enjoys the protection provided by the high cost—in cruzeiro terms—of purchasing foreign exchange for imports. Thus sales to the Brazilian market are limited to certain specialty steels not produced domestically and items which are in short domestic supply, such as tin plate, cold rolled sheets, and extra wide heavy plate.

Opportunities for Canadians

Over the next few years, according to the National Steel Company (which is now importing and distributing most of these products), Brazil's minimum yearly requirements will reach approximately 50,000 tons of tin plate, 50,000 tons of cold rolled plate of special quality for extra deep drawing and 20,000 tons of heavy plate (extra wide) for use in shipyards and boiler construction.

Because of Brazil's foreign exchange problem, offers which include three-year grace financing or purchase of Brazilian iron ore in exchange for steel are those most likely to be favourably considered. This also applies to heavy equipment needed for new mills or for the expansion of existing ones. It does not necessarily apply to light equipment, such as tools for maintenance and shops, instruments for temperature and pressure control, laboratory equipment, electrical equipment, and raw materials such as zinc, tin and coal.

It is in these lines that there are opportunities for Canadian exporters of primary steel products and equipment for the steel industry. In the years to come, and given the continued rapid expansion of Brazil's industrial economy, there should be increasing openings for Canadian suppliers of these products. ●

Spain Extends Irrigation

LARGE areas of arable land in Spain are practically barren because the rainfall is insufficient and irregular, but experts estimate that more than 10 million acres could be irrigated and brought into profitable production. Wheat is the leading crop and the total acreage sown equals that in France. However, Spain's output averages less than half of French production.

The present regime in Spain has made a sustained effort to increase agricultural production and thus save spending on imported foodstuffs. The greatest advances have been made during the past five years, largely because of the technical assistance given and loans made to Spain by the various agencies of the U.S. Government.

There are two outstanding irrigation developments—the Badajoz Development, financed by the Spanish Government, and Operacion Aragon, financed by ICA.

The Badajoz Development, located between Merida and the frontier of Portugal, will cover 308 thousand acres. Approximately 60 thousand acres are already under cultivation and the whole project will be completed by 1966. Eventually, 100 thousand people will occupy the area which was formerly a poverty-stricken stretch of waste pastureland. Cotton, hemp, alfalfa and potatoes are the chief crops of the area. The substantial increase in production of cotton and other crops will help significantly in saving foreign exchange and increasing Spains food supplies.

Operacion Aragon, which is located in the provinces of Zaragora and Huesca, is also nearing completion. The irrigation of approximately 675 thousand acres will provide an adequate standard of living for some 12,000 farm families. In contrast to the Badajoz Development, this area is designed primarily for the growing of wheat rather than increased settlement.

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

A look at current expansion in Netherlands industry suggests increased business in future for Canadian suppliers—already making substantial sales in this market.

Dutch-Canadian Trade Expands

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE Netherlands shared in the rapid and sustained economic growth within the Common Market in 1959. Increased industrialization has keynoted Dutch postwar economic activity and the current buoyant conditions should stimulate further expansion. The Netherlands needs raw materials for industry and grains and other agricultural products for local consumption and for further processing for resale abroad. Canada is well placed to supply an important percentage of all of these.

Trade Prospects Good

The Netherlands offers easy access to the industrial heart of Europe. It has excellent shipping and other trade services, ready to serve overseas firms interested in reaching the large single European market now developing.

Long-range business prospects for Canadian exports to the Netherlands and elsewhere in the Common Market will depend partly on the tariff levels eventually established. But the immediate outlook for Canadian products in the Netherlands is good, if industry continues to expand in all sectors. There is virtually no unemployment in Holland. Both imports and exports are rising and the general pace of business is brisk. There is every indication that this situation will continue in 1960.

Canadian Goods in Demand

Trade between Canada and the Netherlands expanded during 1959. The volume of Canadian exports to Holland dropped slightly because of smaller wheat shipments, though they climbed again towards the end of the year; on a crop-year basis, therefore, Canadian wheat exports have improved during the last few months of 1959. The drought, which did not affect the grain-producing areas in the west of the country, damaged pasture lands in the eastern provinces; as a result, animal feedstuffs have had to be imported. Although the Dutch fruit crop was not appreciably lower, an accelerated demand for Dutch fruit in other European markets, principally Germany, is expected to boost indirectly Canadian apple shipments to Holland both for the domestic and the transit trade.

Increased industrial production should lead to bigger imports of industrial raw materials and components—such as asbestos, aluminum, iron ore and forest products —from Canada and elsewhere. At present, the Netherlands buys substantial quantities of Canadian lumber, pulpwood, plastic raw materials in primary form, oilseeds and business machines. The Dutch chemical industry continues to expand and competition in this sector is expected to increase. There are limited opportunities for the sale of specialized Canadian manufactured products to Holland, but competition is keen and becomes keener as industrial production in Europe broadens.

EEC Partners Increase Share

Holland's trade with three of its partners in the Euromarket, Italy, France and Germany, is increasing steadily. The three countries supplied 25.4 per cent of Dutch imports in the first seven months of 1959, compared with 24 per cent and 22.7 per cent in the same periods of 1958 and 1957. The Netherlands' exports to Germany, Italy and France accounted for 27.8 per cent of her exports to all countries in the period January to July 1959, against 26 per cent and 25.3 per cent in the comparable periods in 1958 and 1957. The rise in Netherlands-German trade was largely responsible for this increase. The quickening Netherlands trade with Common Market countries is attributed both to the 10 per cent tariff cut at the beginning of 1959 and to the liberalization of quotas for internal Euromarket trade.

Foreign Trade Expands

Netherlands foreign trade improved in the first nine months of 1959 over the same period in the

NETHERLANDS TRADE

	Imports	Exports	Balance	Imports plus exports	Covering %
	(in million guilders)				
3rd quarter 1958	3.34	3.07	—0.27	6.41	92 per cent
3rd quarter 1959	3.72	3.37	—0.35	7.09	91 per cent
Jan.-Sept. 1958	10.08	8.90	—1.18	18.98	88 per cent
Jan.-Sept. 1959	10.92	9.78	—1.14	20.70	90 per cent

previous year. Although imports in this period* (Fl.10.92 million) exceeded exports (Fl.9.78 million), the trade deficit (Fl.1.14 million) was below that for January-August 1958 (Fl.1.18 million). It is anticipated that the trade deficit for 1959 will be about the same as in 1958 (Fl.1,500 million), but that Netherlands overseas earnings for the year from shipping, banking, insurance and other trade services will total Fl.1,600 million.

There is a solid foundation for increased commercial exchanges between Canada and the Netherlands. Dutch banks, insurance and transport companies are now well established in Canada and Dutch exporters continue to increase their sales to this country. Dutch shipments to Canada are becoming more diversified. They are now composed mainly of machinery; electrical, medical and scientific apparatus; food and beverages; flower bulbs and nursery stock; textiles; metal products, and pharmaceutical and medical goods.

Netherlands industrialists are aware of the importance of the Canadian market but they are concentrating on expansion at home to take advantage of the improved opportunities of the Common Market. Canadian industrialists seem to be developing a growing interest in the Netherlands as a base for establishing branch plants, or for making licensing arrangements to serve the Netherlands and the Common Market.

*About four florins (guilders) equal one Canadian dollar.

Import Liberalization

Canadian exporters should benefit from Dutch import liberalization introduced in 1959. The products liberalized included synthetic resins, hides and skins, some paper products and milk powder. (See *Foreign Trade,* May 23, 1959.) In the past ten years Canadian exports to Holland have risen by 50 per cent. Today, with the move toward liberalization, prospects are that this business will continue to flourish and expand. ●

Transportation Notes

Brazil

OIL FLEET BUILT UP—Petrobras, Brazil's national oil company, has signed an agreement with the Danish firm of Burmeister & Wain of Copenhagen for the construction of six tankers of 10,000 tons each, worth 100 million kroner. The vessels are needed for coastal transport of petroleum byproducts because of the increased capacity resulting from the expansion of refineries in Bahia and Cubatão, and the construction of the new refinery in Duque de Caxias, Rio de Janeiro. The tankers will be ready for delivery by June 1960 and will contain the latest equipment. With the purchase of these six vessels, Brazil's petroleum fleet will be the largest in Latin America—Rio de Janeiro.

Colombia

JOINT AIRLINE PLANNED—The same countries that started the merchant shipping line known as the Flota Mercante Grancolombiana are now investigating the possibilities of establishing a Flota Aerea Grancolombiana in the air-transport field. AVIANCA (Aerovias Nacionales de Colombia) of Colombia is initiating the project. Directors of this company are studying a possible amalgamation with the airlines of Panama, Ecuador and eventually Venezuela. With the introduction of high-cost jets in international travel, the directors feel that the Grancolombiana countries should pool their resources as Scandinavian and other European countries have done, to maintain a competitive air-transport service—Bogotá.

NEW AIR TERMINAL—The new $9 million international airport at Bogotá was expected to be ready for use by piston-type aircraft before the end of 1959. Jet aircraft will begin using the new airport early this year—Bogotá.

NEW AIR SERVICE—A new company, Petroleum Helicopters de Colombia Ltda., has recently been established to service petroleum and other industrial organizations operating in Colombia. It is expected that mining and oil companies will find this service particu-

larly useful because they often operate in widely separated places in jungle or mountains where other means of transportation have not yet been developed—Bogotá.

India

SHIPPING TONNAGE INCREASED—With the recent addition of one new tanker and seven secondhand vessels, India's merchant fleet now numbers 155 ships displacing about 720,000 tons gross weight. Indian shipping companies are also negotiating the purchase of ten secondhand ships totalling 28,000 tons. This tonnage, plus that of ships now under construction, will bring total Indian shipping tonnage to 832,000 tons gross weight—Bombay.

Italy

SHIPBUILDING—The Italian shipyards at Trieste and Monfalcone will build three passenger liners, one of which will displace 35,000 tons and the other two 20,000 tons each. Another 35,000-ton ship is to be built in the Genoa area; the two 35,000-ton vessels are intended for the transatlantic run.

The twelfth and last tanker ordered by the Esso Company was launched recently from the Monfalcone shipyard of Cantieri Riuniti Adriatici. Each tanker has a capacity of 36,000 tons and an over-all length of 688 feet. A total of 120,000 tons of steel went into the twelve tankers.

The first of a group of three 35,000-ton turbo tankers was delivered recently by an Italian firm of shipbuilders to a British tanker company. The tanker was built under the supervision of Lloyd's Register of Shipping and in accordance with the British Ministry of Transport specifications. It has an over-all length of about 690 feet and a breadth of 86 feet. With a full load, it will have a speed of 17.5 knots and cargo can be unloaded in 12 hours. The tanker was built on a prefabricated system, and much use was made of electric soldering—Rome.

Jamaica

JET SERVICE—The island's fast-growing tourist industry will be helped this winter by the inauguration of a pure jet service from Miami to Montego Bay. Using its biggest jet airliners, an American airline is providing both tourist and first class accommodation. The planes will fly into Jamaica from Miami, then on to Ciudad Trujillo, Dominican Republic, and from there to New York. An airline executive predicts that the bigger, faster pure jet airliners will boost the number of Caribbean visitors during 1960 by 20 per cent—Kingston.

PIER FOR MONTEGO BAY—Soundings are being made in Jamaica's fashionable resort centre, Montego Bay, to determine if there is a suitable site for a deep-water pier. At present ships have to be unloaded in Montego Bay by lighter and a pier would greatly ease the loading of banana boats and the unloading of freighters and cruise ships—Kingston.

Japan

PETROLEUM GAS TANKER—Japan's first pressurized tanker to transport liquid petroleum gases was expected to be completed by the end of 1959. The tanker, with a 540-ton capacity, is designed to transport liquefied butadiene over relatively short distances.

Although the vessel will be used only in Japanese coastal waters, there are suggestions that Japan may build other tankers to transport liquid petroleum gases from overseas—Tokyo.

Taiwan

U.S. SHIPPING SERVICE—The Taiwan Navigation Corporation has started a direct shipping service between Taiwan and the West Coast of the United States. Two ships, the *Hsinkaohsiung* and the *Keelung,* have been assigned to make one trip each per month. The company has indicated that if business expands it will put more ships on the run—Manila.

United States

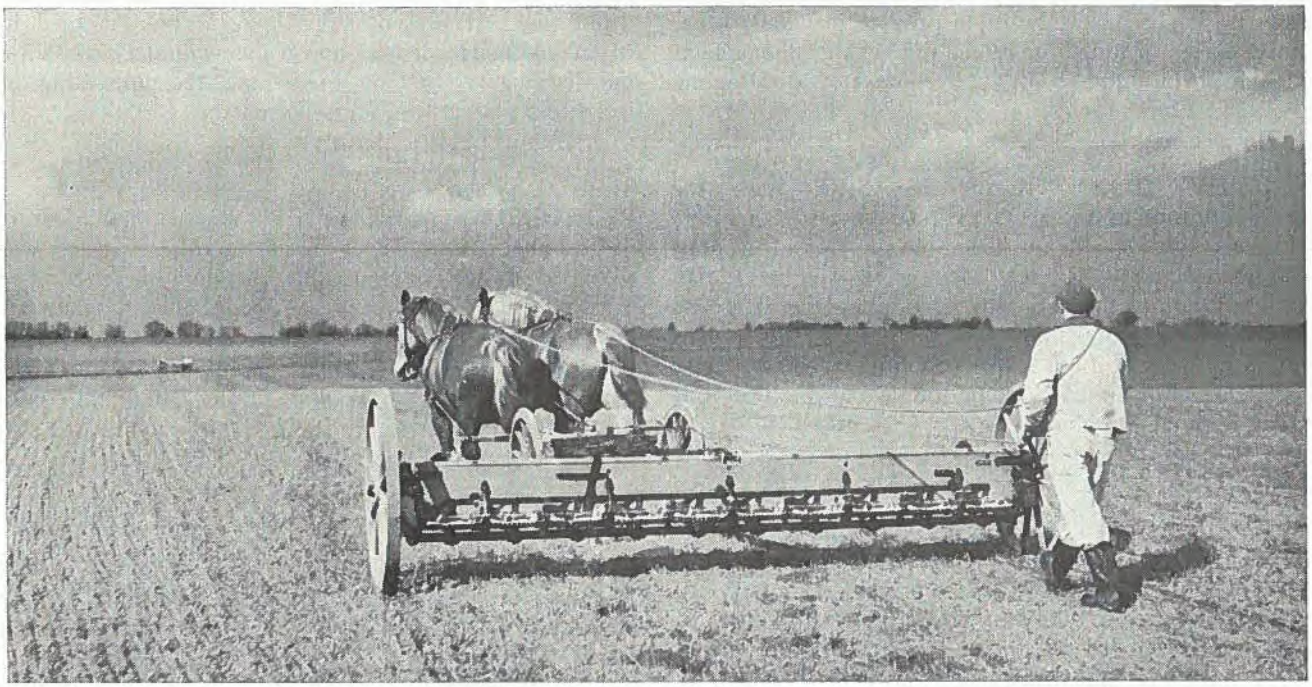
DIRECT SERVICE PAYS—Four months ago the Daido Steamship Line of Japan started offering direct service between Japan and Jacksonville, Florida. Since then, direct imports from Japan to Jacksonville have risen 700 per cent. The first shipment in July consisted of 109 tons of general merchandise. The fourth, which arrived in October, was made up of 680 tons of general merchandise, wire and nails. In November, the shipment totalled 800 tons of general merchandise, wire, nails and steel—New Orleans.

Venezuela

NEW SHIPPING SERVICE—The Compania Anonima Venezolana de Navegacion recently inaugurated a new shipping service on the Pacific Coast. The Venezuelan line's new service will call at Vancouver in Canada; Seattle, Portland, San Francisco and Los Angeles in the United States; Acapulco in Mexico; San Jose in Guatemala; La Libertad in El Salvador; Ampala in Honduras; Punta Arenas in Costa Rica; Cristobal in Panama; Maracaibo, Cabello, La Guaira and Guanta in Venezuela.

The first sailing from Vancouver was the M/V *Sucre* about December 8. Two other ships, M/V *Anzoategui* and M/V *Yaracuy,* will be employed, sailing from Vancouver every three weeks.

Empire Shipping Company Limited are the agents for the Venezuelan line in Vancouver.



Denmark Strengthens Agriculture

The Danes negotiated significant bilateral agreements last year with Britain, Sweden and Switzerland; passed important agricultural legislation of their own. The result? Surer export markets and more protection for Danish farm products.

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

LAST year was a fairly good one for Danish agriculture. Meat and dairy production rose during the first half, and though the grain harvest was probably cut by about 10 per cent because of the prolonged summer drought, the quality of the grain was excellent. Good grades are expected to boost delivery from farms and to increase imports of low-cost feeds. The value of agricultural exports rose in 1959, and legislation enacted during the year extended the grain scheme and introduced a system to strengthen returns from dairy products sold in the domestic market.

Denmark and the EFTA

The outstanding development of the year for Danish agriculture was the negotiation of the European Free Trade Association (The Outer Seven). The convention was signed in Stockholm on November 20 and awaits ratification by the respective parliaments. It involves Denmark in the eventual elimination of tariffs on industrial products imported from other members of the Association. Agricultural products are excluded from the tariff provisions. To justify its adherence to the convention as a country primarily concerned with the export of agricultural products, Denmark has negotiated bilateral agreements with the United Kingdom, Sweden and Switzerland covering direct concessions on agricultural products not otherwise provided for in the convention. Danish authorities have stressed that in postwar years the easing of trade restrictions on agricultural products has not kept pace with the relaxations covering industrial products. Hence the Danes regard the recent bilateral agreements as something of a break-through.

When the Danish Government sought the approval of Parliament in July to proceed with negotiations for the Free Trade Association, the Danish Foreign Minister announced that he had obtained assurances from West Germany that German imports of Danish agricultural products would not suffer because of Danish participation in the EFTA. This was on the understanding that Denmark would work within the EFTA toward a broader European trade arrangement. This assurance is important because Germany is Denmark's second largest export market for agricultural products.

The Danish Foreign Minister then negotiated with the United Kingdom and obtained the following concessions:

Agreement with U.K.

- The Government of the United Kingdom agrees to conduct its import policies in a manner that will permit Danish agricultural producers to retain their position in the United Kingdom market and to share in the growth of that market.

- The Government of the United Kingdom intends to keep egg production and milk production within the limits of domestic demand.

- The Government of the United Kingdom will continue the policy for pork meat outlined in its White Papers for 1958 and for 1959.

- The Government of the United Kingdom promises to reduce customs tariff rates on bacon and on tinned meats by 50 per cent from July 1, 1960, and to make such imports into the United Kingdom duty-free from July 1, 1961.

- The Government of the United Kingdom promises that its bacon subsidies will not be operated in a manner to render ineffective the proposed tariff reductions on bacon.

- The Government of the United Kingdom promises that as from July 1, 1960, imports into the United Kingdom of Danablue cheese, Mycella cheese and tinned cream will be duty-free.

- The Government of Denmark may request the Government of the United Kingdom to take action, including customs tariff and quantitative import restrictions, whenever Danish agricultural exports to Britain are adversely affected or threatened by dumping of subsidized exports.

- The Government of the United Kingdom promises that Denmark will be granted quotas corresponding to a reasonable share of the British market should the United Kingdom introduce quantitative import restrictions.

Sweden Adjusts Import Duties

Denmark received assurances from the Swedish Government that it will not aim at expanding Swedish agricultural production and that Danish agricultural producers will be permitted to increase exports to Sweden in step with the growth of consumption in that country. Upon the entry into force of the EFTA, Sweden has promised to make appropriate adjustments in its import duties for beef, veal, horseflesh and canned meat, but not tinned pork; table potatoes, but not new potatoes in the period June 6 to July 5; sausages, fresh and tinned; cheese; egg products; flesh of poultry, and canned milk.

Sweden has also declared its willingness to transfer to Denmark upon entry into force of the EFTA 60 per cent of the proceeds from the Swedish import duty levied on the products listed above, as well as on butter and eggs imported from Denmark.

Other EFTA Moves

Switzerland has announced that it will take steps to enlarge its imports of Danish butter, cattle, meat and tinned meats.

At the signing of the convention last November the Danish Foreign Minister stated that Denmark would conduct bilateral negotiations with the other EFTA members: Norway, Austria and Portugal.

Agricultural Legislation

The Danish Grain Scheme for the 1958-59 crop year, reported in the October 25, 1958, issue of *Foreign Trade,* was replaced by a new grain scheme for the current crop year. This legislation adjusts the support prices previously provided for the principal grains to give more protection to domestic wheat and rye. It discourages the import of milo corn in relation to that of other feed grains in the interests of maintaining the quality of Danish bacon.

I DANISH GRAIN PRODUCTION

	1959 Unofficial	1958 Official
	(metric tons)	
Wheat	250,000	275,000
Rye	275,000	305,000
Barley	2,100,000	2,486,000
Oats	625,000	651,000
Mixed grains	675,000	764,000

II IMPORTS FOR AGRICULTURAL PRODUCTION

	1959 (Jan.-Sept.)		1958 (Jan.-Sept.)	
	'000 metric tons	Mill. kronor	'000 metric tons	Mill. kronor
Feed grains, bran, etc.	879.6	338.4	618.6	217.3
Oil cakes, etc.	492.3	256.1	394.7	170.4
Other feedingstuffs	36.7	29.7	41.5	40.1
Fertilizers	1,026.9	219.2	984.2	206.4
Other products		12.0		11.5
Total		855.4		645.7

III AGRICULTURAL EXPORTS

	1959 Jan.-Sept.	1958 Jan.-Sept.
	(million kronor)	
Bacon and other pork meat	911.6	871.5
Live hogs	79.3	52.3
Live cattle	381.6	316.6
Beef and veal	215.6	267.7
Butter	579.0	400.7
Cheese	247.2	201.3
Eggs and egg products	272.4	291.8
Other animal husbandry products	306.8	257.6
Meat (tinned)	350.2	341.7
Milk products (tinned)	145.6	133.9
Grains	102.5	159.6
Other agricultural products	283.6	299.7
Total	3,875.4	3,594.4
Percentage of Denmark's total exports	57.0	56.9

Under the new grain scheme regulations, the obligatory milling percentage for domestic wheat was raised from 55 to 75 per cent, and that of rye from 80 to 90 per cent for the period August 16-September 30; the rye percentage was later increased to 100 per cent. The

latter regulation now excludes imports of Canadian rye which had been finding a small but steady market in Denmark.

Also under the 1959 grain scheme, the embargo placed in June 1958 on Danish imports of milk powder for feed has been lifted. Skim milk powder imports at present are subject to import licence and to thorough testing by the Storch method.

Domestic Prices for Dairy Products. A new law covering domestic market prices for milk and dairy products was enacted in June 1959. It authorizes the Minister of Agriculture to impose a levy on all butter fats for consumption on the domestic market in the form of butter, milk and cream and their products, for the purpose of securing:

1. A domestic minimum initial butter price to producers of Kr.6 per kilo (about 39 cents a pound), irrespective of the average butter export price which previously regulated domestic butter prices.

2. A minimum domestic market price for milk and cream and their products, corresponding to an initial butter price to producers of Kr.6 per kilo.

In effect the law divorces domestic milk, cream and butter prices from the average butter export price, thereby protecting Danish producers against losses on the domestic market when export prices drop. Whenever butter export prices rise above Kr.6 per kilo (they are well above that at the moment), domestic market prices for butter, fresh milk, cream and their products are also allowed to rise.

Output, Imports, Exports

Unofficial estimates of the 1959 grain harvest are shown in comparison with 1958's official production in table I.

Although this year's total output of grains is below the 1958 volume, high obligatory milling percentages have been established for both wheat and rye because of the higher quality this year.

Denmark's wheat imports during the 1958-59 crop year totalled 148,000 metric tons. The biggest suppliers were the United States, the Soviet Union, North Africa and France. Canada's wheat exports to Denmark continued at a nominal 15,000 tons, though rye shipments were reduced as a result of the compulsory milling percentages.

Table II shows how Danish feed requirements rose during 1959—a result partly of the all-time record hog population and partly of the reduced yields and greater marketability of the year's crops.

All agricultural exports climbed in value during the first nine months of 1959 (table III) except for eggs and grains (principally malting barley). The sharpest upturn was in butter. Butter prices reflected the shortage in Europe caused by last year's drought and contrasted sharply with the situation the year before, when butter was in oversupply. ●

Trade Commissioners on Tour

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

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

Ottawa—Jan. 18-29 Montreal—Feb. 1-3

Businessmen who wish to see Mr. MacNaught 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

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Budapest, Hungary, from January 11-13, and Zagreb and Belgrade, Yugoslavia, from February 10-17.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela, will visit the Netherlands Antilles late in January.

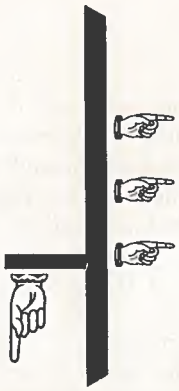
R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Bridgetown, Barbados, from February 1-6, and St. George's, Grenada, from February 7-10.

H. W. RICHARDSON, Trade Commissioner in Guatemala City, Guatemala, will visit Nicaragua and El Salvador from January 18-30.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Bangkok, Thailand, for two weeks beginning January 10.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from January 11-13, Bucharest, Romania, from February 1-4, and Prague, Czechoslovakia, from March 14-17.

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. Freyseng and Mr. Thomson at Vienna, Mr. Gravel at Caracas, Mr. Renwick at Port-of-Spain, Mr. Richardson at Guatemala City, and Mr. Steers at Singapore.



Advertising Abroad

In Hong Kong, newspaper advertising reaches the largest number of people, especially among the Chinese, who pass the papers from family to family.

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

HONG KONG, a free port with few tariffs and a minimum of trade and currency controls, is one of the most competitive markets in the world. Goods of all types from all sources can be freely traded and advertising becomes even more important than it is in other areas. Virtually every medium is available to prospective advertisers. However, planning and executing advertising campaigns calls for knowledge of Hong Kong's peculiarities and Canadian companies should seek professional advice before launching any such program.

In considering the best approach to the problem of advertising in Hong Kong, the nature and composition of the population must be borne in mind. Accurate figures are not available but the population is estimated at approximately three million, comprising some fifty different nationalities. More than 99 per cent are of the Chinese race, mainly Cantonese but with representative groups from all districts in China. Of the approximately 23,000 Europeans, about 15,000 are from the United Kingdom and Commonwealth countries; Portuguese and Americans come next, in that order.

Using an Agency

Overseas companies that wish to advertise in Hong Kong sometimes leave the arrangements to their local agents who engage the services of advertising agencies in the colony. Normally, agents in Hong Kong do not share advertising costs with their principals but expect the overseas supplier to absorb all expenses. It is suggested that this procedure achieves the best results. Canadian companies may also make arrangements through their own advertising agents in Canada, some of whom have contacts in Hong Kong.

Among the large number of advertising agencies in Hong Kong only a small number approach western standards of qualifications and reliability. Some agencies can, however, offer facilities for complete market research and are considered as good as those found elsewhere. At least three of the foreign-owned agencies are organized on western lines and have Chinese departments to cater to the preponderance of Chinese-directed advertising. One of them is a large international company with offices in many parts of the world including Canada; the other two are local companies with connections among overseas agencies. Among the dozens of Chinese agencies, several are experienced and reliable. A company should, however, exercise extreme care in choosing one, because unethical practices are commonplace among the less reputable and money allocated for promotion activities is often wasted or used ineffectively. Many firms are little more than booking agencies with no facilities for design, translation or research. In general, over-all advertising costs are in the vicinity of 30 to 60 per cent less than in Canada. Most legitimate agencies work on 15 per cent of billings, though some do charge less.

Reaching the Chinese

At least 90 per cent of the advertising is directed at the Chinese population and this calls for particular care in adapting presentations. The Chinese are extremely conservative and brand-conscious and tend to favour well-known brands. Once they start using a particular brand it is difficult to induce them to change. The use of colour in advertising should be weighed carefully; red, a festival colour, is preferred to blue or gray, which are funereal colours. Advertising programs can be adapted to take advantage of the many Chinese festivals (such as Chinese New Year) and the seasonal festivals, when buying enthusiasm is high.

Newspapers Effective

The most effective advertising medium appears to be the newspaper; there are many in Hong Kong. To use them to best advantage the advertiser must decide which segment of the population he wishes to reach. Some Hong Kong papers cater to the business community and manufacturers; those more general in nature circulate among consumers. In Hong Kong as in Canada the type of products to be advertised will be the deciding factor in the choice of newspapers. There are three English-language

papers with circulations ranging from 7,000 to 15,000 and advertising in these papers is without doubt the most effective means of reaching the non-Chinese public and, to a certain extent, the foreign-educated Chinese business community. In drafting advertisements for publication in the English-language papers, the same principles should be followed as in Canada and results should be similar.

Advertising in Chinese papers, on the other hand, presents a number of problems and requires specialized knowledge and a specialized approach. There are six major Chinese papers, ranging in circulation from 30,000 to 75,000. These figures do not indicate the actual readership; the circulation figures should be multiplied by ten because it is customary among the Chinese to pass papers from family to family and, although each family may subscribe to only one or two papers, it frequently has access to many more. (In addition to the principal Chinese papers there are a number of locally produced Communist papers that have some circulation in South China. Advertisers with a special interest in reaching readers in China may possibly find these of some value.)

In the preparation of ads for inclusion in Chinese papers, it is usually not sufficient merely to translate English text. Illustrations and text must usually be completely rearranged and carefully reworded to avoid the possibility of offending religious or cultural beliefs or even superstitions that are prevalent among the Chinese. Furthermore, a literal translation may frequently convey a completely different meaning from the original.

Other Publications

A large number of magazines are published in Hong Kong but virtually none is a substantial enterprise and as a general rule, magazine advertising is not considered very effective. Exceptions are one monthly publication catering to the building trades and one dealing with economic affairs in the Far East. (The latter circulates widely abroad.) Both have a specialized readership and therefore should be effective for special products. The three local pharmaceutical publications can also prove their worth to those who want to advertise pharmaceuticals. Several tourist publications that are distributed free and live on advertising revenue are studied extensively as shopping guides by tourists and are probably effective, particularly for luxury goods. A number of directories are published and justify consideration by overseas advertisers. One monthly government publication is widely distributed in Hong Kong and abroad. So is another government publication put out once a year. Other privately published directories are also useful.

Radio and TV

Radio advertising is employed to some extent but is probably not as effective as the newspaper. It should, however, be used in combination with newspaper advertising, particularly in the introductory stages. Two commercial broadcasting stations accept advertising: one a wired service with some 70,000 sets and a listening audience of 600,000 and the other a conventional broadcasting station catering to about 60,000 licensed receiving sets with a listening audience of some 400,000. Programs are in English and Chinese and the special requirements for newspaper advertising in Chinese apply equally to radio advertising. Peak listening times differ with Chinese audiences, especially during morning hours, and programs directed at Chinese women should be scheduled no earlier than 11.00 a.m., because they are normally late risers. The Chinese usually have their evening meal about 6.00 p.m. but the European population eats considerably later, anywhere from 8.00 to 10.00 p.m. A wired television service is in operation but serves only about 3,000 sets and some 50,000 viewers. Most television sets are in the homes of wealthy Chinese and some advertising is done through this medium.

There are no regular international trade fairs held in Hong Kong but local products are displayed at the annual Hong Kong Products Exhibition. Other smaller fairs are organized from time to time, such as the Swiss Watch Manufacturers Exhibition arranged by the local agents of the Swiss watch manufacturers. Other special exhibits are held occasionally by overseas countries.

Other Media

Point-of-sale advertising is used in a limited way but is not considered very suitable for the Hong Kong market because of the overcrowding in most shops. The average life of counter display ads is said to be some six hours. Samples and giveaways of consumer goods are expensive and probably not too effective because of the large number of refugees and near-destitute people who are the main recipients but are not prospective buyers. Adequate precautions should be taken if giveaway programs are adopted: door-to-door campaigns or the surrender of coupons clipped from newspapers are recommended. Outdoor advertising on posters and billboards is used to some extent, but the authorities do not encourage it and have restricted its use; these restrictions will probably be increased. Posters, however, appear extensively on buildings and inside the passenger-ferry piers. Neon signs are everywhere and add much to the brightness of Hong Kong at night. All theatres, Chinese and English, have film-slide advertising and one minute and three-minute filmlets are shown at the start of regular programs. This method of advertising is expensive and does not always yield satisfactory results because many people make a point of arriving late to avoid the advertising. One Hong Kong advertising agency makes its own filmlets with local appeal. Advertising on the out-

side of streetcars and buses is not permitted but posters appear inside. Many agents and distributors operating their own vans advertise their products on the sides and back, and this appears to be extremely effective. Other popular forms of advertising include direct mail letters, folders, circulars, envelope stuffers, etc.

Of particular interest to overseas companies are the low-cost facilities in Hong Kong for the production of publicity material such as calendars, catalogues, brochures, etc. Excellent printing, both in black and white and multicolour, is done in the colony and a number of large international companies have their printing executed here and their publicity material distributed throughout the world, either through their local offices or through Hong Kong advertising agencies. ●

South Africa Controls Decimal Machines

Canadians with business machines to sell will want to study the proposed regulations on imports, looking to introduction of decimal currency in the Union in 1961.

C. R. GALLOW, *Trade Commissioner, Johannesburg.*

THE changeover to a decimal system in the Union of South Africa, to take effect from February 1961, will not open up a free-and-easy market for the manufacturers of cash registers, adding machines, accounting machines, and so on. It has now been announced that the import of all types of monetary machines, even if proposed by firms already in business here, will be strictly controlled.

All business-machine firms already established in the Union will be assigned import quotas on the following basis:

- Imports of the individual firms for the three years 1956, 1957, 1958 form the base in determining future imports. The trend of imports either up or down over this period is also considered in estimating the probable foreign exchange requirements of each firm for 1960 and 1961, on the assumption that a change to a decimal system were not proposed.

- The assumption then made is that 85 per cent of the estimated requirements will cover new business and expansion, and 15 per cent the replacement of worn and obsolete machines.

- A second estimate is made of the total amount of foreign exchange needed to replace all pounds sterling machines that cannot be converted to decimals. This amount is divided among the machine companies in proportion to the estimated numbers of unconvertible machines that each originally sold.

- The two estimates are added together and a permit equal to 60 per cent of the total is to be the basic allocation for each company to cover the import of decimal machines from January 1, 1960.

- Demonstration machines may be imported before January 1, 1960, but will be charged against the basic allocation.

- Once this basic allocation has been used, additional permits will only be issued against orders from end-users.

- A small allocation to cover machines for stock purposes may be allowed.

- If existing machine companies propose to market types that they did not distribute as pounds sterling machines before December 1958, they will have to fulfill the requirements for newcomers set out below.

For New Firms

Firms that wish to enter the business machines field in the Union may do so by complying with the regulations. The procedure will be as follows:

A firm must:

(1) Prove possession of a genuine agency granted by an established principal of satisfactory size and status.

(2) Import a few machines for demonstration purposes, after receiving permission.

(3) Using the demonstration equipment, show that there is a potential local market and satisfy the import control authority that the firm can provide adequate stocks of spares and facilities for distribution and servicing. A licence to import a limited number of machines will then be issued.

(4) Furnish satisfactory evidence that machines in excess of the initial permit allocation can be sold and that no complaints have been received about the equipment, spares, distribution or servicing. The allocation of permits will then be increased gradually to enable the newcomer to expand his volume of business.

Canadian manufacturers interested in exploring the prospects for their decimal equipment are invited to write to the Canadian Trade Commissioner in Johannesburg. ●

Trade and Tariff Regulations

Argentina

CANCELLATION OF PRIOR DEPOSIT REQUIREMENTS—The President of Argentina has approved a decree cancelling the remaining prior deposit requirements for imports into Argentina. Up to now, imports not listed in one of the six import categories were subject to a 300 per cent customs surcharge, plus a prior deposit of 500 per cent on the c. and f. value of the goods as increased by the surcharge. Motor cars were subject to a similar deposit of 500 per cent on c. and f. value. Goods imported under confirmed letters of credit opened prior to the last exchange devaluation were subject to prior deposits of either 150 or 300 per cent on the c. and f. value as increased by a 40 per cent surcharge.

These prior deposits have now been cancelled and sums at present held in deposit will be returned immediately.

No change has been made in the customs import surcharges applicable to certain categories of imports, varying from 20 to 300 per cent according to the degree of essentiality which they are considered to represent to the Argentine Government.

IMPORT OF DEEP-SEA FISHING BOATS PERMITTED WITHOUT SURCHARGES—The Secretariats of Industry and Mining, Commerce, and Power and Fuels recently released the information that the Executive Power had authorized the import without customs surcharge of boats specially designed and equipped for deep-sea fishing.

Exemption from the customs surcharge will apply to boats which have been accorded import licences as of October 22, 1959, and within 360 days of that date. The Merchant Service and Port Authorities, the Fisheries Division and the Coastguard Administration are to certify that boats for which import permits are requested are of the type needed for deep-sea fishing. The Secretariat of Industry and Mining, in conjunction with the Navy Secretariat, will be responsible for issuing the documents authorizing exemption from surcharges to be presented to the Customs Administration—Buenos Aires.

France

ADDITIONAL LIBERALIZATION—Effective November 5, 1959, the Government of France has announced another liberalization measure freeing from restriction a list of products, including the following items of possible interest to Canadian exporters:

Certain cotton fabrics; velvets and plushes made from artificial textile fibres, conveyor belts made from cloth; some ladies' underwear; hats and ties; various other articles of clothing; roofing tiles, ceramic pipes; earthenware for chemical uses; various tools, including wrenches, files, rasps, and shears; cutlery; slide projectors; several electrical appliances; refrigerators, not compressor types; harvester-thresher machines and power-driven cultivators.

As in previous instances, import licences are required for liberalized products, but are issued automatically.

With minor exceptions, the liberalization of most products to date has been extended to imports into the French overseas territories of Martinique, Guadeloupe, French Guiana and Reunion.

Information regarding the status of particular goods may be obtained upon request from the International Trade Relations Branch.

Japan

IMPORT TRADE CONTROL RESTRICTIONS RELAXED—The Trade Bureau of the Ministry of International Trade and Industry on November 11, 1959, announced further relaxations in the import trade control restrictions of Japan.

The announcement provides for the removal of discrimination against the dollar countries on the remaining 10 items imported under the Automatic Approval System of import procedure. In January 1960, lauan, copper alloy scrap, gypsum and abaca fiber will be placed on a non-discriminatory basis. On the remaining six items—pig iron, scrap iron, beef tallow, lard, soybeans and cattle hides—discrimination will be removed as early as practicable.

In addition, in January 1960 the scope of items under the Automatic Approval System will be enlarged by the transfer to this system of some 65 items formerly imported under the Foreign Currency Allocation System. This list contains various organic chemicals, including antioxidants and accelerators and various phenol derivatives. Also transferred to the Automatic Approval System are 15 categories of food products

formerly imported only under barter arrangements, such as vermicelli, preserved vegetables, insect wax, bristles and pigs' hooves.

According to the announcement, the import of certain types of machinery and office equipment will be permitted without restriction, unless such imports produce undesirable effects on the balance-of-payments position of Japan or seriously hurt related domestic industries. Under this new import procedure (Automatic Allocation System), foreign exchange is allocated without limit on application to the Ministry of International Trade and Industry. This category comprises certain office machinery, medical equipment, and specific types of machinery, including chain saws and threshing machines.

Effective also from January 1960 some 34 consumer goods will be included under the new Automatic Allocation System. Among the products in this group are musical instruments and sporting goods.

Imports under this new system of global quota will be extended as soon as practicable by the addition of such items as television sets, raisins, whisky, confectionery, candies and certain high-priced textiles, which up to now have been imported only under bilateral arrangements. In addition, the Ministry of International Trade and Industry expects to permit the import of such items as fountain pens and binoculars, for which no foreign exchange has been available in the past.

The complete schedules of commodities under the import trade control regulations of Japan affected by this announcement may be obtained upon request from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

TARIFF COMMISSION INVESTIGATION OF LIVE SHEEP AND MUTTON—On December 2, 1959, the United States Tariff Commission instituted an investigation under section seven of the Trade Agreements Act to determine whether (1) lamb and mutton, fresh, chilled, or frozen, and (2) lambs and sheep are being imported in such increased quantities as a result of customs treatment reflecting concessions granted under the GATT, as to cause or threaten serious injury to the domestic industry.

The public hearing in connection with this investigation is scheduled for March 22, 1960, in Washington.

The present U.S. duty on live sheep and lambs is 75 cents per head; the duty on mutton is 2½ cents per lb., and on lamb it is 3½ cents per lb.

General Notes

India

METRIC SYSTEM—The Government of India has decided to introduce from August 1, 1960, the metric system for the levy and collection of customs duties. This will mark another important stage in the country's changeover to the new system. It was introduced in July 1958 in the jute industry, and in October of the same year in certain specified areas and in some major industries such as cotton textiles, iron and steel, cement, paper, salt, engineering, coffee, etc.—Bombay.

CZECHS EXTEND CREDIT—India has accepted a Czech offer to supply machinery and equipment for industrial projects under its Third Five Year Plan (1961-66). The assistance includes a heavy foundry forge project, a machine tool factory and a heavy electrical plant. The agreement, signed by representatives of the two countries on November 24, offers India a credit of about Can.$46 million in the form of a deferred barter transaction. The credit, which is to bear interest of 2½ per cent, will be repaid over eight years by shipment of Indian products such as pig iron, manganese and iron ores, jute and textiles, beginning one year after Czechoslovakia completes its own deliveries against each project—New Delhi.

CONSULTING ENGINEERING—Canadian engineering consultants may soon have some difficulty in selling their services in India. The government-operated National Industrial Development Corporation (NIDC) is organizing a Technical Consultancy Bureau to cut

down on the need for foreign consultants in India. The bureau's functions will include preliminary studies, complete engineering designs, inspection of equipment at the manufacturer's site, and supervision of construction. For the time being, the bureau will confine itself to NIDC projects (mainly the manufacture of heavy engineering machinery, textiles and industry chemicals) but later it will cover other government departments as well as projects initiated by private firms—New Delhi.

Italy

NUCLEAR REACTORS—According to recent reports, a large nuclear power station, which it is said will be the most efficient in the world, will be completed in northern Italy within the next four years. The Export-Import bank has granted a loan of $34 million to the Istituto Mobiliare Italiano (a government-controlled investment institution) for this purpose.

The equipment will be supplied by International Westinghouse Electric, and will be operated by the Italian electro-nuclear company, SELNI. The project is expected to cost $64 million, and the Eximbank loan is intended to cover the cost of the reactor, the generator and other equipment, all of which are to come from the United States. The turbine is to be made in Italy under a Westinghouse licence. The reactor will be of the pressurized water type, and will generate power ranging from a minimum of 165,000 kw. to a maximum of 325,000. According to present plans, the station will begin operating in the spring of 1963.

Another nuclear power station is planned for the development of southern Italy, and the World Bank has granted a loan of $40 million to the Cassa per il Mezzogiorno—a state-controlled financial organization for the industrial development of southern Italy. It is believed that this is the first time that the World Bank has advanced funds for nuclear power development.

The second nuclear reactor built in Italy came into operation recently. It is of the "swimming pool" type and develops one megawatt of power, which is later to be increased to five megawatts. Two well-known Italian companies, Fiat and Montecantini, combined to form the firm Sorin, which built the reactor. The energy produced will be used by the two firms and a nuclear research centre is to be built at the site—Rome.

Jamaica

HOUSE CONSTRUCTION—Construction of new houses in all price ranges continued to boom in Jamaica during 1959 and prospects appear good for 1960. Builders avoid wood because it is susceptible to wood ants (termites), common in the islands. Most homes are made of cement block with metal windows and corrugated metal roofs, and are equipped with the lower-priced type of sinks and bathroom fixtures. Canadian manufacturers of these products will have no difficulty in selling in Jamaica if their prices are competitive with those of the United Kingdom and Europe—Kingston.

TOURIST ACCOMMODATION—Eight new hotels are being opened in Jamaica for the winter season. The hotels, being built in Port Antonio, Ocho Rios, Montego Bay and Kingston, will add about 900 beds to Jamaica's tourist accommodation, bringing the total up to 5,100—Kingston.

HOTEL TO BE BUILT—Final agreement has been reached on the new $3.5 million hotel to be built at New Kingston, north of Kingston's commercial centre. Excavation has already begun on the basement of the 200-room building to be operated as a member of a large American hotel chain—Kingston.

Norway

LOAN ON SWISS MARKET—Elektrokemisk A/S of Oslo recently raised a loan of 15 million Swiss francs (about 24.8 million kroner) on the Swiss capital market. The loan was issued at 99 per cent of par and will bear 4.5 per cent interest. The amortization period will be 15 years, with no repayment during the first five.

Elektrokemisk A/S designs and manufactures electric smelting furnaces, and produces aluminum, ferrosilicon, electrode paste and rock wool. It has just signed a contract with Koppers Company Inc., Pittsburgh, and Strategic Materials Corporation, Niagara Falls, for the construction and delivery of a number of smelting furnaces that Koppers will use for the new Strategic metallurgical processes in its plants throughout the world—Oslo.

HYDRO-ELECTRIC POWER—Machines representing a capacity of 612,000 kw. have been installed in new hydro-electric power plants during 1959—a record for a single year. At the end of 1958, the total machine capacity of Norwegian hydro-electric power plants totalled about 5.4 million kw. By the end of 1959, the machine capacity exceeded 6 million kw. Hydro-electric power plants produced 27,580 million kwh. in 1958 and were expected to boost this to some 29,000 million kwh. in 1959. Norwegian consumption of electrical energy per capita is now nearly 50 per cent higher than in Canada and practically twice that of the United States, Sweden and Switzerland—Oslo.

Index to *Foreign Trade*

The index to Volume 111 of "Foreign Trade", covering the issues from January 3, 1959, to June 20, 1959, has now been printed. Readers who wish to have copies should write to the Editor.

Foreign Trade Service Abroad

Bentley's Second Phrase Code is used by Canadian Trade Commissioners

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Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
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Brazil	Wm. Jones Commercial Secretary C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
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France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
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Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
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South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
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Spain Balearic Islands Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
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United States—*con.*	H. E. Lemieux Consul and Trade Commissioner F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	Consul and Trade Commissioner (absent)	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California, (except the ten southern counties), Wyoming, Nevada (except Clark county), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada PISO 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
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West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

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

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

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

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

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

For conversion to United States dollar equivalent multiply by 1.05090311.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 17	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01145	87.34	(1)
Austria	Schilling		.03711	26.95	
Australia	Pound		2.1312	.4692	
Bahamas	Pound		2.6640	.3754	
Belgium, Belgian Congo and Luxembourg	Franc		.01902	52.58	
Bermuda	Pound		2.6640	.3754	
Bolivia	Boliviano	Free	.00008329	12,006.43	
British Guiana	Dollar		.5550	1.80	
British Honduras	Dollar		.6660	1.50	
Brazil	Cruzeiro	General Category*	.004387	227.96	*Nov. 10 (2)
		Special Category	.002239	446.55	
		Official selling	.05030	19.88	(3)
Burma	Kyat		.1998	5.00	
Ceylon	Rupee		.1998	5.00	
Chile	Peso	Free	.0009045	1,105.58	(4)
Colombia	Peso	Certificate	.1487	6.72	
Costa Rica	Colon	Official	.1695	5.90	
		Controlled free	.1431	6.99	
Cuba	Peso		.9516	1.05083	tax 2%
Czechoslovakia	Koruna		.1322	7.56	
Denmark	Krone		.1379	7.25	
Dominican Republic	Peso		.9516	1.05083	
Ecuador	Sucre	Official	.06344	15.76	
		Free	.05422	18.44	
Egyptian Region, United Arab Rep.	Pound	Official	2.7325	.3660	
		Export account selling	2.0950	.4773	
El Salvador	Colon		.3806	2.63	
Fiji	Pound		2.3400	.4273	
Finland	Markka		.002974	336.25	
France, Monaco, etc.	Franc		.001939	515.73	(5)
French colonies	Franc		.003874	257.86	(6)
French Pacific	Franc		.01066	93.81	(7)
Germany	D Mark		.2281	4.38	
Ghana	Pound		2.6640	.3754	
Greece	Drachma		.03172	31.52	
Guatemala	Quetzal		.9516	1.05083	
Haiti	Gourde		.1903	5.25	
Honduras	Lempira		.4758	2.10	
Hong Kong	Dollar	Free*	.1664	6.01	*Dec. 4
		Official	.1665	6.01	
Iceland	Krona	Official	.05843	17.11	(8)
India	Rupee		.1998	5.00	
Indonesia	Rupiah	Official rate	.02115	47.29	(8)
Iran	Rial		.01256	79.60	
Iraq	Dinar		2.6644	.3753	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 17	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6640	.3754	
Israel	Pound		.5286	1.89	
Italy	Lira		.001532	652.74	
Japan	Yen		.002643	378.36	
Lebanon	Pound	Free	.3009	3.32	
Mexico	Peso		.07613	13.15	
Netherlands	Florin		.2523	3.96	
Netherlands Antilles	Florin		.5084	1.97	
New Zealand	Pound		2.6640	.3754	
Nicaragua	Cordoba	Effective buying	.1442	6.93	
		Official selling	.1349	7.41	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.1998	5.00	
Panama	Balboa		.9516	1.05083	
Paraguay	Guarani	Official	.007832	127.68	
Peru	Sol	Certificate	.03435	29.11	
Philippines	Peso		.4758	2.10	
Portugal & Colonies	Escudo		.03321	30.11	(9)
Singapore and Malaya	Straits Dollar		.3108	3.22	
Spain and Dependencies	Peseta		.01586	63.05	
Sweden	Krona		.1837	5.44	
Switzerland	Franc		.2205	4.53	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04529	22.08	(8)
Turkey	Lira		.1057	9.46	(8)
Union of South Africa	Pound		2.6640	.3754	
United Kingdom	Pound		2.6640	.3754	
United States	Dollar		.9515625	1.05090311	
Uruguay	Peso	Free	.08477	11.80	
		Basic buying	.6289	1.59	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2840	3.52	
West Indies Fed.	Dollar		.5550	1.80	(10)
	Pound		2.6640	.3754	(11)
Yugoslavia	Dinar	Official	.003172	315.26	(8)
		Settlement rate	.001506	664.17	

*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

ITALY

Area: 119,733 square miles.

Population: 49 million.

Climate: temperate—but warm and dry in non-mountainous areas in summer.

Language: Italian; French and English known to limited number.

Currency: lire; Can.$1=lire 653; U.S.$1=lire 620 as at November 16, 1959.

Weights and measures: metric system.

Capital: Rome.

Chief ports: Genoa, Naples, Venice, Trieste, Bari, Palermo (Sicily).

Marketing centres: Rome (population) 1,874,469; Milan 1,384,666; Naples 1,115,798; Turin 889,249; Genoa 736,135; Palermo 570,568; Florence 411,962; Bologna 399,739; Catania 344,786; Venice 336,909.

Economy: industrial and agricultural. Rapidly expanding economy; encouragement given to foreign investments; oil and natural gas exploration; shipbuilding; hydro-electric and nuclear energy production; automobile and chemicals manufacturing; handicraft industries; fashions.

Total Italian imports: in 1958, U.S.$3,200 million; in 1957, $3,700 million.

Chief imports: 1958 (value, in per cent)—agricultural products 12.5, livestock and products 7.2, non-metallic minerals 20.1, metal ores and scrap 5.8, foodstuffs 7, metal products 7.7, machinery and equipment 8.1, chemicals 6.5.

Chief suppliers: 1958 (in per cent)—United States 16.2, West Germany 12.1, United Kingdom 5.5, France 4.7, Austria 4.7.

Value of imports from Canada: 1958—Can.$30 million, 1957—Can.$63 million.

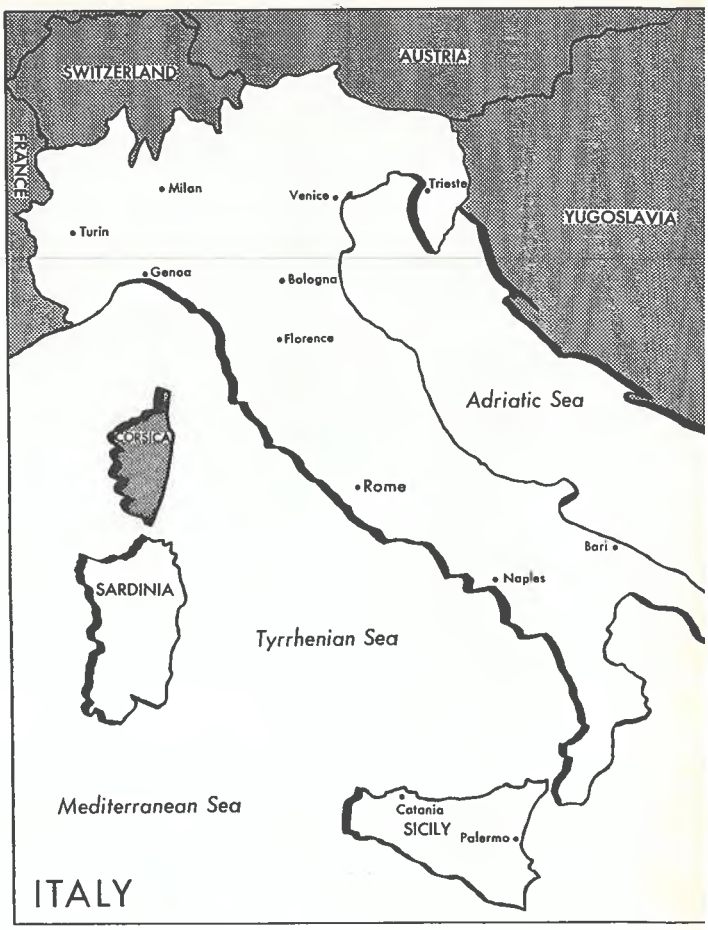
Chief imports from Canada: (Can.$ million) fine nickel 3.8; drugs, chemicals 2.9; copper 2.9; pig iron 2.8; rapeseed 2.2; wheat 2.0; wood pulp 1.5; scrap iron, steel 1.3; aluminum 1.3; pulpwood 1.2; fish products 1.2.

Total Italian exports: 1958—U.S.$2.5 million; 1957—$2.6 million.

Chief exports: 1958, (in per cent): agricultural products 12.9, foodstuffs 6.4, textiles 12.6, machines, equipment 10.9, means of transport 13.7, metallurgical products 7, petroleum and coal-distillation derivatives 7, chemicals 6.9.

Chief markets: 1958 (in per cent)—West Germany 14.3, United States 9.7, Switzerland 6.9, United Kingdom 6.8, France 5.3.

Value of Canadian purchases: (Can.$ million): 1958, $33; 1957, $33.



Chief Canadian purchases: 1958, (Can.$ million): woollen fabrics 2.6; tomatoes, paste, pulp and puree 2.5; automobiles 1.3; boots, shoes 1.2; cheese 1.2; cherries 1.1; office machines, parts 0.9; wines, liqueurs, 0.9.

Dollar exchange: freely available for all liberalized imports, but a number of items still subject to import licences.

Prices: quote in U.S. or Canadian dollars, f.o.b. or c.i.f.

Samples: if of commercial value, duty has to be paid on them; otherwise samples may enter Italy free of duty.

Trade agreements: Canada and Italy exchange most-favoured-nation treatment under a modus vivendi, as well as under the provisions of GATT.

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

Correspondence: airmail only; letters 15 cents per half ounce.

For detailed information on this market write:

European Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
27 Via G.B. de Rossi
Rome, Italy
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