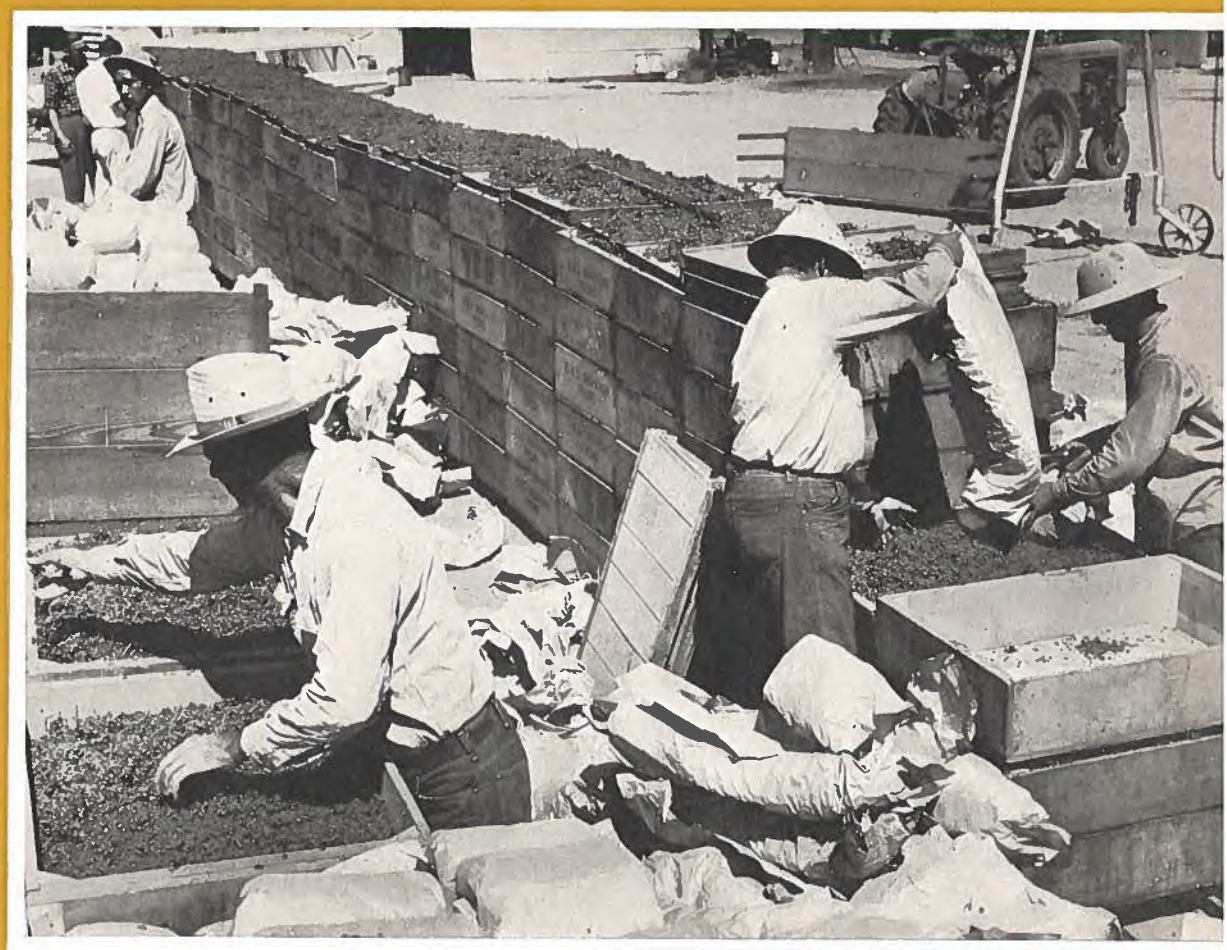
JUNE 4, 1960

foreign trade

CANADA



RAISINS FOR CANADIAN TABLES (page three)

Established in 1904

foreign trade

OTTAWA, JUNE 4, 1960 Vol. 113, No. 12

cover At a California packing plant, raisins that have been dried in the sun on paper trays are transferred to wooden boxes for storage until they are packaged for the consumer. California has become the world's biggest raisin producer; part of the crop moves across the border each year to Canadian dried-fruit importers. For reports on production and exports of raisins in the three countries that supply the Canadian market, see pages three to ten.

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister. JAMES A. ROBERTS, Deputy Minister.

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

CANADA

editorial

Sun-Dried . . . Sold . . . Shipped

Last fall a Foreign Trade *subscriber suggested that we commission and publish a series of reports on dried fruits that Canada buys from foreign countries. This request prompted us to delve into the statistics on this trade. Jotting down figures and adding them up, we discovered that last year Canadians spent $17.2 million bringing in nearly 104 million pounds of dried fruits.*

These imports ranged from the top-ranking raisin and the humble prune to the more exotic but much less popular dried guavas, mangoes and mandarines. All of them came mainly from countries where the fruit ripens and then is dried under a hot sun—southern California, Iran and Iraq, the Mediterranean countries, South Africa, and Australia. Dried fruits have become particularly important in our trade with Australia; last year her shipments to us were worth nearly $8½ million.

Three types of dried fruit—raisins, dates and prunes—far outsell the remaining varieties; of the 104 million pounds of dried-fruit imports, these three accounted for 90 million. Raisins headed the list—some 55 million pounds brought in last year—chiefly because of the steady demand from bakers of bread, cake and pies and from the candy-makers. Next came that staple of the Arab countries, dates, (24 million pounds) and then prunes (12 million).

In our reports on dried fruits we intend to feature these three varieties, beginning with raisins in this issue and going on to prunes and dates. The Trade Commissioners in the countries from which we buy the bulk of our supplies were asked to bring Canadian importers up-to-date on production, varieties grown, quantities for export, trends in prices, marketing methods, and quality control. Many of the articles give the reader a bonus—some insight into the history and development of this far-reaching industry.

We hope that the reports we are presenting will prove helpful to dried-fruit importers and will also interest those who, like us, are mere consumers.

—The Editor.

Raisins for Canadian Tables

TWO million tons of grapes, grown in nearly twenty countries, are dried and sold each year as raisins, seeded or seedless—the most popular of dried fruits. The trade in raisins goes back to the pre-Christian era in the Near East. Later the growing of grapes and drying of the fruit took hold in the Mediterranean countries and Spain became the leading producer. Spanish missionaries carried the Muscat variety of grape, from which seeded raisins come, with them to California, French Huguenots began the growing of grapes in South Africa, and (two centuries later) Canadians helped to establish the industry in Australia.

Raisins continue to be important in the export trade of two Mediterranean countries, Greece and Turkey, but the top producer is now the United States—140,000 tons in 1958, nearly all grown in the warm, sheltered interior valleys of central California. But only 22,000 tons of this California crop moved into export markets and Australia, with a pack of 77,300 tons in 1958, sold 62,700 tons abroad—to capture first place as an exporter. Next in line came Turkey, Iran and Greece. (Greece also produces about three-quarters of the world's currants.)

Canadian importers buy raisins principally from Australia and the United States. In 1956 and 1957, Australia held a four-to-five-million-pound lead. In 1958 and 1959 she increased her share of the Canadian market at the expense of the U.S.: last year, for example, she shipped us nearly 42 million pounds and the U.S. sent only 12.3 million, partly because of a small crop. The only other sizable supplier is South Africa and (for reasons explained later) her sales to us have varied from 692,000 pounds in 1956 to no shipments at all last year. Occasionally we buy small quantities of raisins from Spain. Commonwealth suppliers are, of course, favoured because the Commonwealth product enters Canada duty free.

The three reports that follow discuss in greater detail the production and marketing of raisins in the three countries from which we draw most of our supplies—Australia, the United States, and South Africa. ●

CANADIAN IMPORTS OF RAISINS

		1954	1955	1956	1957	1958	1959
Australia	lb.	29,495,372	27,056,002	24,264,760	27,254,117	37,721,369	41,890,244
	$	4,299,399	4,032,255	3,599,691	4,339,409	6,687,431	7,416,284
Spain	lb.		81,018	3,386	45,168	617	1,011
	$		4,319	366	6,863	189	270
Union of South Africa	lb.	1,582	8,700	692,125	338,500	81,550	
	$	405	971	105,542	54,076	14,189	
United States	lb.	20,609,201	19,391,930	20,926,019	22,558,080	15,451,953	12,304,178
	$	2,579,147	2,556,432	2,914,817	3,549,668	3,433,319	2,409,175
Total	lb.	50,106,155	46,537,650	45,886,290	50,195,865	53,255,489	54,198,740
	$	6,878,951	6,593,977	6,620,416	7,950,016	10,135,128	9,826,255

Australia — the world's leading raisin exporter.

T. G. MAJOR, *Commercial Counsellor, Melbourne.*

THOUSANDS of acres of vineyards centred on Mildura on the banks of the Murray River in southeastern Australia are a living monument to the imagination and skill of two Canadians. Back in 1886 George and W. B. Chaffey, who previously had developed an irrigation scheme in California, accepted an invitation from the Victoria Government to undertake a similar project in the dry Mallee country. A year later the plan was extended to Renmark in South Australia. From these small beginnings and despite many setbacks, the dried fruit industry grew rapidly as the inadequate irrigation system was expanded. Today a vast irrigated area in four states produces an average of 76,227 long tons of raisins and sultanas a year, plus wine grapes, citrus and other fruit, grains, and pasture.

Output Fluctuates

About 85 per cent of the dried grapes are produced in the Mildura region, with its dry climate and long hours of sunshine. Of a crop of some 65,000 tons, currants make up about 12 per cent, raisins 15 per cent and sultanas the rest. Most of the remaining dried vine fruits are grown in Western Australia. Despite the stabilizing effect of irrigation, the annual grape production and pack of dried fruits fluctuate widely because of changes in the weather. In 1928, for example, production totalled only 31,850 long tons; in 1944, it reached a high of 104,261. In some years frost is a danger. Excessively hot dry weather soon after the fruit forms causes heavy dropping and humid weather brings outbreaks of mildew and black spot. Yield and quality may be seriously affected by rain and high winds or dust storms when the fruit is on the drying racks or mats. Irrigation and soil problems have been and continue to be sources of production difficulties. Extensive research into and experimental work on these problems and on production goes forward at the agricultural research station at Merbein.

Probably the industry's greatest problem is marketing the crop. In the early days of the settlement on the Murray, transportation was the major difficulty. The vineyards were isolated in the interior, far from the urban areas of Adelaide and Melbourne. The pack had to be taken to the coast in river steamers or hauled to railhead in carts. It was not until 1903 that the railway from Melbourne reached Mildura. This gave the growers a new impetus and by 1911 production became large enough to supply the Australian market. The table below reviews production during a number of years.

PRODUCTION, SELECTED YEARS

	Average 1934-1958	1959*	Estimated 1960
	(in long tons)		
Sultanas	51,973	66,857	45,000
Raisins	7,585	7,799	8,500
Total	59,558	74,656	53,500

*Note that 1959 production exceeded the 25-year average.

As output expanded still more, the search for export markets began. With this came competition from world producers in California, the Mediterranean and South Africa. The First World War sheltered the Australian industry from overseas competition but with the coming of peace it became evident that it must organize for efficient marketing and production.

Industry Well Organized

In 1907 the various growers' associations were amalgamated to form the Australian Dried Fruits Association, a voluntary organization of growers, packers and dealers that fixed the proportion of the pack to be marketed in Australia and abroad. Between 1924 and 1927, Commonwealth and state legislation resulted in the creation of the Commonwealth Dried Fruits Control Board and the state Dried Fruits Boards. These, with the Association, control the marketing of the crop.

AUSTRALIAN EXPORTS OF SULTANAS AND RAISINS

1956-1959

SULTANAS

(long tons)

	U.K.	Canada	New Zealand	Other markets	Total tons
1956	14,583	11,243	3,885	838	30,549
1957	31,973	12,684	4,343	1,375	50,375
1958	27,997	15,327	4,204	12,114	59,642
1959	31,759	17,000	3,000	4,500	56,259

RAISINS

(long tons)

	U.K.	Canada	New Zealand	Other markets	Total tons
1956	642	265	458	6	1,371
1957	450	248	509		1,207
1958	2,800	1,100	1,381	6	5,287
1959	2,350	1,100	500		3,950

The Association is a voluntary body comprising growers, packing-houses (both co-operative and private), selling agencies and wholesalers. It is largely controlled by the grower membership of some 6,650 producers. Though it does not engage in direct selling, its objectives include the maintenance of fair market conditions, the fixing of domestic prices, allocation for export, and the stimulation of consumption within Australia.

The Commonwealth Dried Fruits Control Board consists of seven growers' and two commercial representatives, one marketing representative, and one Federal Government representative. Its function is to control the sale and distribution of exported dried fruits by issuing export licences and fixing minimum prices and trading terms. It is responsible for overseas publicity. The State Boards fix quotas for interstate trade but have no power to prohibit interstate sale of the remainder of a state's production. In addition, they license packing-houses, register dealers, and are involved in the policing of regulations on quality and hygiene.

The crop year begins in May with the ploughing in of the fallen leaves and the sowing of the leguminous cover crops. Later comes the pruning of the vines and spraying. During the year there are about five irrigations. Harvesting operations get under way in February, with the aid of thousands of pickers from as far afield as the cane fields of Queensland and the hop gardens of Tasmania. The sultanas, after cold dipping, are dried on racks made up of six to twelve tiers of wire netting 50 yards long, then shaken down and spread on mats for finishing in the sun. The muscatels are not dipped but spread out in trays for sun drying.

The packing plants, some 76 in all, are equipped with modern machinery and manual labour and handling of the fruit are reduced to a minimum. The larger plants handle 100 tons of fruit an hour from the receiving scales to the finished product, packed in corrugated cartons or wooden boxes. Government inspectors supervise all operations, including the final grading of each package in accordance with Commonwealth and State Board regulations.

The bulk of the exports go to the United Kingdom, Canada and New Zealand, in each of which the Australian product enjoys duty-free entry, as do other Commonwealth producers. Foreign sultanas and raisins pay a duty of sterling £8.10s. a ton in the United Kingdom, 3/4d. a pound in New Zealand, and 3 cents a pound in Canada.

The volume of exports to Europe varies with the size of the Mediterranean pack and in the United Kingdom and Canadian markets there is strong competition from the Californian products. Limited outlets are being developed in south-east Asia but for a long time to come the main markets will probably be the United Kingdom, Canada and New Zealand. Later this year representatives of the Commonwealth Dried Fruits Control Board will visit Canada to study market potential, publicity and marketing procedures. The binding of the preference under the recently negotiated Trade Agreement with Canada will provide a firm basis for long-term trade promotion in the rapidly growing Canadian market. ●

South Africa—wine, fresh fruit, or raisins?

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

THE raisin industry in South Africa is both well developed and efficient. However, its expansion is limited because of the many other outlets for fresh vine fruit. Prices, the supply of labour, the various types of fruit produced—all these play a part in the producer's decision about the disposal of his crop. Some may be sold as fresh fruit, some made into wine, and some dried. If it is dried, the needs of the South African market must be met before any raisins are exported.

Raisins were among South Africa's first exports. The French Huguenots who landed in the country in 1688 were the first people to begin drying grapes. They settled in the Fransch Hoek Valley, over the mountains to the east of Stellenbosch, and sun-dried in the traditional way the grapes that they raised. They then exported them, chiefly to Holland. The Governor of the Cape helped and encouraged them in this enterprise. Fruit-drying soon became general throughout the Cape but it was discovered that the vines would not flourish in other parts of South Africa. But by 1859 some £32,161 worth of dried fruits was exported in a single season and it is assumed that shipments consisted chiefly of raisins.

About 1860 the Sultana grape was introduced and important progress in its culture and in that of other dried fruits took place around 1880. But it was not until 1892 that serious efforts were made to undertake the drying of fruit on a

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This typical farm in the Cape Province, sheltered by the mountain at its back, specializes in growing and drying grapes and selling the raisins produced. Cecil Rhodes was one of the early sponsors of a commercial dried-fruit industry in this area; established the Rhodes Fruit Farms in 1897.

commercial scale. In that year a Californian arrived in South Africa, bringing with him valuable knowledge of fruit culture and of drying methods. This stimulated the whole industry. Later he persuaded the Government to send a young farmer, P. J. Cillie of Wellington, to California to learn more about the methods there, where the climate closely resembles that of the Cape. When Cillie returned, the fruit growers began to take his advice and prospered.

Today vine fruits are grown in many parts of the Cape and the Wellington and Vredendal districts are particularly productive. The Dried Fruit Board assists the industry by arranging lectures by experts and passing on new developments to the producers. It works closely with the Western Province fruit research station.

Production Analyzed

The four varieties of raisins—stalk, loose, seeded and seedless—are all raised in South Africa. The seedless raisins are really sultanas, from the sultana grape. The best sultanas in South Africa are raised in the northern Cape on the banks of the Orange River. They are large and juicy and deep amber in colour. The Thompson seedless variety, which masquerades as a raisin, is darker and somewhat smaller.

Raisins, as distinct from sultanas, are sold in South Africa in three different ways:

- *Stalk Raisins*—these are put up in individual boxes as a specialty. The largest and finest bunches of grapes are dried intact, and the whole truss carefully packed to present an attractive appearance, with the raisins still hanging on the stalk.

- *Seeded Raisins*—these are seeded by machine, after they have been passed through dry steam to toughen the skins temporarily so that they will withstand the seeding process without being squashed.

- *Loose Raisins*—these are stalk raisins, minus the stalks and the special packaging.

The production of dried fruit in South Africa declined in 1959 compared with 1958 and with the average production for 1946-55. The table on page seven gives detailed figures of vine-fruit production from 1955 to 1959.

Production of sultanas in 1960 is expected to be down by about 1,000 tons because of frost damage late in 1959. The crop of Valencia-type raisins, made from the Hanepoot grape similar to the Australian Gordo, has lately fluctuated between 2,000 and 3,000 tons; the potential is probably about 10,000 tons. Only a small quantity of dried fruit is expected to be suitable for export this year.

Exports Fluctuate

The Dried Fruit Board buys from producers all the dried fruit raised in South Africa and sells a large part of it in turn to the South African Dried Fruit Co. Ltd. for domestic distribution. The Board then exports, or attempts to export, whatever surplus remains after South African needs are satisfied. It uses a pool system and the final price paid to the producer represents the combined proceeds of local and foreign sales. The Dried Fruit Board, in practice, makes use of the facilities of the South African Dried Fruit Co. Ltd. for export sales as well.

It is easy to see why exports of raisins fluctuate considerably from year to year, because the quantity

put up for sale abroad depends on how much the fresh fruit market, the wine-makers, and the domestic buyers of raisins require each year. The table gives figures on dried fruit exports for the years 1954 to 1958. The United Kingdom purchases the larger part of the crop, though a steady but small trade is also carried on with northern European countries, especially Scandinavia. In some years New Zealand is the second largest market. South African producers are concerned about competition in the British market from California, now that controls on dollar imports have been relaxed.

In 1958 the principal buyers were:

United Kingdom	5,778,000 lb.
New Zealand	470,000 "
Denmark	314,000 "

and in 1959:

United Kingdom	4,366,000 lb.
British West Indies	36,000 "
Ireland	20,000 "
New Zealand	18,000 "

Canada's Purchases

The industry recognizes that there is an excellent market in Canada, especially for prepackaged fruit for chain stores, but it has found that Canadian buyers are reluctant to place orders because the South Africans are unable to guarantee continuity of supply. In addition, the Canadian buying season comes at an awkward time for South Africa, either before the crop is ready or too late for best selling.

The accompanying table gives Canadian purchases from South Africa.

Packing

The packing of dried fruit for export is done centrally and in conformity with grading regulations of the South African Department of Agricultural Technical Services. A special inspection at Table Bay docks insures that all fruit exported is packed and graded correctly. The grades, designated by diamonds—five diamonds for best quality—are similar to the Australian grades. The highest South African grade is five diamonds, as opposed to the Australian six and seven crowns. The South Africans consider therefore that their quality is usually about one numeral better than the Australian—for example, three diamonds, they say, is roughly equal to four crowns (Australian). To date, producers have had no difficulty in meeting Canada's quality requirements, although at one stage they did receive complaints about too many cap stems adhering to the berries.

The South African industry has lately developed a new package—a heat-sealed laminated covering of polythene and cellophane. After filling, the packet is vacuumized and then flashed with some inert gas which protects the fruit against insect infestation and fungi. This gives the fruit an expected shelf life of some six months, even in warm climates. South Africa can therefore guarantee clean fruit even if it is not recleaned in the country of destination.

Prices

Over the past three years, South African producers have been obtaining satisfactory prices for vine fruit. There are indications, how-

SOUTH AFRICA—DRIED VINE-FRUIT PRODUCTION

Kind of Fruit	1955	1956	1957	1958	1959
			(pounds)		
Sultanas	2,380,330	2,005,466	2,761,982	3,592,165	2,714,710
Bleached sultanas	1,140,870	840,579	1,012,993	1,325,389	1,047,148
Thompson seedless raisins	4,391,340	2,460,113	2,975,564	3,641,582	4,546,766
Raisins	9,595,495	5,748,948	4,486,396	6,288,103	3,859,905
Stalk raisins	199,491	333,118	331,181	336,567	330,623
Stalk muscatels	120,987	56,361	19,212	83,928	37,027
Loose muscatels	15,275	19,629	18,589	50,050	29,118
Total	17,843,788	11,463,944	11,605,917	15,317,784	12,565,297

EXPORTS OF DRIED VINE FRUITS

Variety of fruit	1954	1955	1956	1957	1958
			(in short tons)		
Sultanas	361	272	195	216	786
Raisins	798	1,998	75	389	572
Seeded raisins	40	390	1,200	406	1,003
Stalk raisins	9			6	
Thompson seedless raisins	1,980	531	339	789	1,000

SALES OF SOUTH AFRICAN VINE FRUITS TO CANADA

Varieties of fruit	1950	1954	1956	1958
		(in pounds)		
Thompson seedless raisins	80,548	1,125	419,000	
Bleached sultanas	7,500	500	250	
Muscatels	2,524			
Stalk raisins	36	750		
Raisins	200,140		500	
Seeded raisins (Hanepoot)			101,125	
Sultanas		500	138,750	65,750
Total	290,748	2,875	659,625	65,750

ever, that they will shortly have to face reduced prices. The general trade recession of the last year or two did not hit the dried fruit industry because of the crop failures in other parts of the world and the resulting scarcity of fruit. However, since April 1959 prices for Thompson seedless raisins have dropped from 185 to about 105 to 110 shillings, and sultanas from 155 shillings to 120.

Prices of vine fruit sold to Canada for 1956, 1957 and 1958 were as follows:

	Price per cwt.		
	1956	1957	1958
Thompson seedless raisins	140s. 3d.	140s. 3d.	170s. 6d.
Sultanas	136s. 3d.	136s. 3d.	155s. 3d.

Had there been any sales to Canada in 1959, prices would have been:

Thompson seedless raisins	196s. 0d.
Sultanas	155s. 0d.

In the past, the South African Dried Fruit Co. Ltd.—the sole packers and exporters for the Dried Fruit Board—exported to Canada through Overseas Farmers of London. It has now appointed two new agents, one in Montreal and one in Toronto, for direct sales to the Canadian trade and hopes that sales figures will rise. ●

United States—the world's principal raisin producer.

A. J. HICKS, *Consul of Canada, Los Angeles.*

CALIFORNIA produced its first crop of raisins, 500 tons, in 1878. By the close of the century, annual production had risen to 30,000 tons and California was displacing Spain as the world's leading exporter. Raisin production in California today averages about 225,000 tons a year; practically all the raisins produced in the United States are grown in California in the San Joaquin and Sacramento Valleys.

Principal varieties are the Thompson seedless, the variety known as "Golden" raisins, and the Muscat.

Mr. W. Thompson, Sr., of Yuba City, California, secured the first cuttings of the Sultanina grape in Turkey and introduced it into California. It became an almost immediate success and the Sutter County Horticultural Society named the California-grown grape after its originator, Mr. Thompson. The raisins from this grape have a dark bluish-brown colour and an excellent flavour.

Another variety of seedless raisin, the "Golden", is also widely produced and is in good demand both domestically and on the export market. It is related to the "White" raisin of Europe.

The Muscat variety is almost an original Californian, because it was brought to California long ago by Spanish missionaries. A seed-bearing variety, it is very sweet and is customarily used as a dessert fruit. Muscats are reddish brown in colour and are packed as seeded, loose or cluster raisins.

A few Sultana raisins are produced in California but they are of little importance. They look something like Thompson seedless but have a more tart flavour and are not necessarily free from seeds. They are not graded by size.

Drying the Fruit

There are various ways of turning grapes into raisins. They can be left on the vine until the grapes dry on the stalks; the stalk may be partially cut just before the grapes are ripe and the grapes left to dry on the partly severed stalk, or the fully ripe clusters may be cut off and dried in the sun. The latter system is the one practised in California.

Bunches or clusters of Thompson seedless grapes are cut from the vine when they are fully ripe. They are then either laid on wooden trays or, in the newest system, on clean paper trays between the rows. They dry in the sun for several days and then the paper trays with the partially dried grapes are rolled into bundles and left in the sun in the field to complete the drying and curing process. They next go to "sweat boxes" and are ready to be turned over to the packer. They require no further processing and are stored in the boxes until the time comes to pack them for the consumer.

Golden raisins are also cut from the vines when they are fully ripe but, although some are still sun dried, most of them are dehydrated artificially and treated with sulphur to set the natural colour of the ripe grape. When they are marketed, these raisins retain their light yellow to amber brown colour.

Muscat grapes are harvested fully ripe and, like the Thompson seedless, the clusters are dried in the sun. They are laid on wooden trays between the rows of vines and continually turned by hand during the drying period. When drying and curing are completed, they are placed in sweat boxes and are delivered in this form to the packer. The harvesting season lasts from the end of August to the beginning of October.

In the packinghouse, Thompson seedless and Golden raisins are mechanically stemmed and graded and then whirled in a fine spray of

water. After being shaken and dried, they are packaged and weighed. The whole operation is done by machinery.

Muscat raisins which are to be seeded are first stemmed, graded, washed and then heated by steam. This softens the fruit and the seeds can be removed mechanically. Interestingly enough, the machinery used as a "deseeder" is an adaptation of Eli Whitney's cotton gin. When the seeds have been removed, the raisins are packed.

Loose Muscat raisins are stemmed, graded and cleaned but the seeds are not removed.

Some Muscat raisins are sold as cluster raisins—that is, the dried fruit remains on the stems and is not seeded. These are the familiar table raisins.

Thompson seedless raisins are graded in two sizes. The larger are packaged for consumers and the smaller ones (known as "midget", or "bakers") are used principally in the bakery trade. Seedless raisins are packed in consumer-size packages or in 30-pound cases for bakers, cracker makers and other commercial users.

The term "crown" is used to describe the size of Muscat raisins; they range from 1 crown to 4 crown. One-crown raisins measure 12/32 of an inch in diameter, 2-crown 17/32 inch, 3-crown 21/32 inch, and 4-crown over 21/32 inch. Loose Muscat raisins are normally packed in 30-pound cases.

Production and Exports

Production of raisins in California in 1959 is estimated at about 225,000 tons. Production figures for the crop years 1954 to 1958 are as follows (in tons):

1954	165,263
1955	222,470
1956	197,091
1957	159,108
1958	158,368

Although the bearing acreage has increased gradually but steadily (1958, 209,807 acres and 1959, 215,600 acres) 1958 was a disastrous year for dried fruits. Heavy rains severely damaged the raisin crop and cut it down by some 35,000 tons. A large part of the crop was drying in the vineyards when the rains came and, as a result, the industry had the worst mould problem ever. Although soda-dipping of raisins as practised in Smyrna has not been carried on in California to any extent in recent years, it is interesting that the emergency of the mould problem in 1958 induced one Californian to produce some 2,500 tons of soda-dipped raisins and to develop a market for them.

As the 1958 crop was short or damaged, prices were high. But in 1959 raisins of good quality were abundant and prices should remain fairly stable.

The California dried fruits industry and the research organizations are constantly striving to improve the quality of California dried fruits through better growing, harvesting, processing and methods of distribution.

In the raisin industry, much work on mechanical harvesters and artificial dehydration is being carried on. Although the cost of attempting to dehydrate the California raisin crop is almost beyond comprehension, the experiments continue.

Of the approximately 416,000 tons of dried fruit produced in California in 1959, the lion's share (225,000 tons) was raisins. It takes about four pounds of grapes to produce one pound of raisins, so about one million tons of grapes were grown and processed by the industry in California last year. The return to California growers from the sale of dried fruits produced in 1959 will total better than $90 million and the total f.o.b. value should exceed $135 million. ●

Piles of golden grapes under the warm California sun are transformed into rich, reddish-brown raisins. The San Joaquin Valley, once regarded as a wasteland because of the lack of rain, now has become a major raisin-producer for the world.

As the Businessman Sees

The Changing Egyptian Market

How are Canadian exporters affected by drive to make Egypt a center of supply for the Middle East and provide industrial jobs for a growing population?

ARTHUR H. ALLWORTH,
Manager, Export Division,
Charles E. Frosst and Company.

As told to O. Mary Hill.

WHEN Arthur Allworth, manager of the Export Division of Charles E. Frosst and Company, went to Egypt late last year, he expected and found striking changes since his last visit, shortly before the Suez crisis. The composition of the trading community, the import regulations, domestic manufacturing, the Government's share in trade and in industrial development—all these had altered significantly. His objectives too were different. In addition to carrying out the familiar program of an export manager on tour —consultation with the company's agent, calls on government officials, visits to old and new customers, investigation of complaints—he had a special assignment. This was to study the current situation and future prospects and to report to Frosst executives on the pros and cons of establishing a branch plant in Egypt (as the Egyptian authorities had been suggesting) or of entering into licensing arrangements.

This problem has already confronted or may soon confront other Canadian companies selling to Egypt. Government control over export and import trade is increasing and its direct interest in industrialization is growing. Motivating both these developments is President Nasser's desire to raise living standards, to make Egypt more independent of foreign suppliers, and ultimately to provide its Arab neighbours (particularly the rich oil producers) with machinery, equipment and consumer goods made in Egypt. This ambition was made clear to Mr. Allworth in his talks with government officials, with the Frosst agent, with local businessmen, and with some of his foreign competitors.

Securing Import Licences

Recent experiences had shown the company how the wind was blowing. For eight months of last year, it had been unable to get a single import licence to meet Egyptian demand for its products. When its stocks there were nearly depleted, the authorities granted one licence for a large amount. Four shipments went forward to Cairo but before the total amount covered by the licence was despatched, the letter of credit expired. On the agent's application, however, the Government allowed two additional shipments.

Predicting whether or not an import licence will be granted and for how much has become a significant part of trading with Egypt. In many fields, the Government itself decides how much of each product shall be imported, often without sufficient knowledge of the demand. Shelves may be stocked with a pharmaceutical product that is not moving, says Mr. Allworth, and customers clamouring for another that is kept out. Obtaining a licence depends upon the usefulness of the product, the cost to the consumer, and on whether something manufactured in Egypt can take its place. The case that the buyer makes to the licensing authorities and the initiative and salesmanship of the agent also have a bearing on the decision. The Government specifies too what imports it considers essential.

Agencies Changing

Mr. Allworth, making his quiet rounds in Cairo, soon discovered other changes. This was his fourth visit to Egypt and he was already acquainted with the importing community. He noted that agencies formerly held by British, French or Jewish businessmen had been taken over by the Government. He observed too that the "Egyptianization" of commercial agencies, set in train by Law No. 24 in 1957, was progressing quickly. This law set up a register of importers (exporters also) and laid down that after five years (1962) non-Egyptian agencies will not be permitted to import. Only subjects of the United Arab Republic will be allowed to operate an agency and if it is a joint stock company, U.A.R. nationals must hold the shares and manage the enterprise.

With the deadline for Egyptianization only two years away, Mr. Allworth had to discuss this situation with the present Frosst agent, a Lebanese. After 1962, he will be able to act as a wholesaler only; the company will not be allowed to ship directly to him.

Not only are import licences restricted and agencies regulated: about 440 items in the Egyptian tariff are prohibited entry. This move is tied in with the growth of local industry. Last August, Frosst learned that more products will be kept out as the months go by. The authorities informed the company that within three years, imports of any pharmaceutical product then being made in Egypt will be cut off. Within five years, certain chemicals now being purchased abroad must be manufactured domestically. Official figures reveal that 115 new plants have been opened in Egypt during the last two years—proof of the reality of the industrial drive.

Other minor trade regulations have been passed. Samples—important in the pharmaceutical trade—have not escaped official attention. Those coming in from other countries are taxed and 25 per cent of the quantity must be donated to hospitals. Imported promotion materials are also taxed. The Government fixes the prices of certain commodities, including pharmaceuticals, carefully. Incoming shipments are appraised and every two weeks the official *Gazette* publishes a list of the pharmaceuticals that have arrived (no quantities are given) and the prices at which they will sell.

Building a Branch Plant

Mr. Allworth knew that many foreign manufacturers, faced with Egypt's industrial advance and curtailment of imports, have chosen to put up branch plants in or near Cairo. Should his company follow their lead? He spent a good deal of his time investigating this question. Overseas firms who wish to establish in Egypt must apply to the authorities for approval. The application must be buttressed with an impressive array of documents, containing figures on every possible phase of the proposed operation —administration, production, distribution, promotion, research and development. The Egyptian Government then studies the brief and the supporting data. It bases its decision not only on the material supplied but also on how much this type of manufacturing is needed. If it feels the plant is essential, it may relax some of the requirements, as it did not long ago for a United States manufacturer of antibiotics.

The regulations on branch plants are framed with one end in view—helping Egypt to develop industrially. Among the more important are:

1. Foreign companies may not set up wholly-owned subsidiaries; they must enter into joint ventures with U.A.R. nationals. The latter must control at least 40 per cent of any enterprise. Originally the figure was 51 per cent, but so few foreign companies were attracted that this stipulation was altered.

2. The company setting up the plant must agree to train Egyptian staff both in Egypt and at home base. It may employ only an agreed percentage of non-nationals.

3. Only a specified percentage of the profits may be exported. Pharmaceutical manufacturers, in addition, must help to finance medical research in Egypt.

4. The plant must export part of its production to other Arab countries in the Middle East.

One of the questions that Mr. Allworth looked into was the competition that a pharmaceutical plant in Egypt would have to face. The country already has three government-owned laboratories. The Swiss, the Germans, the Belgians, the French and the Americans all are selling pharmaceuticals there and some of these firms are already planning joint ventures. The Egyptian attitude towards competition he found interesting. At present, only one plant is permitted to turn out a specified chemical. Discussing this with an Egyptian, Mr. Allworth remarked: "Why not let a number of firms turn out these products and compete among themselves? Competition makes for efficient business." The answer was that some of the firms might be forced to the wall if competition were unrestricted and the local investment made in these companies must be protected. Egypt feels that it cannot yet *afford* competition.

Some overseas firms have declined to move into Egypt for other than competitive reasons. One is the regulation that certain raw materials or components (such as chemicals) may be imported only for a specified time and afterwards must be made in Egypt. In addition, the licensing authorities can and do specify the country of supply for raw materials, often basing their decision on availability of currency for payment. Another is the Egyptian emphasis on price rather than quality, probably inevitable until the standard of living rises.

Licensing a Solution?

Some overseas firms, not prepared to put up branch plants, are studying licensing arrangements as a means of keeping a foothold in this Middle East market. The regulations governing licensing are designed to further Egypt's plans for self-sufficiency. The foreign firm entering into an arrangement receives a royalty of 5 per cent for ten years, 3 per cent for five years, and 2 per cent for the next five. At the end of the twenty years, royalty payments cease. The economics of a licensing proposal should therefore be studied closely before it is accepted. So should a third approach—buying into a local company.

One of Mr. Allworth's strongest impressions during his visit was the optimism prevailing in Cairo. The first question Egyptians put to him was: "Do you notice any improvement?" and they were gratified by his positive response.

82368-2—3

From his years of dealing with Egyptian customers and agents, Mr. Allworth has learned much about the characteristics and difficulties of this market. He makes a number of points that Canadian exporters already selling to Egypt or thinking about possibilities there will find worth attention.

1. Go to Egypt yourself if you want to understand the trading atmosphere. Not enough Canadians follow this practice. United States firms often send out four or five people at a time and they spend a month or two in Cairo. (Cairo and possibly Alexandria are the only cities that need be covered.)

2. Be prepared to adapt yourself to changing conditions and to cope with trade regulations and restrictions and the problem of obtaining import licences.

3. If you have not sold in Egypt before, it may be wise to deal with one of the new government importing agencies. At least be sure that the agent you select has good government connections. (Cairo offers plenty of good agents.)

4. Watch out for opportunities of securing orders through government tenders; a good deal of business is done in this way. But your prices will have to be low.

5. Bear in mind that competition is keen, not only from local manufacturers but also from European and United States suppliers.

6. At the outset, sell on letter of credit only, until you consider it advisable to offer other terms.

7. Don't neglect the other province of the United Arab Republic, Syria. Be careful to choose a Syrian agent because the same restrictions apply here as in Egypt. Import licences for Syria are easier to obtain and terms are usually sight draft. ●

India's Export Trade in Tobacco

IMPROVED quality and increased exports of tobacco are being stressed under India's Second Five-Year Plan. The country is the world's third largest producer and fifth largest exporter of tobacco.

Under the Plan, Rs.2.6 million were allocated for the improvement of the industry. Six research institutes are studying better growing, curing and storage methods. During the first two years of this program, 16,000 pounds of improved seeds were produced and planted over an area of 170,000 acres. A program for educating farmers to adopt more efficient methods of cultivation, curing and handling is also under way.

To ensure good quality tobacco for export, the Indian Tobacco Association was formed several years ago. In addition, Tobacco Grading Inspectorate officers inspect, grade and seal each package destined for shipment abroad.

A Tobacco Export Council, composed of manufacturers and exporters as well as government officials, has also been formed. A non-profit organization, it receives some financial assistance from the Export Promotion Directorate of the Ministry of Industry and Commerce. Tobacco sales officers have been appointed in London, Antwerp and Hong Kong.

Efforts are being made to have tobacco included as an export commodity in trade agreements signed with other countries. In the Indo-Ceylonese Trade Agreement of 1958, for instance, Ceylon undertook to purchase annually over a four-year period six million pounds of bidis (crude cigarettes with dried tree-leaf wrappers) and unspecified quantities of other varieties of tobacco. In return, India agreed to buy 2.7 million pounds of Jaffna tobacco a year for the same period.

Production of tobacco totalled 685 million pounds in 1956-57 and 564 million in 1957-58. This makes it one of the more important Indian cash crops though, on the average, tobacco accounts for only 0.3 per cent of the total area sown to principal crops. It comes ninth among India's exports and provides farmers with an annual income of about Rs.400 million.

Exports of tobacco from India during 1958 reached the all-time record value of Rs.163 million, Rs.35 million more than in the preceding year. Raw tobacco exports, at 106 million pounds valued at Rs.147 million as against 80 million pounds worth Rs.116 million in 1957, accounted for over 90 per cent.

Virginia flue-cured tobacco for cigarette manufacture is the most important type, and in 1958 accounted for 92 per cent of exports (Rs.135.5 million). The United Kingdom takes about four-fifths of this. The two next most important markets, Communist China and the U.S.S.R., buy substantial quantities of the medium and low grades; in 1958, however, China purchased one million pounds of top grade for the first time.

Shipments abroad of the remaining varieties in 1958 totalled Rs.12 million. Nearly half of these exports by volume went to Aden and consisted mainly of leaf for making chewing tobacco. About 2.7 million pounds of sun-cured natu-desi and sun-cured Virginia were bought by the United Kingdom.

Though exports of manufactured tobacco from India are small compared with foreign sales of unmanufactured tobacco, they totalled 4.7 million pounds worth Rs.16 million in 1958.

—G. P. MORIN,
Assistant Trade Commissioner, Bombay.

The Town Hall on the shores of Lake Mälaren, opened in 1923, constitutes a major attraction for visitors to modern Stockholm. To Canadian businessmen who have personally explored the Swedish market it has become a familiar sight.

A. P. BISSONNET,
Commercial Counsellor, Stockholm.

THE recession that affected Sweden in 1958 and early in 1959 gave way to a marked upswing during the second half of 1959; when the year ended, the improvement had spread throughout the economy. The first quarter of 1960 has seen such rapid gains that some people now talk of a major boom. This does not seem to be an exaggeration. Foreign trade —mostly imports—has increased substantially, industrial production has reached new highs, and unemployment is lower than at any time in recent years. At the moment some people have fears that this expansion may lead to inflation and therefore hope that it has reached its peak.

In actual figures, industrial output was up 9 per cent in January over a year ago, and over the four months November-February the value of exports was 14 per cent higher than a year ago; imports were up 23 per cent.

Industry is taking advantage of the current boom to modernize and expand; recent information has it that it plans to increase investment by 17 per cent over 1959. Order-books are fuller than a year ago, with exports rising steadily in volume.

Generally, all sectors of the Swedish economy are prospering and expanding. The only uncertainty seems to be in shipbuilding, where the future is clouded because of lack of orders.

Selling to Sweden and Finland

Our Commercial Counsellor in Stockholm who begins a cross-Canada tour on June 8 briefs exporters on the market in the two Scandinavian countries that he covers. For his detailed itinerary, see page 36.

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Markets in Brief

SWEDEN

Area: 173,624 square miles.

Population: 7.4 million.

Climate: moderate, with short summers, long winters.

Language: Swedish. English and German main foreign languages used in business circles.

Currency: Krona; one Krona (Sw.Kr.) equals Can.$0.1876 at rate applicable to all imports as at May 9, 1960.

Weights and measures: metric system.

Capital: Stockholm.

Chief ports: Göteborg, Stockholm, and Malmö.

Marketing centres: Stockholm (population) 809,000; Göteborg 397,000; Malmö 222,000; Norrköping 90,000; Hälsingborg 76,000; Uppsala 75,000; Västerås 75,000; Örebro 74,000; Borås 66,000.

Economy: forests, iron ore and waterpower are principal basic resources. Manufacturers of capital goods have invested heavily in new plant since 1945, most substantially in the pulp and paper, engineering, and mining industries. Consumer industries have also increased output but their relative share of total production declining.

Total Swedish imports: (millions of Sw.Kr.) 1959—12,448.6; 1958—12,249.3.

Chief imports: (in millions of Sw.Kr.) 1959—machinery, apparatus, and means of transport 3,210.4; mineral fuels and oils, etc., 1,871.1; foodstuffs, beverages, tobacco 1,649.4; base metals 1,286.1; non-edible raw materials excluding fuels 951.0; products of chemical and allied industries 948.3; yarns, piecegoods and made-up articles, excluding clothes 775.8.

Chief suppliers: (millions of Sw.Kr.) 1959—West Germany 2,808.8; United Kingdom 1,715.9; United States 1,308.1; Netherlands 965.2; Canada 79.2.

Value of imports from Canada: 1959—Can.$15,048,880; 1958—Can.$11,007,850.

Chief imports from Canada: (thousands of Canadian dollars) 1958—primary and semi-fabricated nickel 2,150; primary and semi-fabricated aluminum 2,108; rolling mill products (iron and steel) 513; machinery (non-farm) and parts 497; cooked meats and meats n.o.p., 445; synthetic plastics, primary forms 410; primary and semi-fabricated copper 387; unmanufactured asbestos 382; electrical apparatus, n.o.p., 358; internal combustion engines and parts 324.

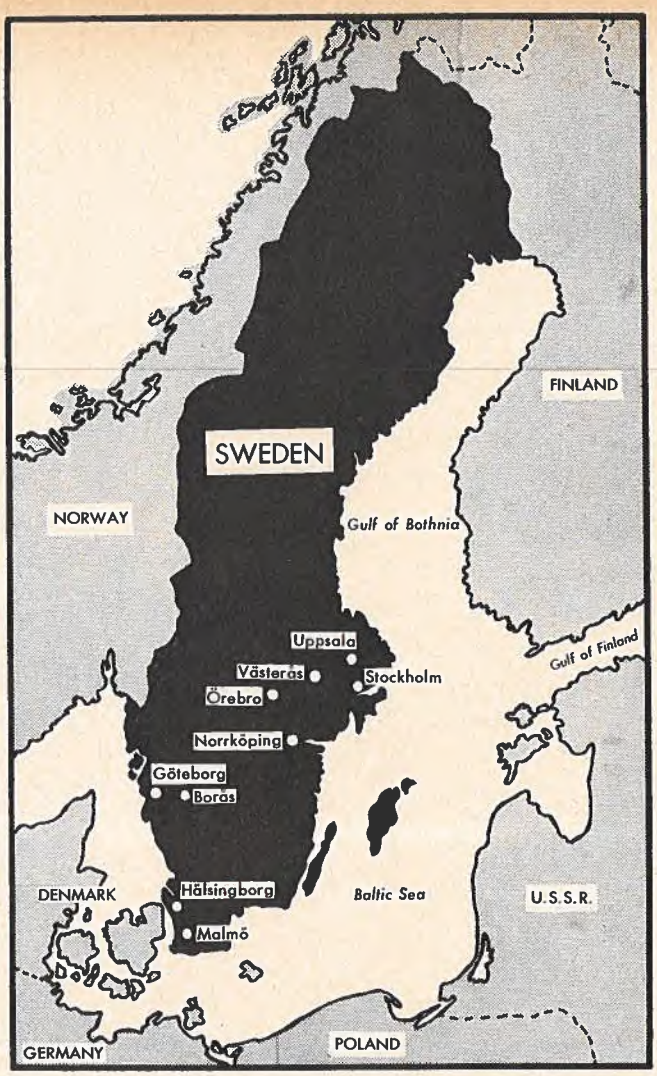
Total Swedish exports: (millions of Sw.Kr.) 1959—11,417.3; 1958—10,798.7.

Chief exports: (millions of Sw.Kr.) 1959—machinery, apparatus and means of transport 3,406.8; paper pulp and paper waste 1,635.2; base metals 1,054.3; paper, board and manufactures thereof 981.0; wood products and cork 973.3; ores and metal scrap 887.2; foodstuffs, beverages and tobacco 395.3; products of chemical and allied industries 344.1; manufactures of wood and cork 239.3.

Chief markets: (millions of Sw.Kr.) 1959—West Germany 1,722.6; United Kingdom 1,714.2; Norway 1,133.9; United States 906.5; Canada 94.0.

Value of Canadian purchases: 1959—Can.$18,307,408; 1958—Can.$14,141,066.

Chief Canadian purchases: (thousands of Canadian dollars) 1958—machinery (non-farm) and parts 4,215; electrical apparatus, n.o.p., 737; iron and steel rolling mill products 688; undressed furskins 656; ball and roller bearings 630; paperboard, paper and products 628; farm implements and machinery (except tractors) and parts 591; passenger automobiles 568; firearms and parts 84.



Dollar exchange: foreign exchange is provided automatically for goods on the liberalized list and for goods for which import licences have been granted.

Prices: quotations c.i.f. in Kronor or U.S. dollars preferred.

Samples: samples of no commercial value are duty-free; duty paid on other samples is refunded on re-export within six months, provided that certain formalities are observed when the samples enter the country.

Trade agreements: most-favoured-nation agreement with Canada.

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

Canadian banks: main correspondent Swedish banks are AB Svenska Handelsbanken, Skandinaviska Banken AB, and Stockholms Enskilda Bank, all in Stockholm.

Correspondence: preferably airmail; letters 15 cents each half-ounce.

For detailed information on this market write to:

Chief, European Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa.

or

Commercial Counsellor
Canadian Embassy,
P.O. Box 14042,
Stockholm, Sweden.

On a per capita basis, Sweden is the world's seventh largest trading nation. Thus her economic well-being depends greatly on her foreign trade and it is generally considered to be the source of her present high standard of living. Like many other countries in this situation, her tariffs are among the lowest in the world.

Sweden's principal trading partners are West Germany, the United Kingdom, and the United States. In 1959 Canadian exports to Sweden were valued at $15 million as against $11 million in 1958. Figuring largely in our shipments to Sweden are seeds, fish, steels, copper, polystyrene, fresh apples when the season demands, canned fruits, lobster, aluminum, nickel and asbestos. Imports into Canada from Sweden consist chiefly of products from the engineering industries and in 1959 were valued at $18 million, a rise over the $14.1 million of 1958. Total 1959 trade between Canada and Sweden, at $33 million, was the highest on record.

Characteristics of Market

Sweden's economy very much resembles Canada's. It is based on three natural resources: the forests, waterpower, and iron ore. The country is about the size and shape of the State of California and is the third largest in Europe, ranking after France and Spain. Its population of approximately 7.5 million gives it a population density of 42 per square mile (Canada, 4.52 per square mile). Sweden has succeeded so well in having its people benefit from its vast natural wealth that it has the highest standard of living in Europe and an individual purchasing power exceeded by few other countries.

The traveller to Sweden can look about him almost anywhere, in the city or in the country, and get an insight into the high level of living and general prosperity. Sweden pays the highest wages in Europe and in any list of cars or telephones per 1,000 population, national income per capita, or any other index of material wellbeing Sweden ranks high by any standards.

Swedish industry has concentrated on products in which it has a natural advantage because of raw materials close by or special know-how. In fact, manufactured goods account for 45-50 per cent of Sweden's imports and for only 26 per cent of its exports. Raw materials or their immediate derivatives make up 61 per cent of all exports. Swedish engineering industries, none the less, have achieved high standards and Swedish-developed techniques and inventions are well known.

Sweden produces 107 per cent of its essential food needs and thus has a small exportable surplus, mostly dairy products.

Because of the high standard of living, the specialization of home industry, the lack of certain raw materials such as non-ferrous metals, etc., Sweden has become an important market for foreign goods. For these reasons its per capita imports are larger than in most other countries.

Fuels—oil, coal and coke—are, of course, the biggest single import. However, Sweden also brings in large amounts of chemicals, iron, some types of steel, as well as machines and other engineering products, automobiles, instruments, etc., even though considerable quantities are produced locally.

Imports of foodstuffs vary with the season and the size of local crops, but many food products cannot be grown domestically and as a result purchases abroad are large. Fresh and canned fruits form a significant part of these imports.

Textile imports also bulk large and include raw materials and semi-manufactures (yarns) for the Swedish textile industry, as well as manufactured goods of different kinds, such as piecegoods, knitted wear, readymade clothes, etc. Besides textiles, Sweden buys abroad various other consumer goods—such as gloves, shoes, furs, sports and travel goods, toys, cameras, watches, jewellery and other things too numerous to mention.

Selling to Sweden

Approximately 73 per cent of total Swedish imports originate in West Germany and the United Kingdom, but this does not mean that other countries cannot sell in Sweden. With a few minor exceptions the Swedish market is freely open to imports from any source, with no currency or other restrictions. In fact, Sweden is the most open, and therefore the most highly competitive, market in Europe.

Imports enter Sweden in various ways, going either direct to large users or via different types of more or less specialized importers. These include wholesale importers, large retailers such as department and

IMPORTS INTO SWEDEN FROM PRINCIPAL SUPPLIERS

	West Germany	United Kingdom	United States
	(millions of Swedish crowns)		
Foodstuffs	30.2	28.4	163.2
Tobacco and beverages	4.9	12.6	55.7
Raw materials	41.1	94.3	106.4
Mineral fuels and lubricants	127.7	303.3	102.9
Oils and fats	12.3	2.4	15.9
Chemicals	257.3	145.4	146.1
Manufactured goods	625.6	449.0	199.2
Machinery and vehicles	1,443.2	583.3	446.2
Miscellaneous manufactures	276.1	96.9	71.9
Other miscellaneous	0.1	0.2	0.4
Total	2,818.5	1,715.9	1,308.1

chain stores, co-operative organizations, or even foreign sales subsidiaries. It is estimated that a large part of total imports into Sweden come through the wholesale trade; this applies not only to consumer goods but also to a significant extent to raw materials for industry.

The exporter to Sweden must not be content simply to select an agent or other outlet. In this market he must make an intense and continuous sales effort if he wants to hold his own. Not only prices and qualities but also the ability of the exporter to adapt himself to market requirements are decisive. To succeed in selling to the Swedes, the exporter should visit the country and call on his customers; otherwise he will not be able to adapt sales conditions to competition. Advertising is important to make goods known.

In short, only exporters who are prepared to put real effort into this market can hope for good results in the long run. Sweden is a small country but it has an unusually large purchasing power. Highly competitive for that very reason, it is nevertheless one of the best test or trial markets in Europe. If you succeed in Sweden, chances for success in the rest of Scandinavia and Europe are good. On this point, it is worth thinking of Finland, Norway, Denmark and Sweden in many instances as a common market for your products.

Swedish importers are used to having the foreign exporter come to them, literally if not figuratively. In short, this is a buyer's market. Quotations should be c.i.f. Swedish port in U.S. funds or Swedish crowns where possible. Do not ask for letter-of-credit terms; terms vary in different trades but cash against documents for 60 days or more is normal. ●

Finland

FINLAND is at present experiencing the biggest business boom in recent history. Visitors can easily observe many outward signs of this. There are more new cars on the highways and city streets, the shop windows are tastefully decorated with quality goods, and people generally seem to be buying more of the products that make life easier and more pleasant. The economic indicators are impressive. The gross national product is up almost 5 per cent over the same period last year. The convertible foreign exchange revenues have reached a postwar high. Unemployment is much lower than in 1958 and 1959 and prices are remaining steady despite increasing demand. One of the best indications of satisfactory conditions in Finland is that the cellulose industry announced recently its plans for an increase of 40 per cent in capacity during the next three years. The paper and board industry is planning a similar increase.

In keeping with the over-all improvement in Finland's internal and external economy, the trade balance was favourable at the end of the year, despite a sharp rise in imports in the last two months. Figures for the first quarter of 1960 are not yet available, but it can safely be assumed that trade continues to show an export surplus.

Of significance in the pattern of Finnish foreign trade is the importance of trade with the Soviet Bloc, which is largely governed by a series of bilateral agreements. In 1959, 23.5 per cent of Finland's

IMPORTS INTO FINLAND

	West Germany	United Kingdom	United States
	(in millions of Fmks.)		
Total imports:	38,513	31,058	13,139
of which:			
Machinery and apparatus (non-electrical)	8,540	3,911	3,161
Iron and steel	6,232	4,521	339
Means of transport, except aircraft and watercraft	5,005	6,742	1,719
Machinery and apparatus (electrical)	4,404	1,305	696
Chemicals and pharmaceuticals	2,692	1,985	754
Cotton	1,029	1,063	1,434
Fertilizers	982	10	
Precision instruments	860	219	138
Rubber and manufactures	763	690	151
Colours, paints, varnishes, etc.	758	499	69
Wool and other animal fibres	409	2,974	8
Mineral fuels	721	1,369	623
Cereals		99	1,201
Edible fruits	22	4	752
Tobacco		1	687

Markets in Brief: Finland

Area: 130,100 square miles.

Population: 4.4 million.

Climate: moderate, with short summers and long winters.

Language: mainly Finnish but also Swedish. English and German main foreign languages used in business circles.

Currency: Markka; one Finnmark (Fmk.) equals Can.$0.003032 at certificate rate applicable to all imports as at May 9.

Weights and measures: metric system.

Capital: Helsinki.

Chief ports: Helsinki, Turku, Oulu, Pori, Kotka, Rauma.

Marketing centres: Helsinki (population) 437,000; Tampere 119,250; Turki 117,000; Lahti 62,000; Oulu 51,000; Pori 50,000; Vaasa 42,700; Kuopio 40,300; Jyväskylä 35,400; Kotka 28,900; Hämeenlinna 26,800; Kemi 26,300; Rauma 20,200.

Economy: mainly based on timber, pulp and paper industries, which account for more than three-quarters of Finland's foreign exchange earnings.

Total Finnish imports: (in millions of Fmks. c.i.f.)—1959, 266,789; 1958, 233,303.

Chief imports: (in millions of Fmks. c.i.f.) 1959,—machinery and equipment (non-electrical) 33,474; automobiles, motorcycles, etc., 28,586; mineral fuels, oils, etc., 28,409; iron and steel 28,256; machinery and equipment (electrical) 14,645; chemicals and pharmaceuticals 13,631; grain 10,956; cotton textiles 9,405; woollen textiles 8,316.

Chief suppliers: 1959 (in millions of Fmks. c.i.f.)—West Germany 47,983; U.S.S.R. 47,145; United Kingdom 35,535; Sweden 23,769; United States 13,873; France 12,939; Canada 1,075.

Value of imports from Canada: 1959—Can.$2,772,640; 1958—$2,334,211.

Chief imports from Canada: 1959 (Can.$)—wheat, except seed 1,206,515; power-operated saws and parts 347,778; drugs and chemicals, n.o.p. 195,231; medicinal preparations 144,011; primary aluminum 142,060; marine engines and parts 122,048; synthetic resins, n.o.p. 97,218; unbleached sulphate kraft wood pulp 92,089; aircraft engines and parts 71,957.

Total Finnish exports: (in millions of Fmks. c.i.f.) 1959—267,241; 1958—247,934.

Chief exports: (in millions of Fmks. c.i.f.) 1959—timber and manufactures of wood 77,106; paper, cardboard and manufactures of same 71,570; wood pulp 48,266; aircraft and watercraft 18,300; machinery and equipment (non-electrical) 14,919; dairy products, eggs and honey 10,693; copper 3,753; machinery and equipment (electrical) 3,137.

Chief markets: (in millions of Fmks. c.i.f.) 1959—United Kingdom 60,363; U.S.S.R. 44,790; West Germany 29,195; United States 15,530; Netherlands 13,441; France 12,644; Canada 269.

Value of Canadian purchases (Can.$): 1959—946,832; 1958—564,441.

Chief Canadian purchases (Can.$): 1959—building and insulating board 193,044; hardwood plywood 133,520; granite manufactures 87,926; cheese 87,537; undressed mink skins 77,140; wrapping paper, all kinds, n.o.p. 55,107; rough granite 35,701; baths, bathtubs, basins, etc., n.o.p., 21,867.

Dollar exchange: with some exceptions, foreign currency for payment of imports not subject to import licences will be granted only if payment is effected before customs clearance of the goods in Finland. Currency is made available by the Bank of Finland on presentation of an invoice and bill of lading and, when necessary, an import licence.

Prices: quote in U.S. dollars, c.i.f., whenever possible.

Samples: samples of no commercial value, duty-free; other samples require a deposit that is refunded if the goods are re-exported within six months. Samples that Canadian businessmen bring with them must be taken out of the country within 12 months from date of import, otherwise duty is charged.

Trade agreements: most-favoured-nation agreement with Canada.

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

Canadian banks: main correspondent banks are: Nordiska Föreningsbanken, and Kansallis-Osake-Pankki, Helsinki.

Corrspondence: preferably airmail; letters 15 cents each half-ounce.

Note for visiting businessmen: Canadian businessmen travelling in Finland are not permitted to accept orders from, or sell to, customers *direct* without first acquiring a "Travelling Salesman Permit" (present cost Fmks. 18,000 per month). This does not apply to orders or sales made via a Finnish business intermediary.

For detailed information on this market write:

Chief, European Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa.

or

Commercial Counsellor,
Canadian Embassy,
P.O. Box 14042,
Stockholm, Sweden.

total exports went to Soviet Bloc countries and 24.5 per cent of her imports came from that source. Exports to the 13 countries comprising the European Economic Community (the Six) and the members of the European Free Trade Association (EFTA or the Seven) constituted 57.8 per cent of total exports; 64.0 per cent of the country's imports were purchased from the 13.

Finland's most important trading partners are the United Kingdom, the U.S.S.R., and West Germany, in that order.

Imports from the U.S.S.R. are, of course, regulated by a trade agreement. The accompanying table gives some indication of the pattern of imports into Finland from certain supplying countries in 1958.

At present, U.S. exports to Finland are up 8½ per cent over the same time last year and Finnish exports to the U.S. are up 30 per cent.

Trade with Canada

Canada's exports to Finland during 1959 totalled $2.8 million as against $2.3 million a year earlier. Finland's sales to Canada during 1959 were valued at $947,000, some $383,000 more than in 1958. Wheat, even though sales are relatively small, has ranked first among our sales to Finland and during 1959 the figure was $1.2 million, almost double that for 1958. Other commodities with increased sales during 1959 included medicinal preparations (up to $144,011) and synthetic resins ($97,218) both of which trebled over 1958. Power-operated saws, drugs and chemicals also made small gains. The market for fresh apples and forage crop seeds depends on crop conditions in Finland during the year. Finnish exports to Canada consist principally of building and insulating board, plywood and granite.

The Finnish economy is soundly based on its great forest resources. The forest industries alone account for 23 per cent of industrial production and products derived from the forest account for roughly 75 per cent of the vital export trade.

During the past 20 years or so, the Finnish metalworking industry has grown considerably until now it accounts for 19 per cent of industrial production. This industry, in addition to providing a large part of domestic requirements for machinery (especially in the forest products industries), builds and exports ships, electrical machinery, etc.

What Kind of Market?

Because of the rather specialized nature of Finnish industry and the lack of so many raw materials, Finland, like Sweden, is an important though somewhat smaller market for imported goods.

Imports into Finland from most OEEC countries and from Canada and the United States come under a global quota system. This permits fairly liberal treatment in so far as Canada is concerned and, in fact, there are relatively few products subject to import restrictions.

Because the economies of Finland and Canada are rather similar, only a limited number of products can be traded. This very similarity, however, suggests that each country must have specialized knowledge, knowhow or equipment that would be of commercial interest to the other. Engineering services could be one. Machinery for use in the forest products industries and ice-breaking techniques and icebreakers could be others.

The largest category of imports into Finland is raw materials for industry and agricultural requirements. With expanding industry and a buoyant economy, the demand for many basic products such as steel, raw plastics, and chemicals —to name but a few—should grow. Products for use in agriculture include farm implements and machinery, fertilizers, seeds, etc.

In finished products, there is a growing market for many semi-essential products as well as for non-essentials. Power chain saws, packaged medicinal preparations, some textiles, and automobile parts are a few of the products for which Finland offers a market. It must be remembered, however, that competition in these products—in consumer durables generally—is stiff, especially from West Germany and the United Kingdom.

For foodstuffs—particularly canned fruits, salmon and lobster, which are now licensable for import from the dollar area—Canadian exporters should find an increasing market, provided they can meet prevailing competition.

Canadian wheat, because of its high quality, should continue to be in demand for mixing purposes and fresh apples from Canada can find a market in Finland when local crop conditions warrant imports.

Trading Practices

The import trade in Finland is carried on in several different ways. In addition to import agents and importers proper, there are other types of firms. An agent may buy for his own account acting as a wholesaler, or an importing wholesaler may also act as an agent. Some importers have their own retail stores. Groceries are largely imported through agents, as are textiles. However, raw materials, machinery, etc., are mostly imported by import firms for their own account but often acting as agents as well.

The Finnish market is now more open to Canadian goods than it has been for several years. But under current conditions it has become highly competitive and any great increase in Canadian exports to Finland is unlikely unless interested exporters are prepared to go after customers vigorously. Exporters should be prepared to visit the country themselves; a combined trip to Scandinavia would be well worthwhile because many of the tastes, requirements and preferences are similar in these countries. ●

Advertising Abroad

In Sweden, advertising agencies offer a wide range of services; over half the accounts of some of the largest ones come from North America and the United Kingdom.

A. P. BISSONNET, *Commercial Counsellor, Stockholm.*

SWEDEN'S advertising expenditures jumped by some 12 per cent in the first ten years after the war —an increase about four times that of the gross national product. Sweden now spends Kr.700 million a year on advertising, compared with Kr.100 million 40 years ago. Its volume of advertising spending in relation to population will soon surpass Britain's, and even begin to approach that of the United States.

Sweden's advertising boom can be attributed to a standard of living that is one of the highest in Europe; the vast middle class has a well developed appetite for consumer goods and services. If we take the buying of private automobiles as a gauge of living standards, Sweden is in the forefront in Europe. Since 1946, the number of private cars has quadrupled and in December 1958 there were 1.1 million registered motor vehicles (cars, buses, trucks), or one for every 6.8 inhabitants. If the trend continues, the U.S. standard of one car for every two inhabitants should be reached by about 1970.

Newspapers in the Lead

There is no commercial television in Sweden and the advertiser must rely primarily on the Swedish press. His task in using this medium is simplified by the distribution of the population. Sweden has about 7.5 million people, but over six million live in the southern third of the country and half of these are settled in a dozen urban districts—principally around Stockholm, Gotëborg and Malmö. In addition, nine main shopping areas serve one-third of the population and draw over two-fifths of the buying power.

The 13 big national dailies reach 40 per cent of all households and practically all the higher income groups, which account for some 20 per cent of the population. Most leading industrialists and officials read at least one of these papers every day and are on the lookout for industrial advertisements on certain pages. The provincial press comprises some 50 dailies, and 15 of these have circulations of over 30,000.

SWEDISH ADVERTISING EXPENDITURES, 1958

Advertisements in:	Million kronor (estimate)	Per cent
Dailies:		
national	125.9	18.0
provincial	121.1	17.3
Weeklies	49.0	7.0
Trade press	48.3	6.9
Yearbooks, programs, etc.	7.0	1.0
Advertisement production	19.6	2.8
Direct mail, pamphlets	133.7	19.1
Posters	6.3	0.9
Films	9.1	1.3
Window displays	105.0	15.0
Gifts (calendars, etc.)	32.9	4.7
Exhibits	21.0	3.0
Anniversary publications	1.4	0.2
Market investigations	2.8	0.4
Advertising administration	19.6	2.8
Total	700.0	100.0

The relative importance of the various advertising media can be seen from the accompanying table of estimated advertising expenditures during 1958.

The table shows that the Swedish dailies take about 35 per cent of total estimated expenditures on advertising, followed by direct mail campaigns (19 per cent) and window displays (15 per cent). Window displays (including point-of-sale material) are of great and increasing importance and tie in with the changing pattern of Swedish retail distribution. Sweden has almost as many self-service stores as Britain (although it has only one-seventh the population) and the number is increasing rapidly; nearly 600 new self-service stores were opened last year. One-fifth of all Swedish groceries are bought by self-service. Shopowners are thus depending less and less on the salesman behind the counter and more and more on advertising in the press, point-of-sale advertising and direct mail campaigns.

Swedish daily newspapers absorb over 90 per cent of agency work. They are generally well edited and the best of them are well equipped technically. Agency commissions range from 15 per cent for the big city papers considered national in coverage to 22 per cent for the provincial press. Newspaper advertising is probably still the least expensive, at least in the bigger dailies. Stockholm's *Dagens Nyheter,* the nation's largest paper with a circulation in excess of 300,000,

charges about Kr.8,000 (about $1,440) for a full-page ad and some papers consist of as much as 70 per cent advertising.

The quality of newspaper advertising is generally good, though it might be pointed out that the Swedish language has a much smaller vocabulary than English. Copywriters are therefore limited in their search for allusions, synonyms and descriptive adjectives.

Other Media

Sweden's second biggest advertising expenditure (19.1 per cent, higher even than in the United States) is for the production and distribution of printed matter. Direct mail campaigns are greatly aided in Sweden by a National Registry, available to everyone, in which the occupants of each household are named and classified by age, sex, occupation and marital status. Printing and mailing costs are high, however, and advertising men are sparing in their use of the technique.

As I have already mentioned, window displays and point-of-sale material are of great and increasing importance, mainly because of the spectacular development of self-service stores after the war. Some firms have experimented with coupons but with little success, for the Swede has an innate scepticism about getting something for nothing.

Magazine advertising is not as important as it is in the United States or Canada. There is a lack of genuine competition among the popular weeklies, resulting in publications of mediocre quality by Canadian standards. Trade journals are a good alternative to advertising in the national and provincial newspapers. Through them, one can reach the right person every time.

Although movie advertising claims a mere 1.3 per cent of total expenditures on advertising, it is considered so effective that advertisers vie furiously for positions on crowded screening schedules. Sweden has a larger number of movie seats per capita than any other country (in 1957, 82 seats per 1,000 inhabitants).

Outdoor advertising is used very little. Apart from the fact that it spoils the beauty of the countryside, the Swedes consider it a traffic hazard; a driver's attention must not be distracted. Neon signs, particularly moving ones, are almost totally absent for the same reason.

How the Swedes Look at It

Swedish advertising is similar to Canadian advertising, but there are differences because of the nature of Sweden and the Swedes. The following are probably the main ones.

The Swedes are not as easily influenced as North Americans by superlatives; they are more amused than impressed by extravagant claims for uniqueness and perfection. Newness is not a magic maker of sales; the Swede looks for utility. An example is the *Volvo* automobile company's recent introduction of a five-year performance guarantee. And no Swedish agency today would seriously consider trying to convince the Swedish family that it needs two cars.

The biggest and most amusing difference between advertising in North America and in Sweden clearly reflects the different social habits in these countries. Swedes lack almost completely the puritanical outlook on life. Advertising based on the premise that the only road to social popularity and matrimony is paved with dentifrices, deodorants and cosmetics is not taken too seriously. A Swedish girl knows that it is not the shade of her lipstick that will solve her matrimonial problems and wrinkles are socially acceptable. "I have two passions in life. The other is 'X' coffee," might raise eyebrows in Canada but would probably only raise sales in Sweden. The so-called "unmentionables" are also treated with a great deal of frankness—obviously a big advantage for Swedish agencies.

The average Swede is suspicious of price-cutting and flamboyant sales announcements. Prices, if mentioned, are fixed prices, set by manufacturers for the whole country; these are subject to minor variations by retailers according to location.

Instalment buying has been officially discouraged for many years, but is now rapidly gaining ground. The powerful Swedish co-operative societies also warn about instalment buying.

Swedish advertising is almost entirely self-policed. The Government exerts prior censorship over advertisements of medicines and prescription drugs. The legitimacy of claims for other products is the responsibility of the advertisers and agencies working with them and applying the code of ethics of the International Chamber of Commerce. Individual papers may, of course, have their own taboos, such as advertising liquor or tobacco.

Much foreign sales literature today is translated into Swedish with little consideration for the different marketing conditions in Sweden. Recently, however, Swedish agencies have tended to conceive original promotion material.

Advertising Agencies

There are 40 or so authorized advertising agencies recognized by the Association of Swedish Newspaper and Magazine Proprietors. The agencies also have their own association, the Swedish Sales and Advertising Association. Swedish agencies (even the large ones) are not large by North American or British standards: two have annual sales in excess of Kr.30 million, six or so have sales between Kr.20-30 million, but most of them sell under Kr.5 million. Today, over half the accounts of Sweden's second largest advertising agency are from the United States and the rest divided equally between Swedish and British firms.

Competition for Sweden's domestic accounts is becoming keener, and many agencies are now offering a wide range of services. Market research is one of these. Sweden's first and biggest marketing research

organization, IMU, the Institution of Market Research, was founded by an advertising agency in 1932. Today, 70 per cent of its assignments come from other advertising agencies. The bigger Swedish agencies also have international divisions collaborating with agencies throughout the world.

What Tactics to Choose

It is reportedly best to appoint a sales agent before deciding upon an advertising agent, for the two have to be encouraged to work together. If the sales agent does not have practical knowledge of advertising and marketing, he will have to be supervised closely until he is qualified to take over by himself. With the right agent, research on planning a campaign will take at least 10 per cent of the advertising expenditure and subsequent market research and follow-up will take 10 per cent each year. It is essential that the market be studied regularly; it is hard to enter the Swedish market, but even harder to regain lost ground.

It is difficult to launch a new product in Sweden today. Retailers now aim at keeping costs of buying and stocking as low as possible by ordering a few fast-moving articles in as large amounts as possible. If you are to interest a retailer in a new product, it is not enough to offer him the right article: you have to be prepared to spend a lot of money backing it up with advertising and to stay in the market even if initial progress is slow.

The best way to enter the Swedish market is to choose your advertising medium, decide where you are going to strike, and concentrate your efforts there. And don't give up too soon! •

Commodity Notes

Aluminum, Manganese, Nickel

VENEZUELA—The *Official Gazette* No. 26176, of February 5, 1960, announced that the Venezuelan Government has declared that the whole territory of Venezuela will be considered a reserved zone for the exploration and exploitation of nickel ore, aluminum and manganese—Caracas.

Citrus Fruit

JAMAICA—Exports of orange and grapefruit products are expected to exceed one million boxes during the 1959-60 season. The Government has appropriated $45,540 for distribution of citrus seedlings to growers. A record crop of 20,000 boxes of ortaniques is expected, double the 1959 yield; this fruit is destined for the United Kingdom and New Zealand—Kingston.

Cotton Textiles

SUDAN—A cotton textile mill, known as the Sudan American Textile Industry, John Theodoracopoulos Co. Ltd., is being built in Khartoum and should be in full operation in 1962. The total cost of about $18 million has been subscribed jointly by the U.S. Development Loan Fund and Greek-American interests. Three British firms will supply most of the machinery to produce 75 million yards of cloth per year from 75,000 bales of Sudanese short-staple cotton. It is said that this will be the biggest cotton textile mill in Africa when it reaches full production—Cairo.

Cranes

IRELAND—The German firm, Liebher (Ireland) Ltd., Killarney, is now making large cranes, chiefly for export. German technicians and their families have moved into the first 30 bungalows, and German shops are being built to make the colony self-contained. Between 200 and 250 men are working in this factory, some 50 of whom are German technicians—Dublin.

Electric Power

ITALY—In 1959 Italian electric-power production totalled 48.8 billion kwh. against 44.3 billion in 1948 and 20.8 billion in 1949. This is enough to meet increased consumption because of the higher standard of living and greater mechanization of industry.

The present power-producing capacity is reckoned at 57 billion kwh., which will be boosted to 70 billion by 1963. The Italian electricity-producing industry is also being equipped to use nuclear energy, and three large nuclear plants that will have a total capacity of over 500,000 kw. are under construction—Rome.

Lead, Zinc

PERU—German experts in metallurgy and mineral economy, in Peru at the request of the Government, report that the installation of a smelter and refinery for lead and zinc is technically and economically sound. The experts consider that an investment of U.S.$47 million will be required for a lead smelter and zinc refinery that would produce 150 tons a day of each of these metals in a refined state. They believe that this project would alleviate the mining crisis in Peru and bring about an annual increase of U.S.$20 million in foreign exchange receipts—Lima.

Motor Vehicles

PORTUGAL—Portugal's first motor-vehicle factory has been set up at Mangualde in the northern region. The factory, owned by Fundição de Mangualde Embel, Limitada, will only assemble vehicles at the moment. Italian experts will direct the work and an Italian company is supplying the material. Production will consist of *Saba* trucks and tractors but it is expected that light cars will soon be added. Within a year most of the parts should be made by the Portuguese company. It will present a truck of its own manufacture at the next *Industries* Fair in Lisbon—Lisbon.

Oil Carrier

SARAWAK—A flexible container with a consignment of diesel oil was towed by tug to the Sarawak Electricity Company's power station in Kuching from Lutong, Sarawak. This is the first appearance of this "floating sausage" type of container in the Far East. The experiment was carried out by Sarawak Shell Oilfields Ltd.—Singapore.

Paperboard

SWEDEN—A new paperboard machine costing Kr.4 million has just come into production at Fridafors paper mill. It will boost output by 30 per cent (from 18,000 to 25,000 tons) and turn out 65 tons of finished paperboard per day. The increased production will probably all be exported—Stockholm.

Plasticized Paper

SOUTH AFRICA—The Tugela mill of the South African Pulp and Paper Industries is producing 200 tons a month of wrapping paper coated with a thin film of polyethylene. The paper, called polyply, is lightweight, moisture-proof, chemical-resistant and gives off no taste or odour. Because it is a thermoplastic, the coated side of the paper can be heat-sealed. This makes it ideal for packaged foodstuffs, chemicals, fertilizers and perishables. The paper can also be used as underlay in irrigation ditches and gold mines—Johannesburg.

Sintered Aluminum

SWITZERLAND—It has been announced that a Swiss firm has developed a satisfactory method of sintering aluminum. The product is known as SAP (sintered aluminum product). Its properties include greater heat resistance at high temperatures than other aluminum alloys, light weight, and natural hardness—Berne.

Steel Rope Tester

SOUTH AFRICA—Electronic equipment for testing the steel rope used in the Union's gold-mine shafts has been developed by a South African firm. It discloses broken strands, and also reveals subtle corrosion, previously undetectable. Electro-magnetic impulses are recorded on graphs and indicate clearly the circumference variation of the rope as well as any kinks, loosened strands or other deformities—Johannesburg.

Television Sets

NEW ZEALAND—The Government has announced that television stations will be built in New Zealand as quickly as possible, beginning with the conversion of the state experimental station in Auckland to commercial broadcasts; the network will be publicly owned and operated. Preliminary plans call for the manufacture in New Zealand of about 16,000 receiving sets during the current year—Wellington.

Tobacco

SOUTHERN RHODESIA—On April 4 the tobacco auctions in Salisbury, Southern Rhodesia, began selling 1960 flue-cured tobacco, and if the present trend continues sales this year will reach a record both in volume and value. It is estimated that the 1960 crop may bring in some £35 million, against £27.6 million in 1959. The crop is estimated at over 206 million pounds for Southern and Northern Rhodesia, with a record average yield of 990 pounds per acre.

To date 21.4 million pounds have been sold for £2.8 million. From the beginning of the auctions prices have been better than in 1958 or 1959, and in the fourth week the average price per pound was 33.08d, against 23.35d in 1959 and 30.54d in 1958. The seasonal average to date has been 31.2d, well above the 1959 price and better than the 30.54d in 1958—Salisbury.

Canada at the AtomFair

The eighteen companies associated in a display at the 1960 AtomFair enhanced Canada's prestige as a supplier of atomic products and services and made useful business contacts.

R. A. FRIGON, *Chief, Engineering and Equipment Division.*

CANADIAN firms displayed a wide range of nuclear products and services at the 1960 International Atomic Exposition held in New York, April 4 to 7. Eighteen firms participated in a trade exhibit sponsored by the Department of Trade and Commerce.

The display emphasized the leading part that Canadian companies are playing in the development of the atom for peaceful use in industry. Included in it were power reactors and reactor components, fuel elements, radioactive isotopes, scintillometers, irradiation equipment, uranium and uranium oxides, scintillation plastics, construction and design of nuclear facilities, and consulting and research services.

Some 5,000 engineers, managers and businessmen interested in the possible applications of the atom visited the exhibit during the four days and 2,000 high school students came during a special showing one afternoon. In addition, the Consul and Trade Commissioner in New York held a reception at Canada House one evening on behalf of the participating firms. It was attended by over 100 guests, invited from a list supplied by the firms or by spot invitations given during the show.

Arrangement of Display

The Canadian exhibit at New York repeated the success attained at the 1959 AtomFair in Cleveland. It occupied a prominent position near the entrance and attracted much attention because of its attractive design and its size—2,000 square feet. The products were so arranged as to reflect Canada's long atomic history, which goes back to the earliest days of the atomic era. (In fact, Canada was one of the first three nations in the world to put the atom to work.) Pioneering applications of the atom for the development of power and the use of radioactive sources in industry were included in the exhibits of the various firms.

Equipment and services shown fell into four broad groups: reactors and reactor components; uranium and uranium compounds; radioisotopes and equipment using radioisotopes, radiation detection equipment; and design and construction services for nuclear facilities.

Reactors and Components

The first group included reactor hardware in the form of fuel elements, welded components and valves especially made for reactor use. This display of actual hardware bore witness to Canadian progress in the reactor field. Canada has one power reactor building, the NPD-2 power demonstration reactor near Des Joachims, Quebec, which will go into operation in 1961, and another in progress, the CANDU, to be built at Douglas Point on Lake Huron. Also displayed was a model of a liquid-cooled OCDR capable of producing 150,000 kilowatts at reduced capital and operating costs. Both reactors drew many questions from visitors.

An interesting variety of fuel elements were on display, the products of one of the largest privately owned nuclear-fuel plants in the world. These included extrusion-bonded aluminum-clad plates for the NRU reactor; aluminum-clad unbonded bars of metallic uranium as used in our NRX reactor, the Swiss Diorit Reactor and the Canada-India Reactor; unbonded rods of high-density uranium dioxide clad with zircaloy or aluminum alloys for the CANDU and NPD-2

power reactors and ZED-2 research reactor.

Reactor valves exhibited consisted of a line of high-pressure, high-temperature forged bonnetless valves that have found a special place in the nuclear and missile fields. The display included cutaway models of various designs for conditions where absolute tightness is essential, as in heavy-water reactors where leaks can be costly at $28 a pound.

Uranium and Compounds

This year for the first time the uranium industry took part when three prominent uranium suppliers displayed ores and oxides. These displays attracted some attention because of their range and the opportunity to "listen" to the radioactivity given off by the samples. Some of the ore samples weighed 150 pounds. Canada produces a wide range of uranium compounds of high purity at competitive prices. These compounds include sodium diuranate, uranyl nitrate, hexahydrate, triuranium octoxide, uranium dioxide ceramic and uranium metal—a range matched by few other suppliers in the world.

Radioisotopes and Applications

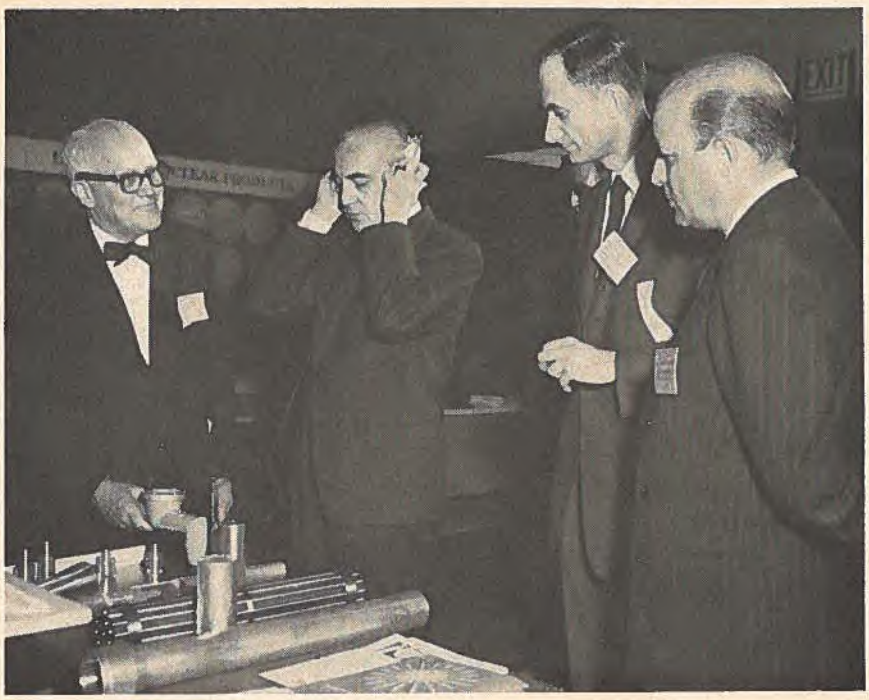
Equally stressed was the prominent rôle played by Canadian suppliers in the field of radioisotopes and their application. One of the firms displayed a gammacell, an industrial irradiation unit permitting the treatment of laboratory-size specimens. This equipment, using Canadian-produced cobalt 60, has found a place in many important radiation research centres in North America and Europe, including Belgium, Czechoslovakia, France, Poland, Sweden and Switzerland. Several possible orders were developed during the fair.

Among the equipment using radioisotopes was a model train system demonstrating a vehicle identification device with applications for railroads and other transportation systems, including captive railways, steel plants and other manufacturing operations and warehouses. This Canadian-conceived device uses an electronic circuit involving geiger tubes and radioisotopes to identify and record railroad cars automatically. It has aroused the interest of major railroads in the United States. During the fair it was examined by a warehouse owner for possible applications in warehouse operations. Needless to say, the display attracted considerable attention because a model train fascinates boys of all ages.

An ingenious application of radioisotopes—a device for measuring gas temperatures—was demonstrated to potential users by means of a working model. An instrument based on this principle is in actual use in a Canadian steel mill and a number of visitors to the stand saw possible applications in their own industries.

A major technological breakthrough in radiation detection was the silicon junction detector, developed by a Canadian company well ahead of competitors in other parts of the world. This detector represents an advance over other types because it is small and rugged and can be readily adapted to various sizes and shapes. The instrument is so new that only pilot models were available for display. It can be as small as a pencil or a miniature radio and consumes very little current. Needless to say, it aroused considerable interest. The company has already received orders from various parts of the world.

The French Ambassador to the United States, a distinguished visitor to the Atom-Fair, "listens in" on the radioactivity given off by some of the uranium samples in the Canadian exhibit. On the Ambassador's left is R. A. Frigon, Chief of the Department's Engineering and Equipment Division and author of this article.



Design of Nuclear Facilities

A firm specializing in the design and construction of nuclear facilities displayed a new type of high-density concrete for radiation shielding that it had pioneered. It involves a new method of placement which was applied for the first time during the construction of a nuclear facility that the Canadian firm undertook for an agency in the United States.

The Canadian firms participating had several objectives in mind. They wanted to make contacts and, if possible, sales to visitors from the United States and the many other countries represented, including France, Germany, Japan, Switzerland and several Latin American countries. They wished to keep their names and products before the ever-changing clientele drawn from users in many fields where the atom has actual and potential applications. They felt that by being associated in a single Canadian exhibit they would attract more attention and would help to maintain Canada's reputation as a supplier of atomic products and services.

The thirty representatives on duty at the AtomFair for the 18 Canadian companies that participated all agreed that they could report "mission accomplished". They had made numerous contacts, had kept their names before potential buyers, and had enhanced Canada's reputation as a supplier of highly engineered and precision products. ●

Venezuela Increases Import Control

To foster local industry and safeguard the balance of payments, Venezuela is stepping up import control. What moves has it made and what are the implications for Canadian exporters to this busy market?

R. D. SIRRS, *Assistant Commercial Secretary, Caracas.*

THE year 1959 witnessed a sudden and marked upsurge in Venezuelan import restrictions. In fact, three separate government measures were introduced as a means of curtailing imports of 193 items. Among those of specific interest to Canada are powdered milk, flour, automobiles, cables, whisky, hams, specialized papers and canned peas. Although most of these (except flour) still enter Venezuela in sizable volume, even above former import levels (see table on page 27), the machinery for either a sudden or prolonged import fade-out has been set up. This machinery consists of three recently imposed licensing requirements that allow for imports controlled according to Venezuela's needs at any given time.

Two Primary Purposes

The two new licensing measures (one on July 4 and the other on November 20, 1959), together with a tariff hoist on December 10 (not significantly affecting Canadian goods), have been motivated by two primary considerations.

The first of these and probably the most significant is the interest in developing new local industry and in improving agricultural output. In this way Venezuela hopes to build up a more diversified economy (currently overwhelmingly dependent on oil) and to enjoy higher levels of employment and a better standard of living. This objective was mainly responsible for the licensing move on July 4.

The second reason for import restrictions is the need to hold back on any sudden and serious outlay of foreign exchange and to avoid increasing the imbalance of international payments—$396 million in 1958 and $280 million in 1959. Although last year's balance-of-payments deficit was considerably smaller, it was nevertheless significant enough to warrant both the new licensing requirements and the tariff hoists that came into effect during the latter part of the year (November 20 and December 10).

The establishment of a constitutional government has provided the new protectionist mould in which the policy has been formed. In February 1959 Venezuela installed a freely elected government, the first since June 1948. The stage was then set for a more realistic appraisal of economic goals and for sounder methods of approach to these goals. Import controls to aid economic development and to safeguard foreign exchange were a significant part of the policy adopted.

Three Restrictive Measures

Let us look at the three restrictive measures implemented during 1959 and early 1960.

On July 4, 1959, licensing was suddenly introduced as a direct means of bolstering the growth of local industry. Eleven general (30 specific) items were directly affected. These included:

Hams, cured and canned*

Milk, powdered, evaporated, condensed, dietetic preparations*

Wheat flour*

Copper alloy wires, cables, cords*

Tobacco, cigarettes and cigars*

Dietetic foods*

Fruit juices

Lentils, peas, lima beans, canned or otherwise*

Soups*

Sweets, manufactured from sugar*

Sauces and spices

Imports of item three (wheat flour) and item five (tobacco, cigarettes and cigars) have already been virtually eliminated as a result of the curtailment of licences in keeping with the build-up of local production. Imports of other products will presumably be controlled in direct proportion to increasing productive capacities. Licences are now being issued on the basis of importers' requirements but the Ministry of Development must substantiate these needs by examining bills of lading covering past shipments. An inter-ministerial commission—composed of representatives of the Ministries of Development and Finance and a member of the Government Advisory Board—oversees and controls the issuance of licences.

It is significant that nine out of the eleven general items marked with an asterisk above are those protected by a set tariff rate under the United States-Venezuelan Reciprocal Trade Agreement. Thus to some extent licensing has given the Government a means of providing local import protection before the revision of the agreement. Although Venezuela has stated its intention of revising this, negotiations have not begun and there is no current indication about when and whether these will take place. Canada under the "modus vivendi" receives the same treatment accorded to the U.S. under its formal instrument.

On November 20, 1959, other licensing requirements were brought in. These, as already suggested, were reportedly prompted by foreign exchange difficulties and adopted in lieu of other often-rumoured remedies, such as exchange control or devaluation. This licensing provision, as in the July move, was implemented without warning to prevent prior speculative imports. It differs from the July step not only in its objective (i.e., safeguarding exchange) but also because it affected luxury items and not necessarily those for which there are prospects of immediate local production. Thus automobiles, caviar, television and radio sets were included. Other newly licensed items are alcoholic beverages, jewellery, perfumes, cameras, petstock, expensive furniture, and playing cards—out of a total of 119 detailed items. Canada is primarily affected by the restrictions on automobile and whisky imports, although licences are currently being issued to cover these. It is not yet known to what extent imports will be cut under this system because it is not specifically patterned in accord with the industrial build-up.

An improvement in the exchange reserves, for example, might have a favourable bearing on the issuance of licences. The foreign exchange problem is generally regarded as temporary in the sense that it resulted from abnormal circumstances, such as settlement of the former regime's $1.5 billion in outstanding debt and the flight of capital as a result of past political and economic uncertainties.

Venezuela's foreign exchange earnings of approximately $2 billion a year are considered more than sufficient to meet normal requirements. Perhaps it is for this reason, as well as cultural and employment reasons, that the Government recently removed television sets up to 50 kilos in weight, radio sets up to 25 kilos, and gramophones up to 25 kilos from the licensing requirement. Nevertheless, in spite of a probable easing of the exchange problem, there is no indication that the bulk of the restrictions wil be removed. On the contrary, it seems more likely that they will continue to be enforced, although this time local development will probably be emphasized.

On December 10, 1959, the Venezuelan Government, again in keeping with the November 20 objectives, instituted tariff increases covering 133 specified luxury products. Eighty-six of these were drawn from the November 20 licensing regulations and included such goods as caviar, wines, whisky (Scotch), jewellery, liqueurs, expensive furniture, etc. An additional three items were brought forward from the July 4 restrictions and covered under the generalized heading of tobacco (including tobacco and cigars but excluding cigarettes). The remaining 44 items (including other specified perfume and jewellery products, miscellaneous ornaments, cats, dogs, etc.) were not formerly subject to licensing.

It is significant for Canada's trading position that the tariff increases do not, and in fact, cannot, affect those licensed items covered by the Reciprocal U.S.-Venezuelan Trade Agreement, (e.g., automobiles, television sets, cables, hams, powdered milk, whisky). They will therefore have little if any direct effect on our trade. In fact, they could actually help some of our sales—e.g., Canadian whisky, provided that licences are readily issued because the local competitive position would be better vis-à-vis heavily taxed Scotch whisky imports.

However, a licensing system even at its best will, to varying degrees, tend to hinder imports. Furthermore, an internal tax is currently being considered, to apply equally to imported goods such as whisky, now subject to a differing tariff and import control procedure.

Let us look briefly at the extent to which the new tariff regulations affect imports. Whisky (other than rye or bourbon) is now subject to a 500 per cent increase in duty

rates. It has been roughly estimated that this will result in a 70 per cent loss of the market for this product. As a result, several foreign firms are now considering local manufacture or bottling. Other commodities, such as perfumed lotions, have been subject to a 5,000 per cent increase in duty rates, as well as a 100 per cent ad valorem surtax. Jewellery and perfumes must now pay a higher duty and in many cases an ad valorem surtax of between 50 per cent and 100 per cent.

Action in 1960

On March 4, 1960, the Venezuelan Government announced licensing restrictions on four general items, again to protect local industry. These are: grease for lubricating purposes; men's readymade suits; cotton cloth up to 130 grams per square metre, and cloth made out of artificial fibres; and blends with cotton, silk, metallic threads and wool, up to 150 grams per square metre. It is understood that these products will be made subject to high duties in the near future.

Implications of This Trend

Venezuela's import pattern will no doubt continue to be affected by the gradual implementation of last year's restrictions. It is thus too early to foresee the total effect on our trading relationships or on the over-all trading picture.

However, the table below will give some idea of the trade significance of Canadian items that have been or could be affected by last year's restrictions.

Imports into Venezuela of Main Canadian Products subject to restrictions in 1959

Product	1958 Can.$	1959 Can.$
Powdered milk	6,902,145	7,685,034
Hams	90,882	31,670
Flour	6,384,150	661,073
Automobiles	1,100,536	1,624,065
Cables (copper wire insulated)	331,147	606,561
Whisky	112,396	107,499

Imports of any of the above licensed items could be curtailed as flour has been. However, this step is unlikely until local industrial output can fully replace imports. Thus the restrictiveness of the above must remain a question mark.

It is also impossible to forecast with any certainty how many new restrictions may be introduced in the future. It does seem likely that these will be moderate because the authorities realize the major economic dislocations that an overly aggressive national development program might involve. This realization is evident in a number of steps that the Government has recently taken. The Venezuelan Ministry of Development, for instance, insists that newly established firms must agree to maintain satisfactory quality and price if their products are to receive protection. There is a not-so-veiled threat that restrictions might be lifted where this stipulation is not met.

Furthermore, licensing and tariff restrictions have already been adjusted several times. The lifting of the November 20 licensing requirement for radios, television sets and record players is a case in point. So is the marked decrease in the new tariff rates on some pet-stock (cats, dogs, fighting cocks) and on religious articles. The tariff on book paper has also been cut recently to approximately 25 per cent of the December 10 rate. Further adjustments may be made in the months ahead.

The increasing confidence in Venezuela's political and economic future, plus the import controls, has already been credited with saving a considerable amount of foreign exchange. The country has a favourable balance of trade (1958 Bs. 7,776,874,936 of exports vs. Bs. 4,798,126,346 of imports) which in normal circumstances would mean a healthy balance-of-payments position. In spite of this, local industry will likely rise to fill a product gap inevitably left by curtailed imports. One of these developments has involved a Canadian investment interest which (although it is not specifically relying on the 1959 import restrictions) has taken advantage of the tariff protection to promote a more than $1 million textile enterprise.

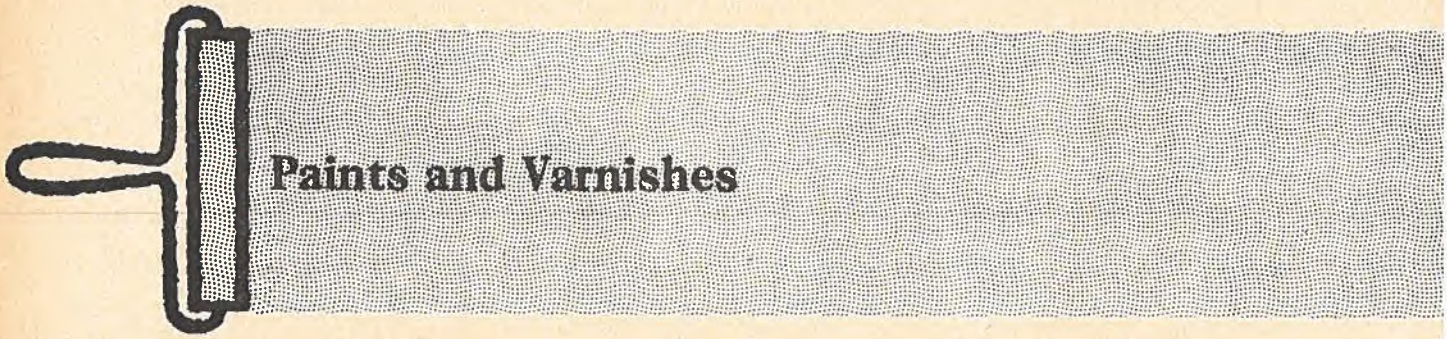
The inevitable build-up of industry which takes place behind practically any form of import restrictions means that Canadians can expect and should adjust their sights to a changing pattern of trade. Imports of raw materials and capital equipment should rise, especially materials and equipment associated with aluminum processing, plastics, foodstuffs, electrical appliances, pharmaceuticals, powdered milk, and wire and cable. We could follow through on these new local needs.

Local Investment

Still another approach is possible when the door is closed to specified imports. Local investment, (the Canadian textile enterprise mentioned above is one example) might provide an effective means of securing a firm local market for some of our raw, semi-manufactured or capital goods. It would also be a means of sharing to some extent in the rewards of Venezuelan development.

Check Your Airmail Postage

Canadian firms corresponding with our offices abroad, particularly those in the Far East, should make certain that their letters have sufficient postage if they wish airmail delivery. Our Tokyo office has reported that several letters marked for airmail delivery were sent by surface mail because of insufficient postage. This means that instead of from five to ten days, it took from four to six weeks for this correspondence to reach Japan. The airmail rate from Canada to Japan for first class matter is 25 cents for each half-ounce.



The Market in the Dominican Republic

One local paint manufacturer meets much of demand for common types of paint but must import his raw materials. High quality and specialty finishes purchased abroad.

J. M. KNOWLES, *Assistant Commercial Secretary, Ciudad Trujillo.*

A major paint industry started operations in the Dominican Republic about six years ago. Since then, locally made products have dominated the market more and more.

The Dominican company—Pinturas Dominicanas C. por A., known under the trade-name "PIDOCA"—has prospered through a combination of modern machinery and laboratory equipment, competent technical help, and a high protective tariff. As a result, imports are increasingly limited to certain high quality and specialty finishes not competitive with Dominican paints.

Official Dominican statistics do not discriminate between paints and raw materials used by the paint industry. The accompanying table gives the value of imports of paints, pigments, varnishes, and allied products into the country in the last three years for which complete figures are available.

DOMINICAN IMPORTS

	1956	1957	1958
	(Dominican pesos)*		
Paints and pigments	561,751	522,666	624,025
Varnishes, siccatives, and lacquers	258,089	226,837	221,414
Writing, printing, and lithographing inks	37,757	35,353	43,538
All others	335,473	308,798	348,440
Totals	1,193,070	1,093,654	1,237,417

*One peso equals one U.S. dollar.

Practically all mixed paints are imported from the United States; Sherwin-Williams and Dupont are prominent among the suppliers.

Local Production Rises

Production of paints in the Republic in 1959 reached 280,000 U.S. gallons, or approximately one gallon for every ten persons. Pinturas Dominicanas manufactures a wide range of oil, acrylic, and alkyd-based paints. The factory is set up to make almost any common type of paint to order and now holds more than 80 per cent of the Dominican market for paints of all kinds. This estimate does not, of course, include homemade water-based paints and washes that are used extensively throughout the rural areas.

The Dominican Republic is mainly agricultural and there is still little scope for paints, enamels and varnishes for industrial use. There will probably be a demand for imported specialty finishes of various kinds for a long time to come. Automobiles, for example, require a wide variety of enamels in shades subject to change each year. The local industry would not be able to match such changes economically in view of the very small market for such products here.

Raw Materials in Demand

Except for certain native gums, the Dominican Republic produces practically none of the basic ingredients needed for paint manufacture and the local company is always interested in obtaining quotations on raw materials. About 200 such ingredients are regularly purchased abroad; some of the more important are mineral pigments of various kinds, synthetic alkyd resins, talc, calcium carbonate, zinc oxide, titanium dioxide, aluminum paste, wood rosins, etc. Other possible items will suggest themselves to potential suppliers.

At the present time, about half of the company's raw-material purchases are made in the United States and the other half in Europe. Major exporting countries in the latter area are, in order of importance, Germany, the Netherlands, the United Kingdom, Sweden, and Denmark. Quantities of petroleum distillates are brought in from the Netherlands West Indies.

The company assembles its own one-gallon and one-quart capacity

cans (U.S. measure) from components which are at present imported from the United States.

The installation of the facilities to produce certain nitro-cellulose-based lacquers is being considered at the moment, although no such products have so far been made in the Republic.

Thanks to a favourable tax arrangement, the firm pays no import duties on its raw materials. Duties on mixed paints are high and as a result the cost to the local consumer of U.S.-made paint is roughly double the U.S. domestic price. As Pinturas Dominicanas has extended its domination of the local market, imports of foreign mixed paints have decreased sharply. As a rule, the trade has tended to sell out its typically large inventory of foreign paints and to replenish its stocks locally as required.

There is an interesting and growing market for raw materials, however, and this deserves further investigation by would-be suppliers. Inquiries should be addressed either directly to Pinturas Dominicanas C. por A., Carretera Sanchez Km. 6½, Ciudad Trujillo, Dominican Republic, or to the Commercial Counsellor, Canadian Embassy, Apartado 1393, Ciudad Trujillo. •

The Market in Cuba

Large local production and close affiliations with U.S. firms limit Canadian opportunities, except for raw materials.

R. R. PARLOUR, *Commercial Secretary, Havana.*

CONSUMPTION of paint in Cuba has been increasing in recent years by about 15 per cent a year as a result of population growth, the rising standard of living, industrial expansion, and increasing numbers of cars on the road. The Cuban market for paint now exceeds $12 million a year at factory prices for all types. Paint sales in 1959 were still higher as consumption in smaller centers and rural areas increased as a result of the Government's public works program. Havana normally consumes about 45 per cent of the paint used in Cuba, although the percentage may fall as sales in the capital lag. Competition in the paint field is growing, as locally manufactured paints replace imports.

Local Production Large

This country now has about a dozen paint factories, most of them in the Havana area. Together they supply from 80 to 90 per cent of the market and the industry is expanding. It is dominated by four major producers. Two of these are subsidiaries of U.S. paint manufacturers, one is a local firm making a well-known U.S. brand under licence, and the fourth is wholly independent, producing under its own brand name. The remaining local manufacturers together have less than 10 per cent of the market.

A wide range of paints is produced, including general household paints and enamels, both interior and exterior, of all qualities; maintenance paints for sugar mills and industry; product finishes for kitchen and porch furniture, cabinets, etc.; varnishes; latex finishes, interior and exterior; polyvinyl acetate finishes, interior and exterior; some lacquers for automotive refinishing and industrial use; synthetic enamels, baking enamels, and thinners. Generally, the types of paint not made in Cuba are specialties in limited demand and local manufacturers continue to add new lines as the market justifies this step. One unique experiment in Cuba has been the use of sugar in manufacturing paint but this product has not yet been perfected.

Types in Demand

Characteristic of the Cuban market is a growing preference for quality paints, especially in Havana and other large cities. However, there is still a market for lower grades in the country districts. Among the best selling types are polyvinyl acetate paints for interior and exterior masonry, and interior latex emulsion paints. The reason for their popularity is the extensive use of concrete and plaster here rather than brick and wood as in Canada, and the absence of cold weather. All-purpose oil paints for interior and exterior use are also in good demand. The market for automotive refinishing lacquers is growing and now accounts for over 15 per cent of all paint sales. Many paints sold in Cuba have the same formulas as those used in North America but some types have special formulas to meet local market preferences. Some dealers prefer to have their own distinctive brand and for this reason local paint factories may offer the same product under several different labels. However, this practice is uneconomic and is dying out. The U.S. liquid measure is universally used, rather than the imperial quart or gallon.

Sources of Imports

Paint imports total between $2 million and $3 million a year, some 10 to 20 per cent of consumption. Almost all imports come from the United States, although there have

been occasional small shipments from the United Kingdom and the Netherlands.

The Cuban tariff on paints is moderately high, and favours U.S. shippers, as shown by the accompanying table.

It is estimated that the duty, freight, insurance, etc., on paint shipments from the United States average about 33⅓ per cent of the f.a.s. price. For shipments from Canada and other countries this percentage is larger because of the higher duty rates. This protection has enabled the domestic paint industry in Cuba to prosper and has meant a decline in paint imports in recent years. There are some indications that this tariff protection for paint may eventually be increased and there is also pressure from the local industry for a lowering of duties on raw materials.

The principal importers of paint are the larger paint manufacturers themselves, who bring in specialty items and low-volume lines from their parent plants in the United States. These would be imported from their affiliate companies in Canada if there were a price advantage in doing so. When the local market for a particular imported product reaches adequate size, the local manufacturer usually begins production in Cuba, using the same brand name as the imports had. Among the paints still imported by the various manufacturers are some synthetic enamels, alkyd resins and varnishes, industrial and automotive lacquers, automotive enamels and synthetics, and product finishes for kitchen furniture. A few of the plants import lacquer bases and solvents and do the mixing locally. Other gaps in local production are bituminous and asphalt-type paints, certain types of casein paints, powder and paste types, some marine paints and miscellaneous specialties. These are imported.

Paint imports into Cuba other than by the local paint manufacturers amount to about $1 million a year, or less than 10 per cent of the market. Some 30 or 40 foreign firms, representing many of the leading paint manufacturers in the United States, compete for this business. Participation by other countries is negligible although paint from the United Kingdom and the Netherlands has been seen on the market. Most of these firms offer a general line of all types of paints and have appointed a distributor or network of distributors. It is the common belief in the trade that imports of general lines of paint will decline in the next few years and that eventually they will consist largely of specialty industrial finishes that cannot be profitably produced in Cuba, plus a trickle of automotive finishes.

CUBAN TARIFF ON PAINTS

	From Canada and other most-favoured-nation countries	From U.S.
Asphalt varnishes, transparent lacquers, coloured lacquers, containing nitrates or other cellulose derivatives; oil and resin paints, rubber-based paints; asphalt paints, liquid or paste water-emulsified paints containing resins, oils, latex, protein or casein, whether or not prepared for ready use; enamels, not containing nitrate or other cellulose derivatives; other paints.		
1. Duty, per 100 kilos	$10.00	$ 7.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax (levied on final landed duty, tax-paid value)	10%	10%
Oil and natural resin varnishes—other varnishes		
1. Duty, per 100 kilos	$12.50	$10.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax	10%	10%
Oil and synthetic resin varnishes		
1. Duty, per 100 kilos	$10.50	$ 8.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax	10%	10%

Raw Materials Needed

Raw materials for Cuba's paint industry have traditionally come almost exclusively from the United States, but Canada, the United Kingdom, Japan, Germany and other European countries are now sharing this market. Present sources for some of the common raw materials are as follows:

linseed oil—most comes from the U.S. which ships in tank cars via sea-ferry. Occasionally some comes from Canada, the Netherlands or Argentina in drums.

titanium dioxide—United States, United Kingdom, Japan, Germany

lithopone—United States, Germany, Italy

polyvinyl acetate—United States

latex—United States

talc filler—United States

fungicides—United States

dryers—United States

pentaerythritol—Canada

glycerin—manufactured locally

solvents—most manufactured locally

cans—most manufactured locally

pigments and colours—United States, United Kingdom, Canada, Germany

The Cuban paint manufacturers operating as branch plants of U.S. firms buy much of their raw materials through their head offices in the United States. However, raw materials from Cuba or from third countries are generally purchased directly by the Cuban branch plant. The independent Cuban paint companies, of course, make all their purchasing decisions locally. The credit situation in the Cuban paint industry is generally satisfactory and many of the factories are working at full capacity. Manufacturers do not find it necessary to place stocks with their dealers on consignment. Cuba does not have import controls on paint or raw materials but the general shortage of foreign exchange is causing some delays in the release of dollars to pay for imports. In some instances, foreign suppliers are asking for letter-of-credit terms.

Canada's Opportunity

Canada's exports of paint and varnishes to Cuba in 1959 were valued at less than $5,000. However, exports from Canada of linseed oil, iron oxide, zinc oxide, white lead, and other pigments amounted to eight times this figure and the addition of miscellaneous chemicals for the paint industry would give a still higher total. Present trends towards industrialization at the expense of imports, the Cuban tariff on paint which favours U.S. suppliers, and the concentration of the paint import trade among the companies already manufacturing here all point to the fact that Cuba offers Canadian exporters a better market for pigments, oils, chemicals and other raw materials than for finished paint products. This raw materials market is one that should grow steadily in future years, and Canadian exporters should not overlook it. The industry welcomes any offers which meet world competition in quality and price. ●

General Notes

Ceylon

BUSINESS CENTRE—The Sinhalese Merchants' Chamber will set up a Ceylonese business centre shortly in the Pettah (Bazaar), one of the busiest parts of Colombo. The business centre, a five-storey building on a two-acre site, will cost an estimated Can.$1 million and will offer low-rent space for 400 shops. It is designed to encourage Ceylonese businessmen to take a more active part in retail and wholesale trade, carried on in the past largely by non-nationals, chiefly Indians—Colombo.

Ghana

VOLTA RIVER DEVELOPMENT—Tenders may be called by September on a power dam to be built on the Volta River in eastern Ghana. Design engineering work is expected to be completed by that date. Preliminary work on the dam site was started last year and will be finished by about March 1961. The dam will take about five years to construct. The project is being spurred by the recent formation of the Volta Aluminum Company (VALCO) by several aluminum concerns. VALCO is to negotiate with the Government of Ghana towards setting up an aluminum smelter at Tema, about 20 miles from Accra. Agreement on this would bring to Ghana a major consumer of power from the Volta —Accra.

India

INDUSTRIAL POLICY—Two recent government rulings reveal significant changes in India's industrial policy. The first decrees that business firms with fewer than 100 employees and fixed assets of less than one million rupees (Can.$200,000) may organize new manufacturing facilities without applying for licences under the Industries (Development and Regulation) Act. The second authorizes free licensing for production on any scale of industrial machinery and machine tools, including components and parts.

Although the new rulings are designed to encourage small-scale industry in general and the manufacture of industrial machinery and machine tools in particular, they clearly mean a lessening of direct government control over the economy.

Indian firms which wish to take advantage of the new rulings must still apply for import licences if they require foreign machinery, equipment or raw materials.

Nevertheless, one large hurdle between the initial overture and the ultimate order has been removed, and Canadian suppliers should be better able to assess the business possibilities of inquiries received from Indian firms—New Delhi.

Ireland

RURAL ELECTRIFICATION—It is estimated that 85 per cent of Ireland has now been reached by rural electrification networks, and that some 240,000 people receive power under the scheme. So far the capital required has totalled £27 million; a further £2 million a year is being spent to cover new areas—Dublin.

Netherlands

INDUSTRY—A survey covering 11,533 industries employing ten or more workers showed that total turnover rose from 31,000 million guilders in 1958 to 33,000 million in 1959. The number of employees increased from 1,029,400 to 1,059,000. A breakdown by industries indicates that the metal industry, the largest employer in the Netherlands, had 361,400 on its payroll in 1959 compared with 343,600 in the previous year, and a sales volume valued at 9,062 million guilders (8,235 million guilders in 1958).

The food industry, the second largest employer, recorded sales of 9,382 million guilders in 1959 (8,705 million guilders in 1958) and employed 146,600 (145,400 in 1958). The chemical industry employed 67,000 in 1959, a slight rise from 65,000 in the preceding year, and made sales worth 4,490 million guilders in 1959 and 4,538 million in 1958. The textile industry had a sales turnover of 2,604 million guilders in 1959 against 2,360 million in 1958, and employed 118,800 and 116,900 people. The ready-made clothing industry sold goods valued at 1,045 million guilders in 1959 (974 million in 1958) and employed 64,200 (62,300 in 1958)—The Hague.

Pakistan

DECIMAL SYSTEM—The Government of Pakistan has decided to introduce the decimal system of coinage from January 1, 1961, and to adopt the metric system of weights and measures at some later date. The rupee will be retained as the basic unit of currency without any change in its present value. The pice will be renamed and its value changed to one one-hundredth instead of one sixty-fourth part of a rupee—Karachi.

Switzerland

LOAN ISSUES UP—Conditions on the Swiss capital market during the first quarter of 1960 tightened somewhat, mainly because of numerous issues of loans for domestic account. Swiss loans offered for public subscription during this period totalled an estimated Sw.Fr.450 million, or almost Sw.Fr.200 million more than in the same period of 1959. It is expected, however, that during the first half of 1960 the total amount of new issues in Switzerland will hardly exceed the figure for the first six months of last year. Among the issues offered for public subscription during the first three months of 1960, one loan of Sw.Fr.60 million at 4½ per cent was successfully floated by the Commonwealth of Australia and was heavily oversubscribed—Berne.

PLASTICS ASSOCIATION FORMED—The Swiss plastics industry has recently formed, under the abbreviation of SIK, an association charged with the following responsibilities: market research for plastic products and machinery in Switzerland and abroad, promotion of professional training, establishment of a publishing and press service, and promotion efforts, including the introduction of a quality mark—Berne.

Tours of Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, Egypt, will visit Ethiopia during the week of June 20.

J. BRUCE, Commercial Assistant in Lima, Peru, will visit Arequipa from June 5-11.

L. D. R. DYKE, Acting Commercial Secretary in Athens, Greece, will visit Turkey from June 6-17.

A. W. EVANS, Trade Commissioner in Liverpool, England, will visit Stoke on Trent, Coventry, Wolverhampton, Leeds, Middlesborough, and Newcastle from June 7-16.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, plans to visit a number of the principal trading and industrial centres in Communist China, including Peking, Tientsin, Shanghai and Canton. Tentative dates for his tour are May 12-June 10.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from June 20-29, and Prague, Czechoslovakia, from July 11-14.

R. H. GAYNER, Acting Consul General and Acting Trade Commissioner in Manila, the Philippines, will visit Taipei, Republic of China (Taiwan), from June 14-27.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Korea from June 20-24.

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. Armstrong at Cairo, Mr. Bruce at Lima, Mr. Dyke at Athens, Mr. Evans at Liverpool, Mr. Forsyth-Smith at Hong Kong, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gayner at Manila, and Mr. Woolham at Tokyo.

Trade and Tariff Regulations

Argentina

PACKING LIST—Argentine Customs Resolution No. 109 required that a detailed packing list be submitted with the usual documents hitherto required for export shipments to this country. This resolution was amended by Resolution No. 172 which was reported on page 30 of the April 23rd issue of *Foreign Trade*.

Because of the opposition in commercial circles aroused by this measure, the Customs Administration by means of Resolution No. 232 has now completely suspended until further notice the application of the original Resolution No. 109. Accordingly, the packing lists specified in Resolution No. 109, later amended by Resolution No. 172, are not required. A new study of the matter is now under way to decide the procedure which will be followed in the future—Buenos Aires.

Gambia

IMPORT CONTROLS RELAXED—The Government of the British Colony of Gambia has announced that, effective November 20, 1959, restrictions on imports of goods from the dollar area, including Canada, have been lifted. All types of merchandise may now be imported into Gambia from the dollar area under Open General Licence.

Malaya

IMPORTS OF CARBON BLACK—The Government of the Federation of Malaya has exempted carbon black, to be used for manufacturing purposes within the Federation, from the import duty of 20 per cent ad valorem, effective November 25, 1959.

Nigeria

IMPORT CONTROLS RELAXED—The Government of the Federation of Nigeria has liberalized controls on imports from the dollar area of all goods except sugar, coal, petroleum products, gold and gold products, and used clothing, effective February 1, 1960. All goods from Canada except the few specified above may now enter Nigeria without import trade control licences.

Seychelles

IMPORT CONTROLS RELAXED—The Government of the British Colony, Seychelles, has announced that, effective April 11, 1960, all goods except gold, radioactive materials, arms and ammunition may be imported freely from the dollar area, including Canada, under Open General Licence.

Sierra Leone

IMPORT RESTRICTIONS RELAXED—The Government of the British Colony, Sierra Leone, has announced that, effective November 27, 1959, most goods from the dollar area, including Canada, may be imported freely under General Licence. Specific import licences must be obtained to cover imports of a short list of goods from the dollar area. Included in this list are certain pharmaceuticals, explosives, gold, silver, arms and ammunition. All other items may be imported from the dollar area without a specific import licence.

South Africa

CUSTOMS TARIFF—The South African Customs Tariff was amended on April 8, 1960, to make specific provision for thermosetting resin laminated decorative plastic sheets. The rates of duty on the new item are:

Thermosetting resin laminated decorative plastic sheets—

(i) Of a cost f.o.b. not exceeding 2s. 6d. per square foot
  most-favoured-nation rate per square foot 8d.
  general rate 1s. 0d.

(ii) Other
  rate from all countries, ad valorem 15 per cent

Ordinary dumping duty is imposed on these items when they are imported into South Africa from, or originate in, the United Kingdom, Canada, or the United States.

IMPORT CONTROLS—The South African authorities have authorized the further issue of import permits valid for the import of general merchandise. This additional issue raises the 1960 quota authorized to date from the 40 per cent of the importer's assessment basis to 60 per cent. This compares with the 50 per cent quota made available for the whole of 1959.

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 1.0145846.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 20	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01194	83.75	(1)
Austria	Schilling		.03795	26.35	
Australia	Pound		2.2126	.4519	
Bahamas	Pound		2.7657	.3616	
Belgium, Belgian Congo and Luxembourg	Franc		.01978	50.56	
Bermuda	Pound		2.7657	.3616	
Bolivia	Boliviano	Free	.00008627	11,591.51	
British Guiana	Dollar		.5762	1.73	
British Honduras	Dollar		.6914	1.45	
Brazil	Cruzeiro	General Category*	.004134	241.90	*May 10 (2)
		Special Category	.001907	524.46	
		Official selling	.05211	19.19	(3)
Burma	Kyat		.2070	4.83	
Ceylon	Rupee		.2074	4.82	
Chile	Escudo	Free	.9369	1.06735	(4)
Colombia	Peso	Certificate	.1470	6.80	
Costa Rica	Colon	Official	.1755	5.70	
		Controlled free	.1481	6.75	
Cuba	Peso		.9856	1.01461	tax 2%
Czechoslovakia	Koruna		.1369	7.30	
Denmark	Krone		.1427	7.01	
Dominican Republic	Peso		.9856	1.01461	
Ecuador	Sucre	Official	.06571	15.22	
		Free	.05764	17.35	
Egyptian Region, United Arab Rep.	Pound	Official	2.8303	.3533	
		Export account selling	2.3975	.4171	
El Salvador	Colon		.3943	2.54	
Fiji	Pound		2.4916	.4013	
Finland	Markka		.003080	324.67	
France, Monaco, etc.	New Franc		.2010	4.97	(5)
French colonies	Franc		.004020	248.76	(6)
French Pacific	Franc		.01106	90.41	(7)
Germany	D Mark		.2364	4.23	
Ghana	Pound		2.7657	.3616	
Greece	Drachma		.03285	30.44	
Guatemala	Quetzal		.9856	1.01461	
Haiti	Gourde		.1971	5.07	
Honduras	Lempira		.4928	2.03	
Hong Kong	Dollar	Free*	.1706	5.86	*May 6
		Official	.1729	5.78	
Iceland	Krona	Official	.02594	38.55	(8)
India	Rupee		.2074	4.82	
Indonesia	Rupiah	Official rate	.02190	45.66	(8)
Iran	Rial		.01301	76.85	
Iraq	Dinar		2.7598	.3623	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent May 20	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7657	.3616	
Israel	Pound		.5476	1.83	
Italy	Lira		.001587	630.12	
Japan	Yen		.002738	365.23	
Lebanon	Pound	Free	.3096	3.23	
Mexico	Peso		.07885	12.68	
Netherlands	Florin		.2614	3.82	
Netherlands Antilles	Florin		.5267	1.90	
New Zealand	Pound		2.7657	.3616	
Nicaragua	Cordoba	Effective buying	.1493	6.70	
		Official selling	.1399	7.15	
Norway	Krone		.1382	7.23	
Pakistan	Rupee		.2074	4.82	
Panama	Balboa		.9856	1.01461	
Paraguay	Guarani	Official	.008079	123.78	
Peru	Sol	Certificate	.03607	27.72	
Philippines	Peso		.4928	2.03	
Portugal & Colonies	Escudo		.03440	29.07	(9)
Singapore and Malaya	Straits Dollar		.3227	3.10	
Spain and Dependencies	Peseta		.01643	60.87	
Sweden	Krona		.1906	5.25	
Switzerland	Franc		.2283	4.38	
Syrian Region, United Arab Rep.	Pound	Free	.2755	3.63	
Thailand	Baht	Free	.04663	21.44	(8)
Turkey	Lira		.1095	9.13	(8)
Union of South Africa	Pound		2.7657	.3616	
United Kingdom	Pound		2.7657	.3616	
United States	Dollar		.985625	1.0145846	
Uruguay	Peso	Free	.08642	11.57	(10)
Venezuela	Bolivar		.2942	3.40	
West Indies Fed.	Dollar		.5762	1.73	(11)
	Pound		2.7657	.3616	(12)
Yugoslavia	Dinar	Official	.003285	304.41	(8)
		Settlement rate	.001559	641.22	

*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 imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
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. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Trade Commissioners on Tour


A. P. Bissonnet


B. C. Butler


R. M. Dawson


R. E. Gravel


H. S. Hay


B. A. MacDonald


K. Nyenhuis


M. T. Stewart

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

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden:

Ottawa—May 26-June 7
Port Hope—June 8
Hamilton—June 9
Welland—June 10
Sarnia—June 13
Toronto—June 14-17
Winnipeg—June 20
Vancouver—June 22-29
Montreal—July 4-8

B. C. BUTLER, Minister (Commercial) in London, England:

St. Catharines, Welland—June 6
Brantford—June 7
London—June 8
Windsor—June 9
Sarnia—June 10
Kitchener—June 13
Montreal—June 15-30
Ottawa—July 4-15

R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala:

Toronto—June 6-10
Winnipeg—June 15
Vancouver—June 20-25

When he completes his tour and leave, Mr. Dawson will be transferred to Manila, the Philippines, as Vice Consul and Assistant Trade Commissioner.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Vancouver—July 11-14
Winnipeg—July 20-21
Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Vancouver—June 6-10
Saskatoon—June 16
Winnipeg—June 17
Ottawa—June 19-

When he completes his tour and leave, Mr. Hay will be transferred to Caracas, Venezuela, as Assistant Commercial Secretary.

B. A. MACDONALD, Commercial Counsellor in New Delhi, India:

St. Catharines, Welland—June 7
Niagara Falls—June 8
Port Hope, Kingston—June 10
Ottawa—July 4-8
Montreal—July 11-15
Quebec City—July 18
Thetford Mines—July 19

When he completes his tour and leave, Mr. MacDonald will be transferred to Athens, Greece, as Commercial Counsellor.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Vancouver—July 4-6
Winnipeg—July 7-8
Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

M. T. STEWART, Commercial Counsellor in Madrid, Spain.

Toronto—June 6-10
Hamilton—June 13
Brantford—June 14
Montreal—June 16-23
Quebec—June 27

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

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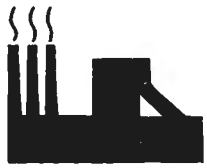

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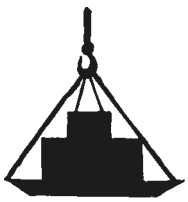

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