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foreign trade

CANADA

YOU CAN SELL FROZEN FOODS TO GERMANY (page two)

foreign trade

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cover

In the freezing section of a Canadian plant, packages of prepared vegetables are loaded onto metal trays, 33 to a tray. These are then inserted into the plate freezer. Our growing frozen-food industry not only supplies domestic demand but also ships to export markets. The article on page two points up sales possibilities in a new quarter, West Germany, and gives details on how and what to offer.

CANADA

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You Can Sell Frozen Foods to Germany

Our Hamburg office analyzes growing German taste for frozen foods; shows how Canada's well-developed frozen-food industry can supply this rapidly expanding market.

MALDWYN THOMAS, *Vice Consul and Assistant Trade Commissioner, Hamburg.*

THE frozen-food industry in Germany has developed more slowly than in any other country in Western Europe. But after several false starts it is now firmly established and progressing rapidly. Attempts after the war to put frozen foods on the German market did not succeed because of the lack of modern freezing equipment needed to provide products of standard quality, the dearth of self-service stores, consumer unfamiliarity with the products, and poor marketing methods.

Frozen Foods Catch On

In 1955, after studying the frozen-food industry in neighbouring countries and in the United States, the Germans made a new attempt to establish theirs on a better basis. This time it caught on and since then has grown steadily. In 1956 there were only 5,000 deep freezers in German stores. At the beginning of 1959 nearly 20,000 units, many of them much bigger than the first ones, were in operation throughout the country, though only about 10 per cent of the grocery stores have them.

Comparing frozen-food consumption figures in certain other countries will point up the great possibilities for expansion in this market of 51 million people. In the U.S., annual consumption is 28 kilos per capita, in Sweden (which leads Europe in the consumption of frozen foods) 2.7 kilos per capita, and in Britain and Switzerland, 2 kilos per capita. In Germany, however, per capita annual consumption of frozen food reaches only 0.28 kilos. Sweden, with a population of only seven million, has more deep freezers than Germany.

How Industry Is Organized

Because the German frozen-food industry is in its infancy, it is still undergoing constant change. Improved methods of distribution are being sought and it is not at all certain that the final pattern has been set. At present the marketing of frozen food is controlled by some 250 wholesalers and by large retail co-operatives throughout the country. Considerable expense devolves upon the wholesalers because they must finance the retailers' operations and maintain cold storage plants and refrigeration trucks to carry products to the warehouses and thence to the stores.

The number of firms turning out frozen foods in Germany is rising rapidly; in 1955 there were only 17 but by 1958 there were 42. Despite this substantial growth, German processors feel that production will not be able to keep pace with demand and that more and more frozen foods will have to be imported.

There are also production and distribution problems stemming from the newness of the frozen-food industry in Germany. The establishment of an efficient delivery chain from warehouse to shop has proved difficult, as has maintenance of uniform quality. However, these do not seem to be insurmountable problems and progress is considered satisfactory.

Consumption Analyzed

The following figures for 1958 show the pattern of German frozen-food consumption:

Fruits and vegetables	6,000 tons
Poultry	5,000 "
Fish	2,000 "
Ice cream	1,500 "
Prepared dishes, miscellaneous foods	1,500 "
TOTAL	16,000 tons

Although the pattern may change as the industry grows and German taste shifts, the table above serves as a guide to present conditions; some of the foods in the list are imported. Fruits and vegetables are obviously the biggest group, accounting for about 38 per cent of total consumption. By far the most important of these is spinach, which represents 65 per cent of total turnover. Next come peas, mixed peas and carrots, green beans, sliced cucumbers, strawberries and other berries. Poultry is the second most important group in German frozen-food consumption. An analysis of the West German poultry market appeared in *Foreign Trade* on

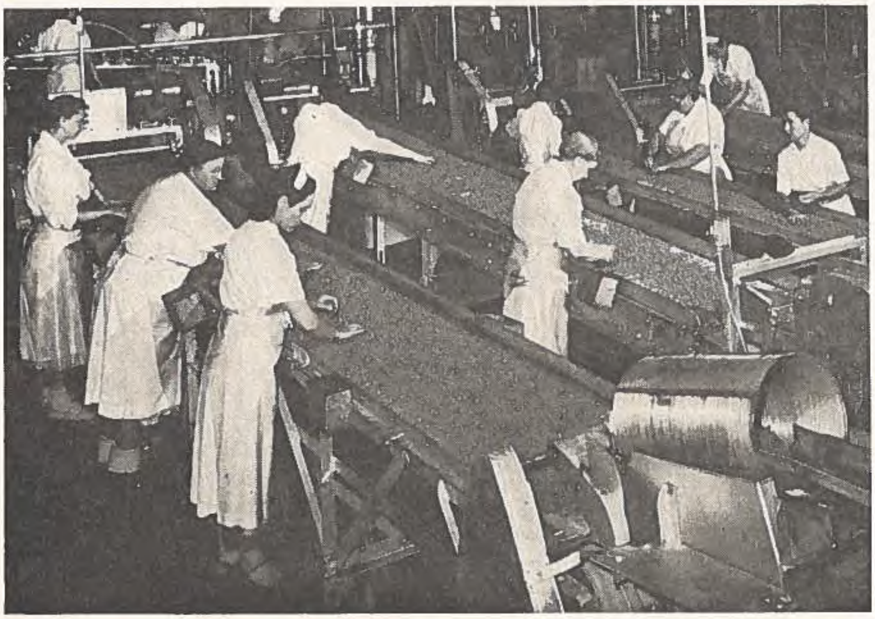
Streamlined refrigerated food counters in a West German supermarket display frozen poultry. German imports of frozen fryers, fowl and poultry parts are rising; Canada successfully cracked the market as a supplier for the first time in 1959.

March 14, 1959. Conditions described in that article still apply, except that prices have dropped by about 10 per cent.

The 2,000 tons of frozen fish consumed in 1958 were principally in the form of fillets; the more popular kinds are cod, rosefish, sole and plaice, though frozen shellfish is also being sold in increasing quantities. It is expected that the growth of the frozen-food trade will benefit particularly the fishing industry because inland consumers will be able to have fish the year round.

Ice cream is an important item in the frozen-food market and the stores use it as a "filler" to balance out their freezers. However, it is doubtful whether it will ever be imported because it is highly perishable and because German consumers prefer the home product.

About one-half of the "prepared dishes" category in the preceding table is accounted for by frozen meat; frozen potato dumplings, potato croquettes, meat dishes, fruit-juice concentrates, and prepared pastry make up the rest. Frozen cutlets and ready-to-grill steaks constitute about 5 per cent of total frozen-food consumption and have increased rapidly in popularity in a short time. Prepared dishes seem to be still in the experimental stage and it is recognized that much work has yet to be done to develop a market for them.



Skilled hands in this Canadian food-processing plant ensure that no undersized, discoloured, or otherwise spoiled peas pass along the conveyor belts into the freezing and packing machines. Peas are among Canada's best bets for selling to the German market.

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The import of most deep-frozen foods will be liberalized within the next one or two years and it is felt in trading circles here that it will be fairly easy to obtain import licences during the intervening period.

Because the frozen-food industry in Germany is new, it is still too early to speak of import trends. It is, however, evident that a large part of German supplies come from abroad and will continue to do so. Imports of frozen fruits and vegetables leapt ahead in 1959 when an import quota was opened for frozen peas and frozen berries. It is estimated that about DM1.2 million worth of frozen food was imported under this quota and, according to German importers, more quotas would have been opened for peas and berries if a source of supply could have been found. There is also a strong demand for imported spinach, green beans, peas and carrots. Frozen fruits and vegetables for the German market should be packed in one-pound paper cartons and kept at a temperature of minus 18 degrees Centigrade, the standard required for all German frozen foods.

Poultry imports continue to rise and in 1959 Canada first appeared as a supplier. In addition to fryers and fowl packed in polyethylene, wax paper or cryovac, demand is particularly heavy for chicken backs and necks, and duck and turkey parts packed in two-pound cartons. The outlook for poultry import quotas is good. There is, however, no indication that imports of frozen meat (beef, etc.) will be liberalized in the foreseeable future.

Development of the frozen-food market has boosted the consumption of frozen fish, especially fillets. At the time of writing, there is a strong interest in imported rosefish (sebastes marinus) and cod fillets, and an indication that frozen shellfish would also be popular; each of these products has been liberalized. Principal foreign suppliers at present are the Scandinavian countries, considered to be leaders in this field.

IMPORTS OF FROZEN FOOD INTO GERMANY

	1957		1958		1959	
	Quantity (100 kilos)	Value (DM'000)	Quantity (100 kilos)	Value (DM'000)	Quantity (100 kilos)	(Est.) value (DM'000)
A. FRUITS AND VEGETABLES						
1. Frozen vegetables						
Total imports	12,094	1,397	1,984	377		701
From:						
Italy	5,574	430				
Sweden	2,154	325				
Poland			723	136		
Britain			631	130		
2. Frozen fruits (no sugar added)						
Total imports	6,676	1,453	11,131	1,748		3,854
From:						
Netherlands	4,333	1,089	5,136	884		
Denmark			1,881	291		
Yugoslavia	642	51				
3. Frozen fruits (sugar added)						
Total imports	639	160	308	88		511
From:						
Bulgaria	299	57				
Sweden	169	54				
Netherlands			205	66		
United States			99	21		
Total	19409	3,010	13,423	2,213		5,066
B. FROZEN FISH FILLETS						
					(Jan.-Sept.)	
Total imports	2,705	226	3,722	419	8,200	661
From:						
Norway	2,379	177	3,187	310	8,192	658
Denmark	258	39	30	6	5	2
Britain	19	2	248	69		
Sweden			134	19		
Japan	39	6	50	7		
Iceland	10	2	16	2		
Netherlands			16	2	3	1
Communist China			10	2		
C. POULTRY (Here it is not possible to separate frozen imports from fresh imports. Imports from overseas are all frozen.)						
					(Jan.-Aug.)	
Total imports	492,505	140,781	642,599	186,256	483,988	133,224
From:						
Netherlands	243,007	70,561	281,384	83,147	215,971	59,841
Denmark	66,684	21,123	104,285	31,990	112,539	32,678
Poland	75,422	20,547	96,215	26,217	35,082	9,008
Hungary	41,494	10,508	53,331	13,869	15,104	3,872
United States	29,241	8,605	31,794	10,743	74,500	19,987
Yugoslavia	16,029	4,050	15,021	3,956		
Argentina			24,644	6,888	7,971	2,183
Canada					1,948	498

So far there is no record of prepared frozen dishes being imported into Germany. This is certainly partially accounted for by the fact that the Germans have many special national dishes that could hardly be prepared outside the country. Prepared dishes are, however, a brand new field and the Germans would no doubt be receptive to new products from abroad if these were properly introduced. Frozen juices, particularly citrus juices from the United States, are becoming quite

WEST GERMAN DUTIES ON IMPORTED FROZEN FRUITS AND VEGETABLES

		From Common Market		From Canada and rest of world			
		Customs %	*Tax* %	*Customs* %	*Tax* %	*Liberalized*	*Scheduled for Liberalization*
0702	Vegetables (whether cooked or not) preserved by freezing, spinach, peas, beans and others	27	4	27 (free until March 31, 1960)	4	No	Not later than July 1, 1961
0810	Fruit (whether cooked or not) preserved by freezing, not containing sugar	27	4	27	4	No	" " "
	NOTE: Goods falling within 0810 for industrial processing under customs control	4.5	4	5	4	No	" " "
2003	Fruit preserved by freezing containing added sugar	31.5	4	31.5	4	No	" " "

WEST GERMAN DUTIES ON IMPORTED FROZEN FISH

		From Common Market		From Canada and rest of world			
		Customs %	*Tax* %	*Customs* %	*Applicable for the period of*	*Tax* %	*Liberalized*
0301	Frozen salmon	2.5	4	15 (temporarily 3)	May 1 to Oct. 31	4	Yes
		10.5	4	15 (temporarily 12)	Nov. 1 to April 30	4	
0301	Frozen halibut	free	4	free	Aug. 1 to Dec. 31	4	Yes
		9	4	10	Jan. 1 to July 31	4	Yes
0301	Fillets frozen	4.5	4	5		4	Yes

popular and, with the introduction of such customs as having fruit juice at breakfast, this trend will no doubt continue.

Canadian sales of deep-frozen products have so far been limited, though a start was made in 1959 with the introduction of frozen poultry. Canadian producers should be able to improve their position in coming years because our frozen-food industry is an old and well established one; with its years of experience, it undoubtedly has many new products and ideas to sell to the Germans.

In the last few months German importers have shown interest in obtaining frozen foods from Canada. In fact, one of the largest retail co-operatives in Germany, controlling some 40,000 stores, has indicated that it would like to come to an arrangement with Canadian frozen-food producers. Such a project if successful would mean a more or less guaranteed turnover for the Canadian supplier. The German firm does not want simply to buy its frozen foods from Canada, but to co-operate with the Canadian supplier in advertising, promotion and the development of suitable packaging. Certain large Scandinavian firms are already using this system of selling in Germany; they have spent a great deal of money here and it is evident that they intend to stay in the market.

According to the large German retailer with whom we have had contact, Canadians should succeed best in selling spinach, peas, carrots, green beans, sliced cucumber and strawberries. For further information and assistance, interested frozen-food exporters are invited to write to the Canadian Consul and Trade Commissioner, Hamburg, or to the Agriculture and Fisheries Branch, Department of Trade and Commerce, Ottawa. ●

Michigan and Ohio in '59

WITH the settling of the steel strike, businessmen of the Detroit area look forward to increased prosperity throughout 1960. Despite the adverse effects of the strike, commercial activity was at an all-time high in 1959. Retail sales rose by 12 per cent to over $5 billion, and car and truck production climbed by 30 per cent to some 6.7 million units. Another 19.8 per cent increase, to an estimated 8 million units in 1960, is forecast for the U.S. as a whole.

The value of new construction last year fell 2 per cent below that of 1958 but is expected to rise by 5 per cent in 1960. Bank debits increased by 14.3 per cent in 1959 over the previous year.

The rubber industry, which is the backbone of the Akron, Ohio, area, is looking forward to a year of record production and profits. Despite strikes last year that closed some plants for as long as eight weeks, many of the rubber firms set new profit records.

New construction in the Cleveland area is expected to climb even higher in 1960 from the near-record levels of 1959. Residential housing dominated the building picture in 1959; a drop is expected in 1960, but it is felt that this will be more than overcome by a sharp increase in industrial and plant construction.

The machine-tool industry made a substantial comeback last year and the 1960 outlook is bright. Net new orders for the first eleven months of 1959 rose 81 per cent above those for the corresponding period of 1958.

The glowing forecast, however, does not apply to the farming community. The decline in net farm income is estimated at from 8 to 10 per cent, with a further 3 per cent predicted for 1960.

Chemical manufacturers set new sales records last year and expect a 9 per cent increase in 1960. The paint industry too is optimistic and, despite the expected drop in residential construction, feels that more non-residential building plus increased repairs and renovations will keep business buoyant throughout the year.

—M. J. VECHSLER,
Consul and Trade Commissioner, Detroit.

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Canadians, who sold three times as much to the Czechs last year as they did in 1958, will find this explanation of Czechoslovakia's system of state trading useful. Here too are suggestions about products to offer in that market.

How to trade with CZECHOSLOVAKIA

R. K. THOMSON, *Commercial Counsellor, Vienna.*

CANADA and Czechoslovakia have traded with each other for many years and this trade has lately developed in an encouraging way. Czechoslovak exports to Canada have expanded, and this means that Czechs are earning more Canadian dollars which, their officials say, they are prepared to spend in Canada. Our exporters may therefore wish to give some attention to this market and to the system of trading used there.

Despite the fact that the Soviet Union and other countries of Eastern Europe provide a substantial share of Czechoslovakia's imports and exports, approximately one-third of the country's trade is conducted with non-Communist countries. Furthermore in the period 1953-1958, imports from the Western world have increased faster than those from the Communist Bloc. Czechoslovakia's imports went up during these years by 58 per cent; imports from the Soviet Union and other Communist countries rose 40 per cent, those from Western Europe by 55 per cent, and those from other Western and the under-developed countries by 134 per cent. The Soviet Union's share in Czech imports decreased from 17 to 15 per cent in this time.

Trade between Canada and Czechoslovakia has fluctuated considerably in the last quarter of a century. In 1936, for example, Canadian exports to and imports from Czechoslovakia totalled $2 million. In 1958, the figure was $6 million and 1959 should show a further increase. In the first eleven months of '59 Canadian exports to that country, at $4.6 million, more than trebled over the same period of 1958 ($1.3 million).

The Market Described

Although it is relatively small, Czechoslovakia ranks as one of the world's important industrial nations. Its economy is one of the most advanced in Eastern Europe. For centuries the Czechs have had a solid reputation as craftsmen and workers. Up to the end of the First World War, the western part of what is now Czechoslovakia was the industrial centre of the old Austro-Hungarian Empire. Since then, its industry has increased its scope significantly, even during the Second World War because it suffered relatively little damage. During the past ten years its resources and manpower have been concentrated on industrial expansion and diversification. Next year Czechoslovakia expects to embark on its third Five Year Plan. Among the objectives are expanded agricultural production and a 50 per cent rise in industrial output, with emphasis on automation, on engineering products, the metallurgical industry, and especially on a rise in steel production to 10½ million tons in 1965. Chemicals, plastic raw materials, fertilizers and synthetic fibres will be turned out in larger amounts and manufacture of synthetic rubber and alcohol started. The plan also provides for a 33 per cent expansion in trade with non-Communist countries.

Like the other Communist countries, Czechoslovakia has a planned economy—that is, the Government organizes and plans in detail all aspects of production and trade. The broad planning extends over five years; imports and exports, however, are planned in greater detail each year but are directly related to the five-year economic program. The authorities determine the quantities and types of Czechoslovak products available for export in a given year and, to some extent, the countries in which such products are to be marketed. Similarly, each year they decide on the raw materials, semi-manufactures and manufactured goods to be imported. Much of the country's trade is regulated by bilateral agreements with individual countries that provide for the exchange of particular commodities, fairly clearly defined by type and value. None the less, there are opportunities for a country like Canada, which does not engage in bilateral trade.

Canadian exporters may be interested in knowing just how trade in Czechoslovakia is carried on. Its Ministry of Foreign Trade controls all export and import trade; it is responsible for establishing the general trade plan and co-ordinating it with the national economic plan. It also is responsible for trade policy generally, the development of foreign trade and the negotiation of trade agreements. It does not actually take part in trading operations. These are carried on by a number of foreign trade enterprises, set up as legal entities, financially independent, for the exclusive conduct of export and import trade in particular commodities. Each has monopolistic powers in its own sector and can initiate and carry forward trade negotiations abroad on its own behalf. Each must operate, however, in consultation with the Ministry.

There are 17 foreign trade enterprises altogether; they are listed in the accompanying box, with some data on the field that each covers. Similar corporations deal with related matters, such as the tourist trade, the inspection of goods, and shipping. Two new ones were established recently—POLYTECHNA, concerned with negotiations for patents and licences, and TRANSAKTA, to facilitate barter trade.

The foreign trade enterprises are the sole organizations that can place orders abroad for goods of any description and the sole agents for selling Czech export products. They are, of necessity, large. Each corporation is directed by a general manager or director general and each is divided into a series of departments responsible for specific groups of products or commodities. Separate departments also deal, on an area basis, with imports from and exports to groups of countries. With one exception, all are located in Prague and their officers can carry on discussions, negotiations and correspondence in English and in most other languages.

Czechoslovak Foreign Trade Corporations

ARTIA 30 Smecky, Prague 2.	—Cultural goods, books, records (import and export)
CENTROTEX 47 Tr. Dukelskych Hrdinu, Prague 7.	—Textile and leather goods and raw materials (import and export)
METALIMEX 34 Stepanska, Prague 2.	—Ores, metallurgical raw materials, metals, fuels (non-ferrous) (import and export)
FERROMET 27 Opletalova, Prague 2.	—Metallurgical products and semi-finished products (ferrous) (import and export)
CHEMAPOL 9 Panska, Prague 2.	—Chemical and pharmaceutical products, and raw materials (import and export)
GLASSEXPORT Vaclavske Nam 1, Prague 2.	—Glass manufactures (import and export)
JABLONEX 12 Gottwaldova, Jablonex Nad Nisou.	—Costume jewellery (export only)
CZECHOSLOVAK CERAMICS V Jame 1, Prague II.	—Ceramic manufactures and raw materials (import and export)
KOOSPOL 47 Tr. Dukelskych Hrdinu, Prague 7.	—Food and agricultural products and raw materials (import and export)
LIGNA 41 Vodickova, Prague 2.	—Timber and manufactures of wood and paper (import and export)
OMNIPOL 11 Washingtonova, Prague 3.	—Sporting aircraft, arms and ammunition for sport and hunting (import and export)
STROJEXPORT 56 Vaclavske Namesti, Prague 2.	—Heavy machinery and accessories (export only)
STROJIMPORT 5 Konviktska, Prague 1.	—Heavy machinery and accessories (import only)
MOTOKOV 47 Tr. Dukelskych Hrdinu, Prague 7.	—Cars, motorcycles, motor-scooters and light industrial products (import and export)
KOVO 47 Tr. Dukelskych Hrdinu, Prague 7.	—Precision tools and instruments (import and export)
TECHNOEXPORT 56 Vaclavske Namesti, Prague 2.	—Complete manufacturing plants (export only)
PRAGOEXPORT 34 Jungmannova, Prague 2.	—Small domestic wares, consumer goods (import and export)

Most of the foreign trade corporations have resident representatives in other countries and these can usually be contacted through the offices of the Czechoslovak Commercial Attachés in foreign countries. In Canada, the Montreal firm OMNITRADE, a trading company owned by Czechoslovakia and incorporated in Canada, represents some foreign trade corporations to some degree.

The Czechoslovak Chamber of Commerce is also concerned with foreign trade but its function differs from that of Chambers of Commerce in Canada because it too is an organ of the State. It acts as an intermediary in and as a promotor of business relations, chiefly because it is responsible for Czech participation in trade fairs abroad, for advertising Czech products in special publications and in other ways, and for trade arbitration.

How They Operate

The foreign trade corporations generally prefer to deal directly with producers in the country where the goods originate, believing that this means certain savings and that direct contact is more efficient. However, they are prepared to deal with export agents of Canadian producers, even agents located in countries other than Canada. They are accustomed to appoint sales agents abroad with sole rights to the sale and distribution of specific Czech products. They welcome direct contact with Canadian buyers and sellers visiting Czechoslovakia and have sent a number of representatives to Canada to establish relations with importers and producers. In recent years they have also bought some Canadian goods from or through third countries.

There are certain advantages in dealing with these foreign trade corporations—an importer or exporter of goods produced by or used by one sector of industry need do business with only one organization in Prague. But there are also certain disadvantages. For one thing, there are no alternative buyers or suppliers. In addition, the corporations may not be as flexible in transacting business as a Canadian might wish because of, among other things, their size, the fact that they must conform to the over-all export and import plans, and because the National Bank also exercises a degree of control over foreign exchange.

The businessman may discover other handicaps in trading with a planned economy. One is the inability of foreign suppliers to reach the consumer, who can only get those products that the State decides shall be available to him on the domestic market. Then too, because the bulk of Czechoslovak trade is carried on with Communist countries, purchases outside that bloc are, to some extent, confined to essentials that the Communist area cannot furnish. The same applies in a more limited way to exports. At times, these may be curtailed to provide for commitments made under bilateral trade agreements with other Communist and with non-Communist countries.

What to Sell

What products might Canadians sell in Czechoslovakia? It is difficult to answer this question precisely; the country's needs vary from time to time. Basically the Czechs are interested in raw materials for industries marked for further expansion under the third Five Year Plan. (See paragraph four of this article.) Generally speaking, Czechoslovakia does not buy from the West products that she makes herself or can purchase from other Soviet Bloc countries. The intense drive towards industrial expansion, the desire for more automation, and the recurrence of shortages mean that opportunities sometimes appear for Canadian producers not only of raw materials but also of capital goods, machinery and equipment competitive in price and with original features. Even sales of Canadian consumer goods are not impossible. Czech officials claim that Canadian manufacturers should do more to acquaint the trading corporations with details about their products and add that trade enterprises in Czechoslovakia are interested in building up long-term business relationships with Canadian suppliers.

In recent months, several of the foreign trade corporations have expressed interest in such things as pharmaceutical raw materials, machinery and equipment for the chemical industry, electrical generating equipment, newsprint plant and equipment, radios, steel tubing, sheet steel, wire, copper and zinc, household appliances, automotive accessories, fishmeal, and others. In the past few years Czechoslovakia has bought from Canada (in addition to wheat and barley) chemicals and pharmaceuticals, vaccines, frozen pork, synthetic rubber, nickel, copper, asbestos, hides and skins, seeds, wool rags and waste. She is selling to Canada a wide range of textile specialties, glass, light and heavy engineering equipment, confectionery, boots and shoes, furniture, household appliances, optical and photographic equipment, automobiles, tractors, and jewellery.

Officials of the Czech trading corporations who may be interested in Canada as a source of supply often stress the need for barter or "parallel" trade involving Canadian and Czech products. They are becoming gradually familiar with the fact that the Canadian Government does not have facilities for such transactions and are realizing that Canadian traders are generally not interested in business on these terms. Certain Canadian producers or exporters have, however, been able to enhance prospects for selling their goods by purchasing in return certain Czech products.

Canadian firms who write to or visit the foreign trade corporations should provide them with several copies of offers and of sales and technical literature to be distributed to the various departments of the corporations and perhaps circulated to end-users outside.

Canadian businessmen who are visiting other parts of Europe and are thinking about business with Czechoslovakia might find it worthwhile to include Prague on their itineraries. It is simple to make contact with foreign trade corporations concerned with specific products. The fact that export and import trade is centralized in the hands of a relatively small number of such enterprises means that one's stay in Prague need not be long. Visits to factories and discussions with personnel there are possible but somewhat difficult to arrange and requests of this type should be made well in advance of a visit to the foreign trade corporation. Prague is within easy reach of most European capitals—the flight from London takes only 3½ hours and from Frankfurt only 90 minutes—and hotel and other facilities are good. Visas are necessary and can be obtained from the Czechoslovak Consulate-General in Montreal or the Czechoslovak Legation in Ottawa. Bona fide businessmen do not usually find visas hard to secure but should apply for them well in advance of departure because the application is generally referred to Prague for authorization to issue the visa.

In August and September, Czechoslovakia has an International Engineering Fair—to be held in Brno from September 11 to 25, 1960. (Brno is the country's second city, not far from Vienna.) Canadian businessmen might wish to visit this fair.

The Commercial Counsellor and the Assistant Commercial Secretary at the Canadian Embassy in Vienna —both of whom are accredited to the Government of Czechoslovakia —visit Prague regularly and are prepared to assist Canadian businessmen who express an interest in doing trade with Czechoslovakia. •

See also articles on trading with Czechoslovakia published in the December 20, 1958, and November 7, 1959, issues of Foreign Trade.

Peru Encourages Foreign Capital

PERU has adopted a new law designed to reduce imports and encourage investment in the country. This Industrial Promotion law will offer incentives to local and foreign capital and aid the establishment of new industries away from Lima, particularly in the mountainous and jungle areas. It promises new and established manufacturers extensive tax concessions and adequate tariff protection. It will interest Canadians on two counts: first, as an incentive to establish branch plants or make licensing arrangements in Peru, and second, because it could mean higher tariffs that may work against Canadian and other foreign suppliers.

The law divides industrial enterprises into those that manufacture basic articles and those that do not. The general definition of basic articles is raw or semi-finished materials, machinery, equipment, tools, vehicles or any other articles of fundamental importance in the development of agriculture, mining or industry.

Established enterprises, or those that may be set up to manufacture basic articles, will enjoy permanent exemption from import duties on new machinery or equipment that does not compete with that produced in Peru. They will also enjoy exemption from import duties on essential raw materials or semi-finished goods not in competition with national production.

In addition to the above permanent exemptions, there are temporary tax benefits. An enterprise set up within the next ten years to manufacture basic articles not produced in Peru will be exempt from all major taxes for three years if it locates in the Lima area, five years if in the rest of the coastal region, ten if in the mountain provinces, and fifteen years if in the jungle. The exemptions date from the beginning of operations. After conclusion of the three, five, ten, or fifteen years, the firms will pay some taxes but will continue to be exempt from others. There are also provisions for tax exemption on reinvested profits, and for increased depreciation charges and other concessions.

Established firms and new firms that will produce basic products already manufactured in Peru will benefit from the Industrial Promotion Law, but to a lesser degree. They will be permanently exempt from import duties on machinery, raw materials and semi-manufactured goods. Unlike the above, they will never be exempt from all taxes, but for fifteen years they will be granted some tax exemptions and concessions on reinvestment of profits and depreciation.

Enterprises manufacturing articles not considered basic will receive similar tax benefits, but their exemption from import duties will range from 50 to 100 per cent, rather than being automatically 100 per cent.

The new law assures Peruvian manufacturers that they will be operating in a protected market. They will have to meet internal competition from other Peruvian producers but import duties should largely exclude foreign manufacturers. The act states that "articles manufactured in the country will have adequate tariff protection". The law contains provisions for the Executive Power to review the Peruvian tariff annually and to raise import duties where this is considered necessary to protect local industry. The law obligates the Government to buy Peruvian goods in preference to imported ones, if the quality of the national product is adequate.

—continued on page 15

Fairs and Exhibitions

Choosing Chicago for a Trade Display

LAST year, the Department of Trade and Commerce recognized, in company with over one million buyers from all over the world, that Chicago is one of the top trading centres in the United States. Making a bid for a share of the consumer's dollar in one of the highest per capita income areas in the country, the Department participated officially in five big Chicago trade shows. These were the *International Trade Fair, National Sporting Goods Show, International Specialty Food and Confection Show, National Association of Home Builders Show* and the *National Metals Exhibition and Congress.*

From the more than 300 trade fairs that are held in that city every year, how does the Department choose the ones in which it will take part? First, it sizes up the market possibilities for a group of Canadian products; this is done by the Chicago-based Trade Commissioners. If it can be shown that there is a market potential for these products or that Canadian sales can be expanded, then the Trade Commissioners try to locate a suitable trade fair. A number of likely ones are visited and a full report on each prepared. The quality of the fair is assessed—this includes noting the area that it serves, the type of buyers it attracts, costs of participation, etc. In most instances, the shows selected are revisited the following year to confirm the first opinion. Normally, it is only after this second visit that the fair is finally recommended to Ottawa for government participation.

The Trade Commissioners then call on possible buyers to stir up interest in Canadian suppliers. Lists of buyers to be invited to the Canadian stand are made up from files in the Chicago office and from names sent in by participating Canadian firms. Over 500 personal letters are sent out inviting these key buyers to the display. In addition, a second and wider mailing campaign pushes promotion material about the Canadian products to be shown. The Chicago office also contacts local newspapers before and during the event, feeding them publicity about the Canadian exhibits.

When the fair is over, the Chicago officers follow up by visiting interested buyers. If visits are not practicable, they write to the firms, asking whether or not buyers were able to make contact with suitable Canadian exporters at the fair; if not, could the Chicago office be of further assistance?

Businessmen who feel that they could profit from exhibiting at any of the Chicago shows in which the Government participates should write at once to the Department of Trade and Commerce, Ottawa. They will receive complete information about the exhibitions and opportunities for sales, and will be told how to go about making the necessary arrangements.

—G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

If You Want to Exhibit in Finland . . .

WITH Canadian-Finnish trade rising slowly but steadily and Finland's foreign exchange position improving, it might be worthwhile to take a look at opportunities for exhibiting in Finnish trade fairs.

From the Chargé d'Affaires of the Legation of Finland comes this information. Every spring for four consecutive years a general or specialized trade fair is arranged in Helsinki, culminating in the *Grand Fair* in the fifth year. Foreign products of a kind not made in Finland are accepted for display through Finnish representatives. Regional trade and industry fairs are also set up in various Finnish cities and foreign exhibitors are usually welcome. This year's regional exhibitions are the *North Finland Fair* in Kajaani, June 13-21, and the *Tampere Fair* in Tampere, July 3-13. Businessmen interested in the *Spring* and *Grand* fairs should write to: Suomen Messut Osuuskunta, Mannerheimintie 17, Helsinki; and in the regional fairs to the Finnish Legation at 140 Wellington Street, Ottawa.

British Like Canadian Toys

CANADIAN toymakers are joining the swing to more vigorous sales campaigns in the United Kingdom now that the restrictions on consumer goods have been relaxed. Three Canadian toymaking firms exhibited at the *Harrogate International Toy Fair* in January and, according to A. Worden Evans, Canadian Government Trade Commissioner in Liverpool, many more could have followed their lead and profited from the venture.

What are his reasons for this view? He lists four: 1. British buyers at the January show were obviously interested in Canadian toys. 2. Exhibiting arrangements can be handled by U.K. agents of the interested firms. (Exhibitors, in fact, are all British, but products of foreign manufacturers are shown by their U.K. representatives.) 3. The fair caters only to wholesalers; the general public is excluded. 4. Exhibits are generally not elaborate and the cost of participation is therefore reasonable.

Mr. Evans strongly recommends that Canadian firms support their British agents and persuade them to take part in the 1961 show.

In the "City on the Water" . . .

EVERY year Japan stages an *International Trade Fair,* alternately in Tokyo and in Osaka. This spring, some 1,200 Japanese firms and businessmen from 21 countries are displaying goods in Osaka, April 9-26, and exhibit space has grown to 180,000 square metres with the completion of the new five-storey International Trade Centre. The United States, West Germany, Australia, Czechoslovakia and South Vietnam will have national pavilions.

Attendance at the Osaka fair in 1958 reached 1.26 million, with 142,000 registered buyers. The general public is admitted only on special days and buyers need not be afraid of being crushed by the 1.2 million! The rush for space at Osaka is over for this year but it is not too early to think of exhibiting at Tokyo in 1961; applications for space are usually accepted any time after May 1 of the preceding year. Anyone who wishes to look in on the 1960 Osaka exhibition should write for hotel accommodation to the Japan Travel Bureau, Osaka Branch (c/o Osaka Station). Fair organizers assure us that interpreters are always on hand at the grounds to serve Western businessmen.

Germany Welcomes Foreign Exhibitors

ACCORDING to our Trade Fairs Abroad Office, the following 1960 trade fairs reported to us by the Embassy of the Federal Republic of Germany should be of interest to Canadian exporters.

In March, April and May (too late for applications but not for visits) are: the *European Fur Exhibition,* Frankfurt (Main), April 28-May 1, featuring raw furs and manufactured pieces; the *German Industries Fair,* Hanover, April 24-May 3, machinery of all kinds and consumer goods; the *International Toy Fair,* Nuremburg, March 3-8, and the *German Handicraft Fair,* Munich, May 11-22. Exporters who would like to keep track of these fairs for next year could write to the organizers listed here in order: Frankfurt Rauchwaren-Messe GmbH., Börse, Frankfurt (Main); Deutsche Messe-und Ausstellungs-AG., Messegelände, Hanover; Spielwarenmesse GmbH., Berliner Platz 24, Nuremburg; Varin für Handwerks-Ausstellungen und Messen e.V., Theresienhöhe 14, Munich.

Later this year, the Germans are sponsoring four other trade fairs of interest to Canadians; two of them (the hardware and leathergoods fairs) are held in both spring and fall. The four shows are: the *German Industries Fair,* Berlin-Charlottenburg, September 10-25, apply to Berliner Ausstelungen, Masurenallee 5-15, Berlin-Charlottenburg; the *International Household Goods and Hardware Fair,* Cologne, September 9-11, apply to Messe-und Ausstellungs-Ges.m.b.H., Postschliessfach 1, Köln-Deutz; the *International Exhibition of Photographic Apparatus and Materials,* Cologne, September 24-October 2, (same organizer as the preceding fair), and the *International Leathergoods Fair,* Offenbach, August 27-September 1, apply to Offenbacher Messe GmbH., Kaiserstrasse 108-112, Offenbach.

Belgian Fairs in 1960

Brussels International Industries Fair, Heysel-Brussels, April 30-May 11, at the Palais du Centenaire, Brussels. Products include all categories of consumer and capital goods. About 4,300 exhibitors are expected (2,500 foreign) and about one million visitors.

International Industries Fair, Ghent, September 17-October 2, at the Palais des Floralies. Products are the same as in the Brussels International. About 1,200 exhibitors are expected (600 foreign) and about 450,000 visitors.

International Industries Fair, Liège, June 2-16. The theme of this fair varies from year to year. In 1960 products include mining, metallurgical, mechanical engineering and electrical equipment—also handicrafts and other goods. Applications should be addressed to: 17, boulevard d'Avroy, Liège, Belgium.

French Fairs in 1960

OF the seven large international fairs held in France this year, five of the biggest expect from one to four million visitors each. They display all types of consumer and capital goods, many from foreign exhibitors. The exhibition at Bordeaux takes place from June 12 to 27, the one in Lille from April 24 to May 8, Lyon March 12-21, Marseille September 22-October 3 and Paris May 14-29.

The following specialized fairs in 1960 accept foreign exhibitors:

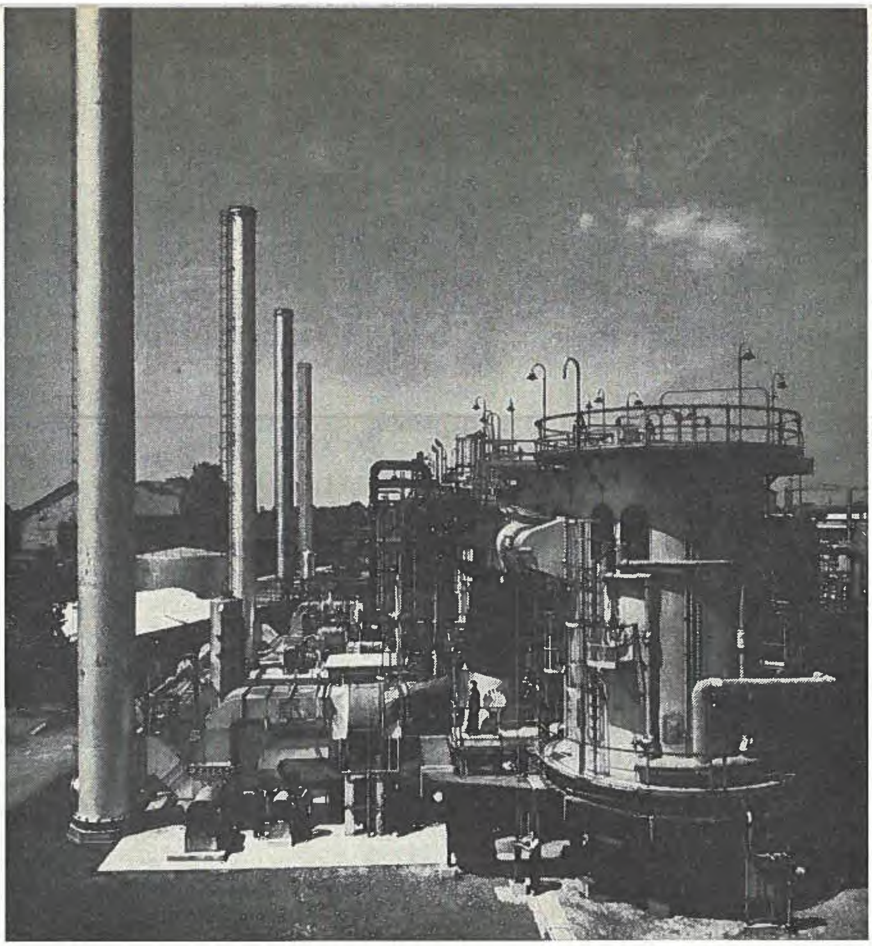
International Office Equipment Fair, Puteaux, October 14-23. Apply: M. Max Hermieu, Commissaire Générale, 6 place de Valois, Paris.

Packaging and Publicity Fair, Puteaux, October 14-23. Apply: M. Olive, Gérant, 40 rue du Colisée, Paris.

International Hotel and Cafeteria Equipment Fair, Paris, October 13-24. Apply: M. A. Willard, Président, 13 rue de Liège, Paris.

International Plastics Fair, Oyonnax, June 15-20. Apply: M. Prestavoine, Commissaire Générale, Hôtel de Ville, Oyonnax.

International Leather Fair, Paris, September 8-13. Apply: M. P. de Cardaillac, Commissaire Générale, 2 rue Edouard VII, Paris.



High investment and greater diversification have induced rapid growth in the French chemical industry. This may hurt Canadian sales of certain chemical products, but exporters should find new opportunities in providing raw materials for this expanding industry.

French Chemical Industry Booms

C. T. CHARLAND, *Assistant Commercial Secretary, Paris.*

HIGH and sustained capital investment and an increasing diversity of products have turned the chemical industry into a major factor in France's economy. Although progress has been uneven, the over-all picture for 1958 and 1959 has been one of rapid, and in some cases spectacular, growth.

With a 1958 turnover of more than fr.1,200 billion ($2,860 million), France now ranks as the world's fifth largest chemical producer. Almost all sectors of the industry have contributed to this growth but petroleum and organic chemicals have chalked up the greatest gains.

Production of chemicals increased over the preceding years by more than 15 per cent in 1957 and by more than 10 per cent in 1956. Since 1952, total output has more than doubled; inorganic chemicals have risen 3½ times. In 1958, growth of the chemical sector (14 per cent) outstripped that of French industry as a whole (5 per cent). Although the rate of growth was expected to reach only 7 per cent in 1959, the chemical industry did not lack vitality and played an even greater rôle in the economy. In 1958, the output of organic chemicals showed the greatest change—21 per cent over 1957. Inorganic chemicals followed, 10 per cent, and then parachemicals*, 8 per cent. Table I confirms how in 1958 chemicals outpaced other French industries. Table II gives production figures for various sectors of the chemical industry.

*Parachemicals are compounds which, because of their unrefined or impure state, cannot be classed as either organic or inorganic. They include certain types of abrasives, cleaning preparations, paints and varnishes, disinfectants and insecticides, films and photographic products.

Foreign Trade

France ranked fourth among world exporters of chemicals in 1958, selling fr.163 billion ($390 million) worth, including fr.63 billion to the franc area, an increase of 16.5 per cent over 1957. During the first half of 1959, the volume of foreign sales rose 20 per cent and for the first time chemical exports from France exceeded imports. The leading customers were the United States and Germany, which between them took 17 per cent. The major increases were in organic chemicals, pharmaceuticals, fertilizers, essential oils and perfumery, and plastics.

Imports continued to increase but at a slower rate than exports, rising by 9 per cent to fr.115 billion ($272 million). Leading suppliers were the United States (31 per cent) and Germany (21 per cent). Canada accounted for $10 million, chiefly synthetic rubber. Table III gives import-export figures for the years 1957-1958.

Development Uneven

Total production of fertilizers continued to increase in 1958, chiefly because of large exports to the franc area. Development by product, however, was uneven; output of nitrogenous fertilizers rose only slightly while phosphates and potash forged ahead.

Table I

Index of Industrial Activity in France

(1952=100)

	Monthly Averages 1957	1958
All French industries other than building	146	155
Chemical industries:	184	210
Inorganic chemicals	152	167
Organic chemicals	294	356
Parachemicals	147	158

Source: Institut National de la Statistique et des Études Économiques.

Table II

Production Indices

(1952=100)

	1957	1958	1959 6 mos.
Inorganic Chemicals	152	167	179
Sulphuric acid	134	150	156
Copper sulphate	104	79	90
Sulphur	128	132	172
Fertilizers	170	193	212
Sodium carbonate	130	116	111
Zinc oxide and lithopone	147	171	177
Calcium carbide	125	153	147
Trisodium phosphate	101	115	129
Gaseous chlorine	197	231	250
Organic Chemicals	294	356	384
Synthetic materials	396	504	582
Plastic materials	362	445	446
Dyestuffs	151	132	144
Tanning extracts	92	95	99
Gelatins	163	175	188
Parachemicals	147	158	171

Source: I.N.S.E.E.

Output of dyestuffs, which depends heavily on foreign demand, declined slightly in the face of a world-wide recession in the textile industry, the main customer. However, the industry's turnover rose by 3 per cent because of a shift of demand in favour of higher-grade products and a rise in prices in the second half of the year.

Combined production of soap and detergents dropped in 1958—a 12 per cent increase in synthetic detergent production not fully offsetting a 15 per cent fall in output of soap.

Production of plastics, which has increased tenfold in ten years, reached 210,000 tons in 1958. This prodigious development was reviewed in detail in *Foreign Trade* of September 26, 1959.

Output of paints and varnishes increased by 7.7 per cent to reach 400,000 tons in 1958. A study of the French paint industry and its trade appeared in *Foreign Trade* of January 2, 1960.

The petrochemical industry, barely ten years old, has made spectacular progress. Output in 1958 in terms of carbon content reached 118,000 tons—up 50 per cent over the previous year. At the same time, the manufacture of new products, such as raw materials for carbon black and low-pressure polyethylene, began. Altogether, production will likely reach 260,000 tons in 1959.

Investment in the petroleum chemical industry totalled $84.16 million by the end of 1958 as against $69 million in December 1957. Investments estimated at $225 million will be made in 1960-61 under the Third Modernization and Equipment Plan sponsored by the Government and it is predicted that these will step up production by 250,000 tons to make France virtually self-sufficient in the petrochemical field.

The new production facilities will be concentrated mostly on increasing the output of plastic materials, the supply of raw materials for the synthetic rubber industry, and the output of organic solvents. Among the products to be manufactured are

Table III

EXPORTS AND IMPORTS

	1957 Exports*	1957 Imports	1958 Exports*	1958 Imports
	(in billions of francs)			
Coal tar and derivatives	1.4	6.7	2.1	8.5
Chemicals, inorganic	17.1	11.1	17.1	11.8
Chemicals, organic	20.7	21.7	24.7	26.2
Pharmaceuticals	27.6	3.8	32.3	2.4
Fertilizers	9.8	2.8	13.6	1.4
Paints and varnishes	3.2	1.2	3.7	1.0
Tanning extracts	1.5	1.0	1.5	0.9
Dyestuffs	3.9	6.4	4.5	7.0
Essential oils and perfumery	25.2	8.6	27.6	8.9
Cleaning compounds and detergents	4.0	1.7	4.7	1.5
Albuminoids and adhesives	1.5	0.2	1.8	0.2
Explosives	1.2	0.6	1.7	0.8
Photographic products	4.6	1.8	5.8	1.6
Plastics	7.1	15.4	9.9	15.3
Abrasives	0.5	1.2	0.5	1.5
Miscellaneous (including sulphur and synthetic products)	10.1	18.6	11.8	25.9
TOTAL	139.4	102.8	163.3	114.9

Source: I.N.S.E.E.

*Exports also include sales to other countries within the franc zone. The latter reached 52.8 billion francs in 1957 and 62.7 billion in 1958.

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Table IV

CANADIAN CHEMICAL EXPORTS TO FRANCE

	1956	1957	1958	1959 (11 mos.)
	(in Canadian dollars)			
Acids-n.o.p.			10,520	
Non-potable spirits		16,348	10,957	
Medicinal preparations		3,945	10,387	4,589
Iron oxide	21,000	18,409	15,052	19,405
Paints, n.o.p.	2,000	28,124	17,852	7,000
Soda and sodium compounds, n.o.p.				25,214
Cobalt oxides and salts			28,819	
Synthetic resins, n.o.p.	2,352,000	326,025	407,957	1,126,651
Synthetic resin manufactures		380		2,294
Polystyrene	263,000	173,992	34,118	68,000
Drugs and chemicals, n.o.p.	9,322,000	11,506,669	9,697,035	6,139,869
TOTAL	11,960,000	12,070,892	10,232,697	7,393,022

styrene, butadiene, butyl and nitrile rubbers, ethylene oxide and acetylene derivatives, dodecyl-benzene and propylene and derivatives.

France's first synthetic rubber plant went into operation early in 1959 to produce the first butyl rubber outside North America, at the rate of 20,000 tons a year. The plant is located at Notre-Dame de Gravenchon, near the mouth of the Seine River, and is owned by SOCABU (Société de Caoutchouc Butyl). Production of butadiene is slated to start in 1963 at Berre, near Marseilles, by Société des Elastomères de Synthèse, a joint subsidiary of Shell-St. Gobain and Michelin. Urgine, a prominent steel grouping, has also announced investment in a plant to make nitrile rubber.

The French chemical industry appears likely to continue growing, but at a less feverish pace than in recent years. Sharper divergencies between the sectors are likely, with investment tending toward petroleum and organic chemicals. Plastics and pharmaceuticals should increase their lead as more existing plant capacity is used. The rising production of carbon black, ethylene and acetylene should also bolster the French organic chemical industry.

A chief factor in the current expansion is the supply of sulphur from the Lacq natural gas fields. Containing about 69 per cent methane and unsuitable for transport and consumption in its raw form, the Lacq gas undergoes a series of desulphurization processes that end in the production of purified gas as well as propane, butane, gasoline, ammonia, methanol and heavy water.

Another factor worth bringing out is the impetus given by the development in France of available fuels and power. Power made available from sources other than coal was greatly increased in 1958. For oil the increase over 1957 was 12 per cent, for hydro-electric power 31.5 per cent, and for natural gas nearly 100 per cent.

Canadian Sales and Prospects

An important market for Canadian chemical raw materials for many years, France is now making inroads into some of our traditional export outlets. In 1958, Canadian sales reached $10.2 million compared with $12 million and $11.9 million in 1957 and 1956. Synthetic rubber and synthetic resins made up the bulk of these shipments, with small amounts of polystyrene, paints, iron oxide and medicinal preparations. The table below shows Canada's sales for the last three years and the first 11 months of 1959.

New problems arise in exporting to France as her efforts to attain self-sufficiency gather more speed. For instance, plans to increase local output of synthetic rubber and polystyrene will probably affect our sales of these products. However, as its productivity and diversity increase, the French chemical industry will present an even greater export potential. Canadian manufacturers with an eye to the future should investigate French chemical requirements with a view to providing a steadily larger share of the industry's raw materials.

A wide range of chemical products are now admitted without restriction. Among those showing promise are most inorganics, petrochemicals and medicinal preparations. Plastic raw materials can also look forward to an expanded market. A list of liberalized products was published in *Foreign Trade* on August 29, 1959. Information on the status of individual products can be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. The majority of chemicals are subject to duties ranging from 5 to 27 per cent, though some are duty-free. There are additional sales taxes that also apply to local manufactures.

The Office of the Commercial Counsellor in Paris will welcome inquiries from Canadian businessmen who wish to explore this promisingly buoyant market.

Airmail to Australia

CANADIAN Government Trade Commissioners in Melbourne and Sydney, Australia, wish to remind Canadian exporters that surface mail from Canada to Australia may take from six to eight weeks to reach its destination. The use of airmail not only ensures that Trade Commissioners will have time to attend to inquiries properly, but also makes a better impression on the Australian businessman, who may well question the serious intentions of a correspondent content with mail two months old.

South Africa Regulates Premiums

Canadians selling or intending to sell certain goods, particularly foodstuffs, in South Africa should investigate the regulations before offering gifts or coupons with their products.

THE giving of gifts in conjunction with the sale of any article in the Union of South Africa is regulated by the Trades Coupon Act of 1935. This provides that any person who offers or supplies a "benefit" other than the goods sold is guilty of an offence if the article given has been declared a benefit in the regulations issued under the Act.

The following articles have been declared benefits for the purpose of this section of the Act:

- Any article supplied or given, or offered or promised to be supplied or given, with the sale of tea or coffee, other than the tea or coffee so sold.

- Matches supplied or given with the sale of any goods.

- Any picture postcard or any other article supplied or given by any manufacturer with the sale of cigarettes or tobacco.

- Any picture-card or any other article in the nature of a prize, reward or gift supplied or given, or offered or promised to be supplied or given, by any manufacturer with the sale of sweets.

- Any picture-card or other article in the nature of a prize or gift supplied or offered with the sale of foodstuffs, prepared or unprepared. "Foodstuffs" means any commodity that can be used for human consumption, such as food or drink but excluding sweets in the form of lucky packets and retailed at a price not exceeding 3d. (3½ cents) per packet. Pictures and representations appearing on wrappers or containers are not regarded as benefits.

Apart from these five specific prohibitions, premiums may be offered with products sold.

The provisions of the Act on "trade coupons" are more generally applied and prohibit the supplying or offering of any trade coupon with the sale of any goods, the selling of any trade coupon in the same transaction in which other goods are sold, and the publication of any trade coupon in a newspaper, journal or other printed matter. Trade coupon means anything whatever which, either by itself or together with any other thing or act, entitles or purports to entitle the holder to receive, or to participate in any competition for, any benefits.

This merely outlines the principal features of the Act and is intended as a guide only. Canadian exporters or their agents might well study the full text in detail, if they are proposing to offer on the South African market any products with premiums that might conflict with the Act. ●

Peru Encourages Foreign Capital—*continued from page 9.*

The Industrial Promotion Law is long, running to 164 articles. In addition to establishing the concessions outlined above, it provides rules to protect the rights of those holding patents, industrial designs, trademarks, slogans, and commercial names. It also sets up an institute to prepare technical and industrial standards. These standards will not be obligatory, with the exception of those for food and pharmaceutical products, but Peruvian goods that meet these standards will receive the right to use a special seal stating so. Finally, the law establishes an institute to prepare and publish statistical information, to study Peru's industrial potentialities, and generally to stimulate investment in new industry.

The terms of the law are generous and it makes no distinction between foreign and domestic capital. It does not require a percentage of the capital to be Peruvian nor that management personnel be Peruvian. However, existing labour laws require 80 per cent of the employees of all firms to be Peruvian. The law is also generous in its interpretation of manufacturing and assembly plants will be eligible for all the privileges conceded by the law. Peru's lack of exchange controls and her recent history of stable government have been attracting foreign capital and this new law should bring in still more.

Readers who would like further information on Peru's Industrial Promotion Law should write to the Department of Trade and Commerce in Ottawa or to the Commercial Secretary of the Canadian Embassy in Lima, Peru.

—W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

Commodity Notes

Aircraft

AUSTRIA—The Simmering-Graz-Pauker A.G., Vienna, Austria, is planning to bring out an executive type aircraft under the designation M 222 by mid-1960. The plane is to be reasonably priced. The prototypes themselves have cost less than $40,000 each. The SGP hopes to be able to make delivery within eight months—Vienna.

Aluminum

NORWAY—Large amounts of Norwegian aluminum were shipped to Communist China last year. These shipments, probably the first Norway has ever made to China, have totalled over 10,000 tons worth Kr.33 million since the fall of 1958. Payment has been made in pounds sterling. In the first eight months of 1959, shipments totalled over 5,000 tons valued at about Kr.16.7 million. During this period Communist China was the fifth largest buyer of Norwegian aluminum, ranking after the United Kingdom, the United States, West Germany and Sweden. Norway's exports of aluminum to all countries totalled 80,750 tons worth Kr.277.7 million during the first eight months of 1959, an increase of 16,515 tons and Kr.35.5 million over January-August of the previous year—Oslo.

Animal Feeds

CUBA—The National Institute of Agrarian Reform (INRA) has been given wide powers to regulate the trade in balanced feeds for cattle and poultry, as well as the raw materials used in their manufacture. The measure aims at low-cost production of feeds to aid expansion of the country's cattle and poultry industry for both domestic supply and export. INRA's powers are: regulation and supervision of purchases and grading of raw materials used in making cattle and poultry feeds; supervision of manufacturing formulas; import of raw materials as required; export of raw materials and balanced feed surpluses at competitive prices; issuance and enforcement of such supplementary regulations as will aid the industry's expansion and economic stability. The local raw materials coming under these controls are: rice mill screenings; wheat bran; coffee hulls; pineapple canning residues; brewery by-products; bone meal and tankage; fishmeal; calcium carbonate; urea; minerals; dicalcic phosphate and mineral concentrates; peanut, soybean and cottonseed meal and cake; corn and millet—Havana.

Automobile Parts

VENEZUELA—A Venezuelan industrial promotion firm recently announced that a new company called Industrias Integradas S.A., with a capital of Bs.10 million, has been established to produce automobile parts, cushions, air-conditioning equipment and refrigerators. Its first plant will be situated at Valencia. Production plans indicate that automobile parts will be the initial products, with other lines added later—Caracas.

Cod

PUERTO RICO—The Puerto Rico Price Administration recently announced an increase in ceiling prices of dry and semi-dry salted cod. The decision was taken after careful study of the market and extensive consultations with representatives of the trade. The new controlled prices, effective January 12, are $21.00 per 100 pounds on sales to wholesalers, $22.00 per 100 pounds on sales at wholesale, and 25 cents per pound at retail for dry cod. The new rates for the semi-dry variety are $19.00, $20.00 and 23 cents—Ciudad Trujillo.

Dried Milk

FIJI—A new milk-treatment station, opened near Suva in late October, may reduce the colony's dependence on imported milk products, on which some F£156,000 ($350,000) is spent each year. Built at a cost of F£75,000, it can supply a considerable proportion of local demand—Wellington.

Iron Ore

VENEZUELA—The principal iron ore producer in Venezuela, the Orinoco Mining Company, announced recently that it exported 14,556,022 metric tons of ore during 1959, an increase of more than 1½ million tons over 1958. Orinoco Mining sells about 70 per cent of its production to its parent company, United States

Steel. The remainder goes to customers in Venezuela, the United Kingdom, Germany, Italy and Japan—Caracas.

Machinery

BRAZIL—The São Paulo State Government has signed a contract with a Czechoslovak firm for the supply of machinery for a 160,000 kw. hydro-electric power plant to be built at Bariri, on the Tietê River. Payment for 70 per cent of the order, totalling about U.S.$8 million, is to be made in coffee—São Paulo.

Mica

INDIA—India is expected to sell larger quantities of mica abroad in 1959 than during 1958. Shipments of this commodity during the first eight months of the past year totalled 14,885 tons compared with 19,610 for the whole of 1958—Bombay.

Motor Vehicles

NEW ZEALAND—The number of motor vehicles assembled in New Zealand declined substantially in the production year ended March 31, 1959. The 13 factories assembled only 34,300 units in 1958-59, compared with almost 43,000 in 1957-58 and approximately 40,000 in the two previous years. However, the number of commercial vehicles assembled increased.

Imports of "built-up" motor vehicles have also decreased. Figures for assembled automobiles and trucks show a steady fall from 17,000 units in the calendar year 1955 to 470 units during the first six months of 1959.

A further slight decrease in imports of unassembled vehicles and a larger quota for built-up cars and trucks have been provided for in the preliminary 1960 import program. Some adjustment may be made during the year if the overseas trading picture continues to improve—Wellington.

Oil

CUBA—Recent legislation provides that no new oil exploration or exploitation concessions will be granted, and present holders of concessions must meet approved standards of drilling activity. Operators of oil wells will pay a tax of 60 per cent of the output, in cash or kind. The new law also establishes the Cuban Petroleum Institute, with wide powers to engage in the exploration, exploitation, refining, distribution, purchase or sale of petroleum and its products, and to develop a petrochemical industry in Cuba—Havana.

Plate Glass

COLOMBIA—Production of plate glass in Colombia is expected to begin early in 1960. Peldar, a manufacturer of bottles and other moulded glass products at Zipaquirá, near Bogotá, has built a plate-glass plant at a cost of 30 million pesos and expects to produce enough to meet Colombia's needs—Bogotá.

Pulp

SWEDEN—The Swedish pulp company Hylte Bruk is aiming at producing 280,000 tons of sulphite pulp a year by the end of the 1960's. The company's new mill in Nymölla will turn out half of this amount, and the two mills at Hyltebruk and Oskarström (which are both being expanded) the other half. In two years, the first stage of the Nymölla mill will have been completed and production of bleached pulp will total about 70,000 tons; this will be doubled on completion of the second stage and most of the pulp will be exported. It is reported that Hylte Bruk will use a new method with magnesium as base, permitting the use of nearly all kinds of wood as raw material.

The Oskarström mill, which at present turns out over 30,000 tons of unbleached sulphite, will continue to produce unbleached pulp and is being expanded by about 20 per cent. It will be further extended in the mid-1960's to give it a capacity of 70,000 tons. It will thus be Sweden's biggest producer of unbleached sulphite pulp—Stockholm.

Radioactive Cobalt Unit

IRELAND—By agreement with the Cancer Association of Ireland, a radioactive cobalt unit for the treatment of cancer will be installed soon in St. Luke's Hospital, Dublin. The unit will be shared with two other hospitals—Dublin.

Rolling Stock

INDONESIA—It is reported that Indonesia has issued a war reparations procurements order for railway rolling stock made in Japan. The order was placed with the Mitsubishi heavy industries and Nippon Railway Rolling Stock Company for a total of 50 ten-ton capacity boxcars, 20 cattle cars and 10 passenger coaches.

The Japanese firms won the orders through public tenders held earlier in the year. Prices offered were said to be about $6,203 per boxcar, $5,228 per cattle car and between $19,341 and $18,735 per passenger coach—Djakarta.

Timber

AUSTRIA—In the first nine months of 1959 Austrian timber production totalled 6.7 million cubic metres, 15 per cent more than in the same period of 1958. Eighty-five per cent of this consisted of coniferous wood. After iron and steel, timber and wood products are Austria's most important exports. In the two nine-month periods they provided about a quarter of Austria's export earnings—Vienna.

Borne along on the rich harvest of the Humboldt Current, Peru's fisheries still hold first place among the countries of Latin America. Expanding fleets require up-to-date equipment, some of which Canadians can supply.

Peru Rides a Fish Boom

W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

PERU today has taken a still stronger hold on its position as number one fish producer in Latin America. Exports of fish products during the first quarter of last year more than doubled in value over the same period of 1958. During the first three months of 1959, fishmeal became Peru's third major export, after cotton and sugar. Fishmeal exports during the quarter totalled about $5.4 million; by contrast, during the whole of 1947 they reached only $14,000. Today, Peru has over 70 fishmeal plants operating or under construction, and more than 3,000 registered power fishing boats.

Fishmeal Leading Export

Peru's exports of fishmeal in 1959 may have reached 200,000 tons when all reports are in; this would make it one of the world's largest exporters of this product. The table on page 19 shows principal marine exports in 1957 and 1958, and the dominating position of fishmeal in the fishing industry.

Principal export markets for Peruvian fishmeal are the Netherlands 31 per cent, United States 26 per cent, Germany 25 per cent, and the United Kingdom 10 per cent. Practically all of Peru's fishmeal and about 84 per cent of its canned fish are exported. In 1958 the United States was Peru's best customer for canned fish, taking 54 per cent of production, followed by Britain 20 per cent, Canada 7 per cent, and Germany 5 per cent. Canada imported about $172,000 worth of canned bonito-tuna from Peru during the first half of 1959.

About four-fifths of the Peruvian catch is anchovies that are processed as fishmeal. The only other major fish variety is bonito, a member of the tuna family, that is canned and exported to North America as bonito-tuna, and to other foreign markets (including the U.K.) as tuna. Some fishmeal is made from shad, mixed with waste from the canning operations. The Peruvians harvest about 20 minor varieties of fish and sell most of them fresh on the local market. About 90 per cent of the yearly catch is processed, 8 per cent eaten fresh, and the remaining 2 per cent salted.

Whaling in Peru is expanding steadily, though at a slower rate than the fishmeal industry. Peru

In a Peruvian fishing port, the day's catch of anchovies is pumped from the hold of a seiner onto the conveyor belt of a reduction plant, or into waiting trucks.

has three plants that exported about $1.3 million worth of sperm oil and whalemeal in 1958. In addition, some frozen whalemeat was sent to the U.S. for animal food. One of the world's principal concentrations of sperm whales occurs off this coast.

Since 1940—Boom

Running along Peru's 1,400-mile-long coastline is the Humboldt Current, with its rich upwellings that provide a constant supply of food for marine life. For centuries the principal harvesters of this sea life were not men but millions of sea birds, the guano. The excrement of these birds, an excellent fertilizer, became deeply encrusted on the islands off the Peruvian coast.

In the 1800's guano fertilizer developed into a major industry characterized by speculation and enormous profits. The boom collapsed and the industry now operates on a modest scale as a state monopoly. The decline of the guano industry has been counterbalanced by the rise of the fisheries, now the principal exploiters of the wealth of the Humboldt Current.

Before 1940 the fisheries of Peru consisted only of small sailboats operating for the local market. Refrigeration was unknown. During the war Peru began producing fish livers and salted fish. The first small cannery was built in 1940 and the strong demand for canned fish at the end of the war caused a rapid expansion of canneries. In 1950 the first reduction plant for anchovy and herring was built and plants have been going up ever since.

Anchovies and other fish used for fishmeal are caught by purse-seiners working from boats about 60 feet long. Tuna was originally caught from 30-foot open-line boats, but these are gradually disappearing. There are about a dozen clippers based in Peru that are fishing tuna by hook and line. There are also several large purse-seiners, one of which landed 3,300 metric tons in 1958.

Fishing Boats in Demand

The fever of the boom in the fishing industry has spread to the shipbuilders and new yards are appearing frequently. At least one hundred 60-foot seiners were built in Peru in 1959. Most of the boats are wood, although the two biggest Peruvian yards are making steel craft. Generally the over-all length is 60 feet but this is gradually increasing.

Fortunately for the Peruvian fishermen, the fish are close to home. Boats usually leave port in the early morning and return before sundown. Fishermen do not demand great speed from their boats but they do insist on enormous cargo capacity. The 60-foot seiners have an 18-foot beam and the motor is placed well forward; therefore most of the boat carries cargo. Generally the boats hold almost 50 tons, but fishermen often load them to almost double their capacity. There is a two-foot bulwark and fish are carried on the deck—in fact, in almost every other free space on the boat.

The planking and keel of the wooden boats are of Oregon pine imported from the United States; frames are made of Peruvian oak, or preferably the local huarango which is very hard. The bottoms are covered with copper; they may thus be kept in the water continuously for from three to five years. Some efforts were made to use fiberglass instead of copper but it was found to be too expensive. The motors are generally 250 h.p., and are bought either from Caterpillar or General Motors of the U.S., or from Baudouin of France. Fishermen buy their boats on extended credit terms; shipyards do not offer credit but it is the practice of the firm selling the motor to finance the entire cost of boat and motor.

In answer to the abnormal demand, some shipyards have been opened that lack the experience to turn out a good boat. The result is that the better Peruvian yards are swamped with orders, and some of the fishing companies are looking abroad for their boats. Several craft were recently imported from France, though the freight costs were exorbitant.

Nylon Nets from Canada

Until 1955 all the nets used in Peru were cotton, but these have been rapidly disappearing following the introduction of Canadian nylon nets in 1955. The Canadian company and its representative in Peru passed successfully through the difficult stage of introducing a new product to conservative buyers and by the end of 1957 annual sales had reached $308,000. This success attracted competitors and Japanese synthetic net manufacturers entered the market strongly. The prices of the Japanese nets are lower than Canadian prices, but Peruvians still recognize the superior quality of the Canadian product.

Until recently, the fishermen used little electronic equipment to help them find fish. As they gain experience, however, their methods are becoming more refined, and Canadian manufacturers of this

PERU'S MAIN MARINE EXPORTS

	1957		1958	
	Volume (metric tons)	Value ('000 U.S.$)	Volume (metric tons)	Value ('000 U.S.$)
Canned fish	19,271	9,114	13,321	5,317
Fishmeal	61,645	7,107	105,777	11,633
Frozen fish	12,738	1,943	16,577	2,280
Sperm oil	4,491	840	7,352	1,105
Fish oil	4,338	599	1,643	192
Whalemeal	1,300	118	1,695	169

equipment could possibly find a market in Peru.

Plants Are Simple

A Canadian visiting a Peruvian fishing plant will be struck by the simplicity of the operation. The entire coast of Peru is a rainless desert that enjoys moderate temperatures. The Peruvian reduction plant may thus be simply a cement floor on which the cookers and other equipment are placed. The property is generally surrounded by a fence, but there is little need for walls or roof. The fishmeal is packed in jute sacks and can be stored outdoors.

The canneries are also simple structures, although some form of light roof is needed to protect the workers from the sun. Much of the canning operation is done by hand, mainly by girls. Cans are made locally of imported tinplate, some of which is Canadian. The fish are packed in Peruvian cottonseed oil.

Pace Slackens

The most apt word to describe the growth of Peruvian fishing is a boom, though it is generally felt that activity will soon have to level off. During the past year some fishmeal plants have sprung up on uneconomic sites and under inexperienced management. In addition, many of the fishmeal plants are not at water's edge, and operators are faced with the cost of trucking the fish to their plants. The recent 30 per cent drop in the world price of fishmeal may force some of the uneconomic producers in Peru to shut down, or at least reduce the incentive for new operators to enter the field.

Taking all these factors into account, the Peruvian fishing industry probably will not continue to expand in the coming year at a rate similar to that during 1959. But it is an industry that has numerous natural advantages in this country, and Canadians should expect Peru to remain one of the world's important fish producers. ●

Cuba Imports Plywood

CUBA'S consumption of plywood has been growing in recent years: imports in 1958 reached nearly 18 million pounds and came from 19 different countries. The largest supplier was Surinam (Dutch Guiana), with about one-third of the market, followed by Equatorial Africa and France. The United States supplied about 6 per cent of the market and Canada about 3 per cent.

Most of the plywood imported into Cuba is used for the manufacture of furniture and doors, and cheaper types are preferred. Canada and the United States are able to compete in the Cuban market with their Douglas fir plywood. This is more expensive than many other types, but it is durable and waterproof, and is in demand for making concrete forms, boats, bus bodies, and refrigerator walls. It is also well suited to other industrial and outdoor uses where it is exposed to moisture. Plywood is not used very extensively in Cuba for general building purposes since, because of the effects of termites, humidity, heat and rain, such materials as cement, ceramic tile, marble and local hard and soft woods are found more satisfactory. Hardwood plywood from Canada and the United States has not made any headway in this market, in the face of very cheap supplies from Equatorial Africa. However, some walnut plywood is imported from the U.S.

New factors in the Cuban market are the current proposals by at least two different groups to build plywood factories in Cuba. One of these groups represents the plywood industry of Surinam and another is composed of local lumber importers, with reported participation by British and German interests. The plants may turn out chipboard as well as plywood.

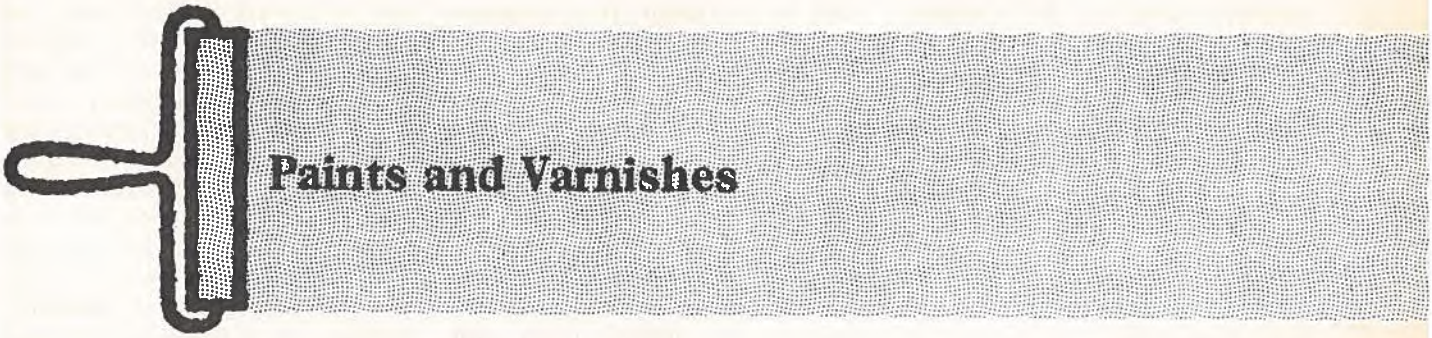
Plywood sales during the current year have been very slow, particularly in the first six months, as a result of a slump in residential and business construction and a decline in the furniture industry. In recent months, there has been an improvement resulting from the large government public works program and a partial recovery in the furniture industry. Trade sources are unable to predict market prospects for next year.

Canada's sales of Douglas fir plywood in Cuba face competition from suppliers in the Pacific Northwest of the United States. The Canadian product has a good reputation for quality but agents find it difficult to hold their customers for Canadian plywood whenever United States suppliers quote lower prices. Speed of delivery is also important and mills which offer immediate shipment have a definite advantage over those which manufacture the plywood only after the order is received.

Agents for Canadian manufacturers feel that other foreign suppliers maintain a more flexible pricing policy and, at times, offer special bargains in plywood. Canadian exporters should also make it a point to stress the quality of their products because some Cuban importers tend to consider all imported products to be about the same.

The Cuban duties on plywood are very low in relation to the value and are not an important factor in the trade. Because of the current foreign exchange shortage, foreign suppliers of plywood are generally requesting letter-of-credit terms, since other methods of payment may involve delays.

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



The Market in Italy

Competition from other Common Market members may bring about many mergers among the hundreds of small firms which provide most of Italy's paint needs. Canadian opportunities are limited to a few special products.

J. G. IRELAND, *Assistant Commercial Secretary, Rome.*

THE Italian paint and varnish industry consists of over 500 individual firms, most of which are small and many almost artisan in character. Productive capacity exceeds national demand and the industry can supply most of the domestic market's requirements of paints, varnishes, lacquers and enamels, with the exception of a relatively few products for special uses.

In 1958 Italy produced 8,217 metric tons of water and water-emulsion paints, either in paste or ready to use; 27,025 metric tons of paints, varnishes and enamels with cellulose derivative bases; and 93,818 metric tons of other paints, varnishes, enamels, diluents, dryers and other products ready for use.

Foreign Trade

Italy is a net importer of paints, varnishes, enamels and lacquers, but also exports certain types. Imports have risen steadily in recent years—from a value of about 400 million lire in 1951 to almost 2,000 million in 1958. Exports have also risen, from 220 million lire in 1951 to about 600 million in 1958. Sources of imports have not changed appreciably in recent years.

Italian imports and exports of these products for the calendar year 1958 are given in the accompanying table.

Import Regulations

Duties on imported paints, varnishes, enamels and lacquers vary from 10 to 27.9 per cent ad valorem, with many of the more common types of paints and varnishes entering at 16.2 per cent. In addition to duties, there are other fees and taxes which total about 6 per cent and which are levied on the c.i.f. landed and duty-paid value of the goods.

Italy has liberalized lacquers and also most common types of paints, varnishes and enamels from the dollar area. As a result, shipments from dollar countries, including Canada, can be made without import licences.

A number of products including paints, varnishes, lacquers and enamels from countries outside the Common Market also benefited from the first 10 per cent tariff reduction which Common Market members extended to one another on January 1, 1959. Although the

PAINTS, VARNISHES, ENAMELS, EXTRACTS IN PASTE FORM FOR VARNISHES HOWEVER MADE UP

	Imports		Exports	
	Quantity (metric tons)	Value (millions of lire)	Quantity (metric tons)	Value (millions of lire)
Total	3,731	1,943.0	1,293	594.5
less temporary imports	31	35.4		
West Germany	1,476	742.9	3	2.4
United Kingdom	469	196.3	1	0.5
Sweden	434	145.7	2	1.7
Switzerland	310	153.8	44	15.9
Turkey			206	107.3
United States	639	449.0	1	0.9
Provided for foreign ships and aircraft			416	209.4
ARTIFICIAL LACQUERS				
Total	68	101.3	13	4.3
From:				
United Kingdom	51	72.3		

Source: Italian Central Institute of Statistics.

proposed level of the Common Market external tariff has been published for some of these products, the final rates are still subject to negotiation. At present, Italy obtains her imports of such products from Common Market countries, particularly from West Germany which supplies a substantial percentage—about 36 per cent in 1958, 32 per cent in 1957, and 31 per cent in 1956.

Because of the large number of small firms and the relatively few large organizations that comprise the Italian paint and varnish industry, important side effects are ex-expected within the industry as a result of the Common Market program. Greater efficiency will become of increasing importance and it is felt that this will result in many mergers. Any large-scale improvement in efficiency might well bring a lessening of dependence on imports, particularly those from non-Common Market countries.

Packing

The unit measure in Italy for paints, varnishes, enamels and lacquers is the kilogram (2.204 lb.) for both liquid and solid products. The standard packs for the home user are the one-kilo and five-kilo cans, and products are also sold in containers of 20, 25, 30 and 200 kilos. Foreign exporters must comply with local container sizes. The Imperial and U.S. measures are practically unknown in Italy.

Relations with Agents

Selling paints and varnishes in Italy can be extremely competitive, both for the importer and the domestic producer. The chief importing centres are in the north and agents of foreign firms usually need to maintain consignment stocks either in bonded or national warehouses.

It is reported that some German firms allow their agents up to 90 days' credit and that exporters to this market must be prepared to discuss credit terms. All sales literature must be in Italian. It is common practice for national manufacturers to provide technical assistance to consumers of their products, so agents of foreign suppliers must be prepared to do the same.

Fierce competition generally makes it difficult to locate good agents for foreign firms wishing to enter the Italian market unless new products or products for specialized purposes are offered. Even with these, the exporter must provide considerable technical assistance to enable his agent to compete.

Canadian Opportunities

The general possibilities for Canadian exporters to Italy do not appear encouraging, particularly as long as imports of most paints and varnishes from the dollar area require import licences. Italian purchases are limited principally to new products and quality products for specialized uses such as marine finishes, certain fluorescent and luminous paints, paints for high-temperature use and for electrical conductors, and a few similar types. The best opportunities, generally speaking, lie in types not produced domestically and not available from Common Market countries. The Commercial Counsellor of the Canadian Embassy, Via G.B. De Rossi 27, Rome, Italy, will be pleased to assist Canadian exporters who wish to explore the Italian market further. ●

The Market in Greece

Some scope for quality paint products, but duties are high and extensive advertising needed. Suppliers might work out co-operative arrangement with Greek paint manufacturers.

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

PRACTICALLY all kinds of paints, varnishes and lacquers are produced in Greece in five major paint factories. There are also several smaller plants but their production is insignificant.

Production of paints and varnishes has expanded in recent years with the country-wide construction boom, increased manufacturing of furniture and fixtures, and the rise in the number of automobiles. According to figures released by the Ministry of Industry, production totalled 3,063 metric tons in 1956 and 3,427 in 1957.

The five leading factories and some of the smaller ones also produce dry colours and lithographic inks; production in 1956 and 1957 totalled:

	1956	1957
	(metric tons)	
Dry colours	696	675
Lithographic inks	82	87
	778	762
Grand total of paints, varnishes, dry colours and lithographic inks	3,841	4,190

Production figures for 1958 have not yet been put out by the Ministry of Industry but it is estimated that output increased about 15 per cent over 1957. This rate of increase was expected to continue in 1959.

In addition to the marked rise in output, it is generally agreed here that the increase in variety of types of paints and varnishes and the improvement in their quality are noteworthy. All common types of paints and varnishes are now made, including oil-base house paints, alkyd enamels, rubber-base and water-soluble paints, synthetic varnishes and enamels for industrial uses, marine paints and lithographic inks.

The duties and other charges levied on imports of paints and varnishes from all sources (including clearance charges, etc.) range from 50 to 60 per cent on the c.i.f. value. Details on duties levied can be obtained from the International Trade Relations Branch of the Department.

Size of Market

The following table gives imports of the principal types of paints and varnishes during 1957, 1958, and the first half of 1959:

terms. In addition, intensive advertising and promotion must be undertaken to meet competition from old established and well-known brands. Quality should be high because the local industry offers relatively good paints. Imported paints are generally used for special purposes (luxury apartments, private motor cars, etc.) by people who can afford to pay higher prices. It is interesting to note that the price difference between Greek-made and imported paints at the retail level is often as high as 50 per cent.

The market should continue to grow as new apartment blocks, houses, etc., are built, more cars bought, and more appliances and

Tariff-Item	Description	1957 Volume*	1957 Value†	1958 Volume	1958 Value	1959 (6 mos.) Volume	1959 (6 mos.) Value
171b	Water paints (rubber base)	167	3,774	206	4,506	100	2,202
173c(bis)	Synthetic resin varnishes	300	8,782	399	11,397	186	5,275
173e(bis)	Marine paints	94	1,409	92	1,517	17	439
	Total	561	13,965	697	17,420	303	7,916

*Metric tons.
†Drachmas.

The United States is the leading supplier, followed by Germany, Holland, Britain, and several other European countries, including Sweden, Belgium and Denmark. Israel has also entered the Greek market. Among the well-known U.S. firms that export paints to Greece are Du Pont, Pittsburgh, Sherwin-Williams and Adelphi, with Du Pont by far the largest supplier, accounting for roughly 87 per cent of paint exports from the U.S. to Greece in 1958.

According to trade sources, there are 72 paint agencies in Greece. Practically all leading paint dealers are also distributors for one or more foreign paint brands. In several cases, contractors have paint agencies. To introduce a new brand into the Greek market requires considerable capital, as imports are effected on a letter-of-credit basis and sales made on three to five-month credit

other products made locally. As long as Greece maintains a liberalized import regime in paints, imports will also continue to rise, especially for quality paints and for certain types of industrial paints not so successfully produced in Greece. Greek manufacturers of quality finished products prefer to use imported paints for them because of an unexpressed or a subconscious preference for the foreign-made product.

Import Regulations

Since 1953 Greece has had what is described as a "liberalized" import regime for most items, including paints and varnishes. There are no foreign exchange difficulties (dollars are made readily available) or quantitative restrictions, and import permits are issued automatically. For the protection of the domestic paint industry, however, most paint items come under import listing F 100. This requires the importer at the time of obtaining the import licence to deposit 140 per cent of the c.i.f. value (100 per cent of the value of the goods and 40 per cent of the value against import duties). This advance payment in a country where money is scarce and expensive is often difficult. Obviously imports must be effected on a letter-of-credit basis, with the exception of a few paint items, such as marine paints, thinners, dryers, etc., which are classified under import listing F 50. This requires an advance payment of 70 per cent on the c.i.f. value of the goods (50 per cent towards the value of goods ordered and 20 per cent of the value of the goods against import duties). Furthermore, items falling under listings F 50 and F 100 cannot be shipped to Greece on an in-transit basis for sale there, except when they are to be sold to ships.

A detailed breakdown of paints and varnishes according to import listings referred to above is given in the following table:

Import Listing F 100

Tariff items 171a and b—Mineral paints prepared by oil and water

Tariff items 173 a,b,c, c(bis)—Varnishes and varnish paints

Import Listing F 50

Tariff item 171c—Dryers

Tariff item 173d—Coatings of pitchy or bituminous materials, intended for coating metal surfaces, roofs, telegraph poles, etc.

Tariff item 173e—Varnish thinners

Tariff item 173e(bis)—Marine paints

Tariff item 173f—Vitrifiable compounds and enamels for ceramic coating

All kinds of packing are used for shipments to Greece, depending on the source of supply, type of paint, etc. Domestic paints are packed in one-eighth-kilo tins to five-kilo tins. Several European countries ship their paints in kilo containers, others in litres. Britain uses the Imperial quart and gallon and the U.S. the American quart and gallon. There is really no problem in packing.

Under standing import regulations, paint imports are effected on a letter-of-credit basis for items falling under import listing F 100; letter of credit or cash against documents or a combination of these is allowed for items falling under import listing F 50. There is virtually no credit granted by foreign suppliers to paint importers. The only exception is shipments of paints and varnishes—mostly marine—for ships' requirements, which are exempt from the above regulations when sent in transit. We understand that there are certain foreign suppliers who make sizable shipments of marine paints on an in-transit basis.

Local agents expect to receive copious quantities of descriptive literature and often request financial assistance for advertising in journals, newspapers, etc. The paint business is extremely competitive and all means of effective advertising are used to promote sales. Buyers look for descriptive literature with analyses, prices, etc., even if it is in a foreign language.

Canadian Opportunities

There are two avenues of approach open to Canadian suppliers. Quality products can be sold if they are competitively priced and effectively promoted. This calls for a hard-working agent with capital, and extensive advertising. The second approach is for Canadian suppliers to co-operate with Greek manufacturers. With ship repairs taking on a new importance here and the construction boom continuing apace, this is worth serious study.

To date, Canadian paint manufacturers have shown little interest in the Greek market. Meanwhile, local paint dealers and agents have been busy developing business with European and U.S. suppliers so that Canadian sources of supply have never been seriously considered. ●

The Market in Denmark

Well developed industry supplies both domestic and certain export markets, but U.S. success with certain products here should encourage Canadian suppliers, particularly of paints for household appliances and coatings for tin cans.

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

THE Danish paint and varnish industry has expanded rapidly over the past decade. In recent years domestic production has exceeded consumption by approximately 10 per cent and exports have exceeded imports, as shown by the table following.

The industry manufactures practically all types of finishes, and at present comprises some 40 factories with a total production valued at approximately 140.5 million D.Kr. in 1958. Most of the factories are small, however, and about 75 to 80 per cent of the total output comes from three or four large companies, two of which have branch plants in various parts of the world. Specialties include cellulose lacquers, synthetic lacquers, plastic enamel, rustproof paints and marine paints, particularly paints for ships' bottoms. The main export markets are in the Middle and Far East but in recent years some sales to dollar countries have developed.

In 1957 the industry employed 1,079 workers and it has a well-trained staff of more than 100 chemical engineers doing research, development and production. Following the Second World War, a Central Research Laboratory was established under the Danish Academy for Technical Sciences.

PAINTS

	1957		1958	
	metric tons	1,000 D.Kr.	metric tons	1,000 D.Kr.
Production	31,988	135,580	32,399	140,499
Domestic consumption	29,323	124,930	29,750	132,029
Imports	1,618	10,481	1,953	12,380
Exports	4,283	21,131	4,602	20,850

Types Produced

In 1958, production included 9,598 metric tons of alkyd paints, 3,410 metric tons of thinners, and 2,462 metric tons of ready-mixed paints, to mention the three largest groups. Of pigmented products, it manufactured 1,878 metric tons of products with water as emulsion and 1,574 metric tons of anti-fouling compositions. It also produced 2,250 metric tons of enamels, including oil enamels containing dry elements other than resins, and 1,469 metric tons of nitrocellulose enamels.

On the domestic market, very long alkyd paints have largely replaced the slower drying oil paints for building coatings and are used in place of stand oil enamels and ordinary alkyd enamels for the painting of interior woodwork. Painting of stuccoed brick houses (which predominate in this coun-

DANISH IMPORTS OF PAINTS AND VARNISHES

	1957 metric tons	1957 1,000 D.Kr.	1958 metric tons	1958 1,000 D.Kr.
From United States	295.9	2,347	332.4	2,414
From all other countries	1,321.4	8,134	1,620.8	9,966
Total	1,617.3	10,481	1,953.2	12,380

SOME TYPES IMPORTED

	From United States 1957	From United States 1958	From all other countries 1957	From all other countries 1958
	(in metric tons)			
Coloured varnishes and enamels with oil or turpentine solvents	63.0	153.6	106.1	155.3
Colourless varnishes and enamels with oil or turpentine solvents	27.1	28.4	166.8	108.5
Varnishes and enamels with alcohol solvents	25.3	35.4	4.3	24.6
Varnishes and enamels with other solvents	152.5	70.8	313.0	342.5
Paint products with oil or varnish	241.1	279.8	62.1	6.7

DANISH IMPORTS OF SOME RAW MATERIALS

	From United States 1957	From United States 1958	From all other countries 1957	From all other countries 1958
	(in metric tons)			
Toluol	1,413.8	2,155.6	617.8	606.0
Benzol	1,479.5	1,816.0	829.3	1,179.6
Linseed oil	520.3		4,768.9	5,070.2
Vegetable turpentine oil	78.0	9.0	319.8	327.5
Turpentine substitutes	1,048.0	2.2	11,441.2	11,951.1

try) is done with latex paints based on emulsions of polyvinyl acetate or other high polymers, replacing the oil-base paints previously used. Latex paints and flat paints based on high viscosity alkyds are becoming increasingly popular for interior walls. Production of floor varnishes is declining because of the growing use of parquet floors and plastic floor tiles.

The majority of organic coatings used for the finishing of industrial products are manufactured domestically, as are very effective anti-corrosive paints developed to protect bridges, agricultural machinery, etc., in Denmark's often rather humid coastal climate.

Imports Remain Small

Although quantitative import restrictions on paints and varnishes are about to be removed, the Danish industry has received considerable protection up to now and in 1958 imports amounted to only 6.6 per cent of total domestic consumption. West Germany and the United Kingdom are the largest suppliers. As much as 17 per cent of the total 1,953 metric tons imported was purchased from the United States at a value of 2.4 million D.Kr., as shown by the table above.

Above are shown groups of particular interest to Canadian exporters. They reflect principally imports from the United States as compared with imports from all other countries.

The best opportunities for Canadian exports lie within the groups imported from the United States, particularly high-quality specialties for household appliances and coatings for tin cans.

Only three Danish manufacturers produce organic pigments, zinc oxide and synthetic resins. Domestic oil-crushers produce linseed oil and other drying oils and fatty acids. A number of Danish paint and varnish factories make a large proportion of the alkyd resins used in air-drying and stoving alkyd enamels.

The table, left, gives quantitative imports of some raw materials used in the Danish paint and varnish industry. The reader will note that the United States is the largest supplier of toluol and benzol.

The following raw materials were among those used by the Danish paint and varnish industry in 1958:

Raw Material	Metric Tons
Linseed oil	3,015
Turpentine oils, etc.	219
Mineral turpentine	5,087
Other vegetable oils	927
Alcohol	482

Printing Inks

Denmark produces more printing inks than it uses and exports exceed imports, as shown below:

	1957 metric tons	1957 1,000 D.Kr.	1958 metric tons	1958 1,000 D.Kr.
Production	2,541	16,135	2,917	18,330
Domestic consumption	2,153	13,802	2,705	17,142
Imports	93	1,076	233	2,222
Exports	481	3,409	445	3,410

The United States supplied 48.4 metric tons of printing inks in 1958.

Import Restrictions, Tariffs

Until now, the Danish paint and varnish industry has been protected by quantitative import restrictions and Danish customs tariff rates on imported paints and varnishes have averaged only 7.5 per cent ad valorem. It is expected, however, that these restrictions will be removed on March 1, 1960, and the customs tariff rates raised to 12 per cent ad valorem. On July 1, 1960, the rate will be reduced by 20 per cent to 9.6 per cent on imports from the other members of the Seven (the European Free Trade Association), but the 12 per cent rate will continue to apply to imports from all other countries. Thus imports from the United Kingdom will have some advantage over shipments from other sources.

Denmark is a small and highly competitive market. Nevertheless, paint and varnish imports in 1958 totalled 12.4 million D.Kr. and the import liberalization should make it possible for high quality Canadian paints and special finishes to compete for a share of the market.

The difficulties should not, however, be underestimated. Competition between local manufacturers has led to high quality products and comparatively low prices. There are only a few agents and major consumers in a number of instances import direct from foreign suppliers as part of a licence agreement.

Litre measures are used and sales literature, preferably in English, should accompany offers. Consignment stocks are not necessary but it helps if prices can be quoted c.i.f. Copenhagen.

The Commercial Counsellor in Copenhagen will be pleased to examine market possibilities for individual specialties. Interested Canadian exporters should write to him, giving as much technical information as possible on each product, as well as the proposed c.i.f. price, payment and delivery terms, and other relevant details. ●

Transportation Notes

Belgium

GHENT-TERNEUZEN CANAL—The Belgian and Netherlands Governments have signed an agreement covering the joint extension and modernization of the canal linking Ghent with the sea at Terneuzen. The agreement, which must be ratified by both parliaments, will permit the entry to the Port of Ghent of ships up to 50,000 tons and will speed the economic development of that part of East Flanders. Total cost is estimated at $66 million. Belgium will pay for all of the work in its territory and for 80 per cent of construction in Dutch territory, including the new locks at Terneuzen—Brussels.

Colombia

RAILWAYS PLANNED—A mixed commission from Peru and Colombia has been organized to study, among other things, the possibility of building a railroad to connect the commercial centers of the two countries. Under the plan, Ecuador would be permitted to build an additional line to connect with the Colombian-Peruvian road—Bogotá.

Greece

MERCHANT FLEET GROWS—During 1959 the Greek merchant fleet expanded by over four million gross registered tons to 888 vessels. This represents a growth of 59.32 per cent from year-end 1958. Greek-owned tonnage under Greek and foreign flags (including 72 ships of 1,113,890 g.r.t. under construction) now totals 15,382,736 g.r.t. (1,832 vessels), the third largest fleet in the world. In 1959, applications for registration under the Greek flag totalled 193 (1,835,542 g.r.t.)—a record high since the foreign capital investment law came into effect in 1953. It is expected that this figure will be exceeded during 1960 when the draft law on more tax exemptions and concessions is ratified by the Greek Parliament—Athens.

India

SHIP PREFABRICATION—A prefabrication shop to speed up the construction of ships at the Hindustan Shipyard will be established at Vizagapatam. It should cut the time taken for building ships by about six months, to 18 to 20 months of keeling. Since its inception in 1941, the shipyard has built 24 modern diesel cargo ships worth a total of about Can.$50 million —Bombay.

Indonesia

TANDJONG PRIOK HARBOUR EXPANSION—Tandjong Priok, the port serving Djakarta, will expand its harbour facilities this year. The Government has earmarked Rps.66.25 million for this purpose. The extension work at the port falls under the Government's

Five Year Development Program and most of it will be undertaken by the French construction company Citra—Djakarta.

Ireland

NEW AIRPORT AT CORK—By the end of 1961, the new $2.8 million airport now under construction at Ballygarvan, four miles south of the city of Cork, is to be in operation. Regular air schedules will be operated on certain European routes. Two runways are being built, the main one about 4,500 feet long and the other about 3,800—Dublin.

Northern Ireland

RECORD TONNAGE AT BELFAST—For the first time the tonnage of ships cleared through the Port of Belfast has topped the six million mark. Figures just issued by the Harbour Commissioners put 1959 clearance at 6,219,000 tons, an increase of 33,000 tons over the previous year's record. Of this total, foreign shipping accounted for 1,364,352 tons, 60,081 more than in 1958. Clearances at Belfast first reached the million mark in 1864; in 1935 they stood at four million tons.

The Harbour Board's £5 million capital development program is due for completion in about three years and already 25 per cent of harbour accommodation is new or renovated. This includes more than seven miles of quays, extensive storage capacity, and cranes for lifts of up to 200 tons.

Industrial development and the growth of Belfast are closely linked with the progress of the port; the latest figures are thus good indicators of present economic prosperity—Dublin.

Portugal

LISBON SUBWAY—Lisbon inaugurated in December its first underground railway running north and south from one of the city's central squares. The contractors were Portuguese, though a large part of the material was imported from abroad. Carriages and some electrical supplies came from Germany, some of the electrical equipment came from Britain, and pumping, ventilating, power machines, tracks and installation were French. The line is expected to handle some 10,000 passengers an hour and is to be extended eventually to handle 30,000—Lisbon.

RAILWAYS MODERNIZED—The Portuguese railways, which were considerably improved after the war, received state assistance in the First Development Plan (1953-1958) for renovation and electrification costing $22 million. During the Second Development Plan (1959-1964) $43 million will be spent on electrifying the Entroncamento-Oporto line, a distance of 240 kilometres, and for buying 20 electric locomotives, 21 three-carriage electric trains, three restaurant cars, 36 carriages, 15 diesel-electric medium-powered locomotives, two ships for transporting passengers over the River Tagus, and two floating docks for the River Tagus. Railway tracks will be improved and signalling systems modernized.

This equipment will be made mainly in Portugal and bought with available funds. The construction of the 15 diesel-electric locomotives, however, will be financed partly by the second Development Plan and partly through Eurofima—Lisbon.

Turkey

INTERNATIONAL AIR SERVICE—Last August 15 Turkish National Airlines (Turk Hava Yollari) inaugurated its Ankara-Rome service via Istanbul and Athens; this is to be expanded later to Frankfurt and London. The present schedule calls for thrice-weekly service both ways on 48-passenger *Viscount* turbo-prop aircraft. THY has three other overseas services: Ankara-Athens via Izmir, Istanbul-Beirut via Ankara and Adana, and Istanbul-Nicosia via Ankara and Adana. In 1958 the airline carried 394,217 passengers on domestic routes, up 20 per cent over 1957 and 76 per cent over 1956.

Another development in Turkish civil aviation is the decision to build an aircraft repair and maintenance factory at Istanbul. To cost 50 million Turkish liras, the plant will be completed in two years and will employ 1,400 workers—Athens.

United Arab Republic

CANADA-U.A.R. TELEPHONE SERVICE—Negotiations were completed recently establishing telephone service between Canada and the United Arab Republic (Egypt and Syria).

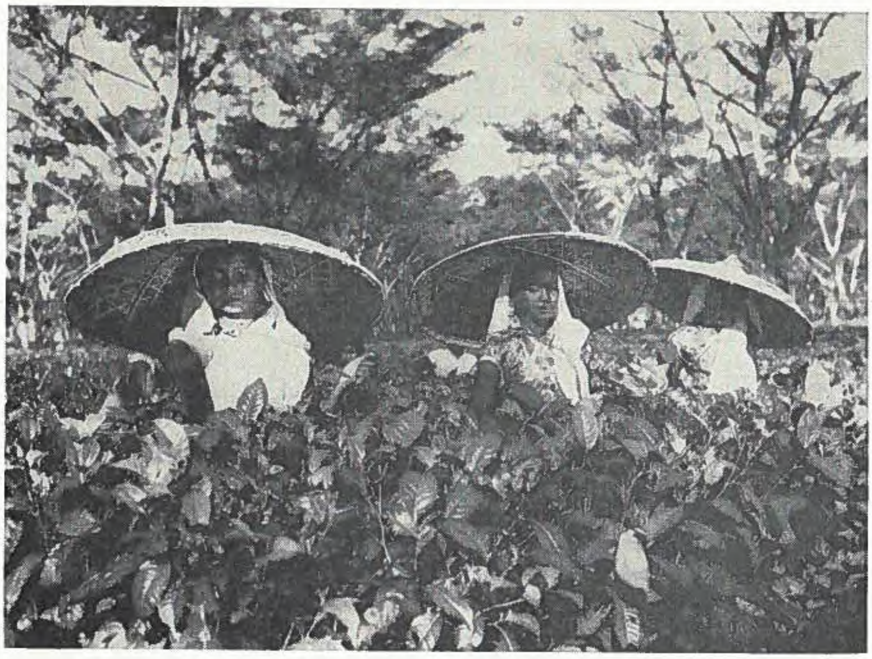
United States

ROLLER-BEARING FREIGHT CARS—Purchase of 3,000 new roller-bearing freight cars to cost $33 million was announced recently by the Louisville and Nashville Railroad. According to the announcement, this is the biggest single order of freight cars equipped with roller bearings to be placed by a U.S. railroad. Although the roller bearings will add $2.4 million to the cost, the railroad considers that the sealed bearing is the best solution to the hotbox problem.

Most of the order goes to Pullman-Standard, which will build 2,600 cars at its Bessemer, Alabama, plant. The remainder goes to American Car and Foundry, St. Louis, Missouri—New Orleans.

Visiting Iran?

Businessmen who are intending to visit Iran this spring are reminded that the Iranian New Year holiday will be observed officially from March 21 to 26 inclusive. A good many Iranian firms will be closed down from March 17 to 25 inclusive. In the circumstances, a business visit to Iran during the Iranian *Aid Novroz* would serve little useful purpose.



Competition Troubles Tea Planters

India's tea industry, hard pressed in export markets by both new and traditional producers, studies solutions to its problems. Canadians, major buyers of Indian teas, will follow developments closely.

H. A. GILBERT,
Trade Commissioner, Bombay.

INDIA produces and exports more tea than any other country; tea has become the leading earner of foreign exchange and provides employment for about a million workers and their dependents. The health of the industry and the prospects for the tea trade are of deep concern to both the Government of India and those who look to tea as a source of revenue or as a means of making a living.

How is the industry faring today? In 1957 tea production reached 673.2 million pounds and in 1958, 704.4 million. The 1959 crop was expected to exceed both these figures on the basis of output in the first nine months.

1959 Production Up

In North India, where tea is grown chiefly in Upper Assam and the Darjeeling and Jalpaiguri districts of Bengal, production for the first three quarters of 1959 reached 398.9 million pounds, an increase of 14.6 million pounds over the corresponding period of the preceding year. In the south—chiefly the Nilgiris and Coimbatore districts of Madras, Kerala and Mysore—production fell from 119.2 million pounds in nine months of 1958 to 107.5 million last year. However, the drop in South India output has to some extent been offset by the larger crop in North India.

Exports Decreasing

A significant feature of the Indian tea economy is the large percentage of the crop sold on the export market; as a result, export prospects influence production considerably. In the prewar years 1936-38, average annual exports totalled 330 million pounds. The outbreak of war in the Far East cut off supplies from other producing countries such as Indonesia, Japan and Formosa. This stimulated Indian exports, which rose to 454 million pounds in 1944 and a peak of 526 million in 1956. With the postwar recovery of former competing countries and the addition of new producers, India's virtual monopoly has been threatened more and more by increased world production. In 1957 exports dropped to 441 million pounds, down 85 million pounds from the previous year, but the following year they recovered to reach 505 million pounds. Statistics for 1959, however, again revealed a down-trend. The monthly average January to August inclusive stood at 29 million pounds, six million pounds less than the monthly average for the same period of 1958.

Ceylon Chief Competitor

Ceylon, the second largest world exporter and India's main competitor, has been increasing its shipments overseas. In 1950 Ceylonese tea exports amounted to 300 million pounds and in 1958 to 411 million. Last year the monthly average for 1959 exports up to the end of May reached 31 million pounds, compared with 26 million pounds a month in 1958. Australia and New Zealand appear to be diverting their purchases to Ceylon at the expense of Indian shipments, probably in part because of their proximity to the island. These two countries imported 73 million pounds in 1958; India supplied 8.5 million and Ceylon 57 million. The United States in the same year imported 85 million pounds of black tea, 26 million from India and 38 million from Ceylon. Canada in 1958 imported 44 million pounds, 19 million from India and 16.7 million from Ceylon. For the first nine months of last year, Canadian imports of black tea amounted to nearly 33 million pounds, of which approximately 11.98 million were imported from India and 11.67 million from Ceylon. Britain, India's best market—she is the leading supplier, followed by Ceylon—imported 326 million pounds of Indian tea in 1958, or more than 55 per cent of its total tea imports.

Problems Posed

Because quality and price influence the buying policy of importing countries, India faces a somewhat serious problem in the future, because an estimated 60 per cent of her tea production is of the lower quality common teas. The governments of several competing countries (Ceylon, Russia, Japan, Communist China, Taiwan, East African territories, and the South American countries) have promoted or are promoting the rehabilitation or development of their tea industries. India will be facing more and keener competition as the tea gardens of the world expand their production and the older gardens are rehabilitated. Even now, world supply seems to be outstripping demand, with no signs of increased world consumption. Certain interests in India accept this as a fact and are proposing remedies.

Among the proposals for easing India's tea export problem is the revival of the International Tea Agreement. This suggestion presupposes that to bring world supply and demand into balance, the member nations would be prepared to keep exports at certain agreed levels. It is difficult to believe that countries whose production is presenting the greatest future threat to balanced world supply would agree to this policy, because they are either infant producers and are looking to increased domestic production to supply their own requirements and export markets as well, or older producers who are expending money and effort with the objective of stepping up output and improving quality in order to increase sales abroad.

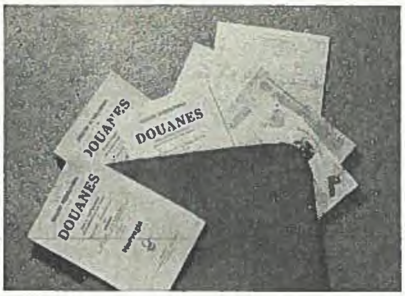
Improving Production

Another suggested solution is that those gardens in India now producing common teas should undertake a program of replanting the older bushes that have reached the stage of uneconomic output, and that serious efforts should be made to improve methods and so convert from production of common to quality teas. This is easier said than done. To improve quality takes money and unfortunately it is mainly planters who are already in financial difficulties who must make this effort. That the Government realizes this situation is shown by a statement made some time ago by the Minister for Commerce and Industry. "To my mind," he said, "the most important point which has to be considered is the vital need for a program of replanting. This has been neglected in the past. If the backload of replanting is not made up, it will threaten our pre-eminent position in tea production in the world." Since the Minister expressed this opinion, a move has been made to turn ideas into action. Last November, the Government of India approved a pilot scheme for the granting of loans by the Tea Board to weak gardens in the Cachar district in Assam.

A third possible solution to India's tea problems and one that warrants careful consideration is the reduction of the taxes that both the central and certain state governments levy. This, like the two preceding suggestions, has its pro's and con's. Those responsible for the welfare of the people look to the tea industry (from which large fortunes were made in the past) as a source of revenue and one that, among others, must bear its share of the cost of running the country and the states. But the industry, viewing with alarm the increased costs of production, the necessity of finding money to operate rehabilitation schemes and improve cultural methods, and the ominous signs of loss of export markets because of increasing competition, is apt to allude to the possibility of killing the goose that lays the golden eggs if taxes are not lowered substantially in the near future. More particularly, they assert that taxes should be levied on profits, not on production.

Home Consumption Rising

Though the ominous signs of falling exports and greater competition in foreign markets spell difficulties for India's tea industry, there is a brighter side. India's population of 400 million, growing at the rate of 8 million per year, is a home market of more than passing importance and may be a stabilizing factor. Even a slight increase in the per capita consumption could provide an increased outlet for a large quantity of tea. That internal consumption is rising quickly is shown by comparing the prewar annual consumption of 80 million pounds with the present 250 million. As long as tea prices do not rise faster comparatively than the gradually increasing income of the people, the domestic market will become more and more important. It may indeed prove to be the solution that the industry is seeking—a bigger market, at least for common teas. ●



Trade and Tariff Regulations

Canada-Australia Trade Agreement

THE Hon. Gordon Churchill, Minister of Trade and Commerce, announced on February 12, 1960, that a new trade agreement had been signed between Canada and Australia. Mr. Churchill stated that Parliamentary approval will be sought at the present session, and that the agreement will come into force when ratified by both Governments.

Canada and Australia concluded their first trade agreement in 1925, and the second in 1931. Since then, there have been many changes in trading conditions and in the tariffs of both countries. At the Commonwealth Trade and Economic Conference held in Montreal in September 1958, the two Governments decided to review the 1931 agreement to provide a more satisfactory framework for the development of trade. A Canadian delegation, led by the late Mr. John H. English, Deputy Minister of Trade and Commerce, negotiated the new agreement in Canberra in March and April 1959.

The new tariff arrangements under the agreement provide increased safeguards and improved access for Canadian exporters to Australia. Canada will continue to receive British preferential tariff treatment on most products. In addition, the agreement provides for important new concessions to Canada by Australia. Australia has undertaken to bind the actual rates of duty on a number of products of interest to Canada, including canned salmon, canned sardines, sausage casings, knitting-machine needles, office machinery, some chemicals, papermakers' felts and asbestos. Canadian exporters of these products are thus assured the continuation of free entry or the low rates now in effect. No actual bindings of rates of duty were provided for in the 1931 agreement. The new agreement also provides for the binding of existing margins of preference on most products of interest to Canada. Under the old agreement, the binding of these margins —the difference between Australia's most-favoured-nation and British preferential rates of duty—applied to only a narrow range of products. Apart from the binding of actual rates and margins, the new agreement confirms that full preferential tariff treatment now accorded certain Canadian products, notably most motor vehicle components and parts, will be continued. The 1931 agreement did not oblige Australia to grant Canada the same preferential tariff treatment as it accorded the United Kingdom for these items.

Another new provision is that Australia will grant the Canadian Government opportunities to consult in cases where Australia proposes temporarily to eliminate bound margins of preference through administrative action (known as departmental bylaws). Suspension of preference through bylaws, in many cases for considerable periods, has taken place in the past on a number of products of interest to Canada, notably aluminum, newsprint and chemicals, and has resulted in the loss, from time to time, of tariff advantage to Canadian suppliers. These consultations will take place through procedures provided for in the revised agreement.

On Canada's side, the new agreement provides for the maintenance of the present special low rates of duty and margins of preference accorded to Australia in respect of a wide range of Australian products. It also provides for the continuation of British preferential tariff treatment on all products not specially listed in the schedule to the agreement. Duty-free entry from Australia has been bound on several additional items, notably raw wool, cleaned sausage casings and raw sheepskins.

The two Governments have agreed to establish consultation procedures to facilitate the discussion of trade matters of interest to the two countries. It has been arranged that there will be two standing committees of officials, one in Ottawa and one in Canberra, which will meet from time to time for this purpose. Discussions have been held with Australia concerning the use of quantitative restrictions on trade. Both countries have, among other things, agreed to consult regarding such restrictions.

The importance of the agreement is indicated by the volume of trade between the two countries. Australia was Canada's third largest Commonwealth market in 1959, and the seventh largest market in the world for Canadian goods. Canada's exports to Australia in 1959 totalled $54 million, an increase of some $2 million over 1958. Canadian shipments to Australia include tobacco, canned salmon and sardines, sausage casings, lumber, pulp, newsprint, steel, engines, office machinery, motor vehicles, aluminum, asbestos and synthetic rubber. Canada imports about $33 million worth of goods a year from Australia, mainly sugar, dried fruits, wines, sausage casings, meat and wool.

Mr. Churchill said the substantial progress made by Australia, particularly over the past 18 months, in the elimination of discriminatory import restrictions has been welcome and should provide further opportunities for the development of trade. Before the 1958 Commonwealth Trade and Economic Conference, Australia removed discrimination on capital equipment and electrical apparatus. In subsequent moves, dollar discrimination has been removed on all imports, with the exception of motor vehicles, certain specified textiles and a few other consumer goods. The discrimination against imports of motor vehicles from dollar countries is to be eliminated on October 1. Effective December 1, 1959, the annual ceiling on total Australian imports was increased from A£850 million to A£875 million.

The Canadian Government is confident that the new agreement, by providing a framework for expansion and diversification of trade between these two Commonwealth countries, will result in an important strengthening of Commonwealth economic relations.

Further information about the new Canada-Australia Trade Agreement may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce.

Argentina

IMPORT SURCHARGE EXEMPTIONS—Decree No. 13136, dated October 22, 1959, exempts from the import surcharges applicable thereto certain material, machinery and equipment when destined for the construction, transformation and repair of boats and ships, as well as for the equipping and operation of shipyards and naval workshops. However, such exemptions do not apply to materials, machinery and equipment produced by a national industry with the quality and characteristics demanded for the specific purpose in view and deliverable within a satisfactory time limit. The exemptions may be accorded only to persons and firms registered with the National Maritime Police. Furthermore, a previous certificate of exemption from the surcharges issued by a responsible state body must be presented and must be followed later by a certificate proving the end use of the material, machinery and equipment.

EXEMPTIONS FROM SURCHARGES ON MARINE MOTORS—Decree No. 11748, dated September 21, 1959, exempts from the surcharge of 300 per cent, established by Decree No. 5439 of May 6, 1959, marine motors of a type not produced within Argentina when such motors are imported expressly for use in fishing vessels, and provided that they are used to equip fishing vessels which are inactive through lack of these motors or to replace obsolete motors. Neither the maximum nor minimum size of the fishing vessel is stipulated. This exemption was to remain in force until December 31, 1959. However, a subsequent decree, No. 11748 dated November 6, 1959, extended the exemption until April 30, 1960.

The import of each motor must be covered by a certificate of necessity issued by the Prefectura Nacional Maritima (National Martime Police) and countersigned by the Secretary of State for Industry and Mining, which will certify the need for the installation of the motor in the fishing vessel specified. Motors imported under this decree must remain installed for a minimum of three years.

British East Africa

DOLLAR LIBERALIZATION—Special import controls against goods entering Uganda, Kenya and Tanganyika from dollar countries, including Canada, have now been removed. Among the few goods from dollar countries which had been under special control were metal tubing and piping, certain civil engineering and industrial machinery, non-domestic refrigeration and air-conditioning machinery, welding machinery, motor vehicles and components. All these may now be freely imported from the dollar area under Open General Licence.

A few goods from all countries remain under import control. These include certain dairy products; cotton fabrics; silver and platinum ores; certain jewellery; firearms and ammunition; aircraft engines; motor vehicles of North American origin, assembled and/or partly manufactured outside North America; aircraft and parts; matches and gold.

Italy

NEW IMPORT LIBERALIZATION—Effective January 23, the Government of Italy announced the removal of restrictions and licensing requirements on a number of imports from the dollar area. The following is a selected list of newly liberalized items of possible interest to Canadian exporters:

Live animals
Fresh, refrigerated or frozen fowl
All types of fresh, chilled or frozen fish
Fishmeal
Crustaceans, molluscs and testaceans
Butter
Eggs
Wool fats and by-products, including lanolin
Meat extracts and juices
Canned salmon and other canned fish
Malt extracts
Sauces, mixed condiments
Prepared soups, broths and bouillons
Yeast
Whisky and gin

Tobacco
Live plants and flowers
Sera of immunized animals or persons
Microbic vaccines, toxins
Copper objects for household use
Razors and blades
Paints
Plates and paper for photography
Vulcanized rubber threads and cords
Tires and tubes
Conveyor and drive belts
Lumber, charcoal and wood products
Certain papers
Yarns of continuous artificial and synthetic textile fibres
Cotton terrycloth
Twine, rope and cable
Knitted gloves, neither elastic nor rubberized
Stockings, socks, stocking protectors, neither elastic nor rubberized
Glass and glassware, except glass wool
Tinplate
Certain manufactures of iron and steel
Tools
Cutlery of common metal

The above relaxation presents new opportunities for Canadian exporters. However, Italy continues to restrict a number of Canadian export items, including wheat, grains, oilseeds, aluminum, many chemicals and types of machinery.

Information on the status of individual products may be obtained from the International Trade Relations Branch.

South Africa

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

Increase in duty on:

1. Household refrigerators of a storage capacity of less than four cubic feet, from free of duty to 15 per cent ad valorem. (B.T.I. Ref. 72/9/2.)

(Applicant: Autocraft (Pty.), Ltd., P.O. Box 6464, Johannesburg.)

2. Pleated knitted nylon piece goods containing—

(a) 100 per cent nylon, and

(b) containing nylon mixed with fibres other than wool or hair, from 10 per cent ad valorem to 15 per cent ad valorem or 6d. per yard, whichever duty is the greater, and in addition 10 per cent ad valorem. (B.T.I. Ref. 123/9/22.)

(Applicant: South African Fabrics, Ltd., P.O. Box 1349, Durban.)

3. Completely assembled commercial and catering refrigeration units such as ice-cream cabinets, frozen-food merchandisers, self-service counters, bottle merchandisers, cool-tops, etc., from free of duty to from 15 per cent to 20 per cent ad valorem. (B.T.I. Ref. 72/9/3.)

(Applicant: B.M.S. Sales, Ltd., P.O. Box 3985, Johannesburg.)

4. Lifting jacks, manually operated, of the hydraulic "bottle type" and of a capacity from one ton to 100 tons, from free of duty to 10 per cent ad valorem. (B.T.I. Ref. 60/9/20.)

(Applicant: Bosal Africa (Pty.), Ltd., P.O. Box 1652, Pretoria.)

5. Gate valves made from gunmetal, for sizes ½ inch to 2 inch, both sizes included, and gate valves made from brass for sizes ½ inch to 1½ inch, both sizes included, from free of duty (minimum rate) and 5 per cent ad valorem (intermediate rate) to 15 per cent ad valorem and 20 per cent ad valorem respectively. (B.T.I. Ref. 34/9/3.)

(Applicant: Cobra Brassware (Pty.), Limited, P.O. Box 49, Luipaardsvlei.)

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

Spain

CASH DEPOSITS ON FOREIGN IMPORTS ABOLISHED—Effective January 23, the Spanish Government suspended the requirement of a cash deposit in advance on imports into Spain. The cash deposit amounted to 25 per cent of the value in pesetas of the goods to be imported and was introduced on July 27, 1959.

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from March 1-8.

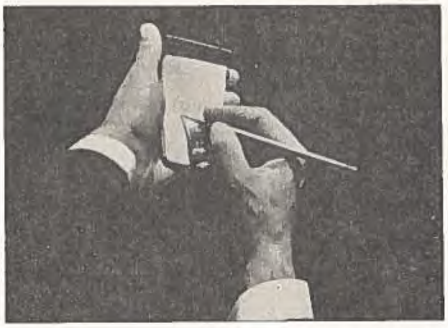
L. S. GLASS, Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland, will accompany the Wheat and Flour Mission during its visit to British East Africa, beginning March 16. Mr. Glass expects to visit Nairobi, Mombasa and Dar-es-Salaam.

R. V. N. GORDON, Consul and Trade Commissioner in Detroit, will visit Cleveland, March 14 and 15.

J. B. McLAREN, Assistant Commercial Secretary in Karachi, Pakistan, will visit West Pakistan from February 8-March 4.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Czechoslovakia from March 14-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis and Mr. Campbell at Kingston, Mr. Glass at Salisbury, Mr. Gordon at Detroit, Mr. McLaren at Karachi, and Mr. Thomson at Vienna.



General Notes

Belgium

EXPORTS AT RECORD HIGH—The Belgian Minister of Foreign Trade announced recently that sales abroad in 1959 totalled $3,280 million—a new record. The previous high was $3,186 million in 1957. In 1958, exports reached $3,046 million—Brussels.

Cuba

PATENT LAW REVISED—A new law in effect since December sets up a system for compulsory granting of exploitation licences for all patents registered in Cuba. Patent holders may be instructed by the Ministry of Commerce to issue exploitation licences to qualified applicants when this is considered necessary for economic development, for supplying the domestic market, or for promoting export trade. A patent may be the object of several exploitation licences in favour of different persons, and may at the same time be exploited by the owner.

Applicants must be persons or companies established in Cuba and must have the funds to exploit the patent. Licences may be granted one year after issue of the patent, except for certain groups of patents for which licences may be granted on the date of issue of the patent. Compensation will be by agreement between the licencee and the owner of the patent, with the Government arbitrating in case of dispute—Havana.

New Zealand

BALANCE OF PAYMENTS—New Zealand had a net surplus of £32.6 million in overseas exchange transactions in the 12 months ended October 30, 1959, compared with a deficit of £43.8 million in the previous year. Both of these figures exclude net official government borrowing. Receipts from exports of dairy produce, wool and other products (except meat) raised earnings abroad; imports by business and government declined—Wellington.

Sweden

REACTOR WELDING FOR EXPORT—Swedish knowhow in the field of reactor welding technique, particularly aluminum welding, is being called upon more and more in international atomic-plant projects. Sweden's Skultunaverken welding group, which is engaged in this work, was awarded its first contract in the Netherlands last June. The work included welding and assembly on the reactor at Petten and it was completed by a ten-man group in about ten weeks, 60 per cent of the time prescribed in the contract. A few weeks afterwards the Skultuna experts began welding the heat exchangers for the CR2 reactor at Moll, Belgium.

A new assignment for the Patten reactor in Holland, to be carried out in collaboration with the Dutch Werkspoor NV, will include building the reactor pool. Scheduled for completion in July, this is the biggest job so far obtained by Skultunaverken abroad. The company is to supply the material and be responsible for the manufacture of the units and for most of the assembly.

The Swedish company has also concluded an agreement with Advanced Materials Services, of Riverdale, Maryland, for technical consultation on Skultunaverken's commissions in the atomic energy field—Stockholm.

Turkey

FIRST ATOMIC REACTOR—Turkey's first atomic reactor is to be built near Lake Kucuk Cekmece 15 miles west of Istanbul. It is to be in operation by 1962, and will be built by the American Machine and Foundry Company at an estimated cost of about £1.2 million. Of the swimming-pool type, the reactor will have an output of 1,000 kw; it will produce isotopes for use in medicine, agriculture and industry.

Under Turkey's atomic energy development program, the Faculty of Agriculture in Ankara University is to establish a radio isotope laboratory with help from the International Atomic Energy Commission—Athens.

Photo Credits

Cover, Heeney Frosted Foods Limited; page three (bottom), Canada Packers Limited.

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 1.05056.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 15	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01154	86.65	(1)
Austria	Schilling		.03665	27.28	
Australia	Pound		2.1355	.4683	
Bahamas	Pound		2.6694	.3746	
Belgium, Belgian Congo and Luxembourg	Franc		.01909	52.38	
Bermuda	Pound		2.6694	.3746	
Bolivia	Boliviano	Free	.00008332	12,001.92	
British Guiana	Dollar		.5561	1.80	
British Honduras	Dollar		.6674	1.50	
Brazil	Cruzeiro	General Category*	.004566	219.01	*Jan. 12 (2)
		Special Category	.002123	470.91	
		Official selling	.05033	19.87	(3)
Burma	Kyat		.1999	5.00	
Ceylon	Rupee		.2002	4.99	
Chile	Escudo	Free	.9109	1.09781	(4)
Colombia	Peso	Certificate	.1487	6.72	
Costa Rica	Colon	Official	.1695	5.90	
		Controlled free	.1431	6.99	
Cuba	Peso		.9519	1.05053	tax 2%
Czechoslovakia	Koruna		.1322	7.56	
Denmark	Krone		.1379	7.25	
Dominican Republic	Peso		.9519	1.05053	
Ecuador	Sucre	Official	.06346	15.76	
		Free	.05593	17.88	
Egyptian Region, United Arab Rep.	Pound	Official	2.7334	.3658	
		Export account selling	2.2850	.4376	
El Salvador	Colon		.3808	2.63	
Fiji	Pound		2.4049	.4158	
Finland	Markka		.002975	336.13	
France, Monaco, etc.	New Franc		.1940	5.15	(5)
French colonies	Franc		.003880	257.73	(6)
French Pacific	Franc		.01067	93.72	(7)
Germany	D Mark		.2282	4.38	
Ghana	Pound		2.6694	.3746	
Greece	Drachma		.03173	31.51	
Guatemala	Quetzal		.9519	1.05053	
Haiti	Gourde		.1904	5.25	
Honduras	Lempira		.4759	2.10	
Hong Kong	Dollar	Free*	.1664	6.01	*Feb. 5
		Official	.1668	5.99	
Iceland	Krona	Official	.05345	17.11	(8)
India	Rupee		.2002	4.99	
Indonesia	Rupiah	Official rate	.02002	49.94	(8)
Iran	Rial		.01256	79.58	
Iraq	Dinar		2.6653	.3752	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 15	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6694	.3746	
Israel	Pound		.5288	1.89	
Italy	Lira		.001533	652.31	
Japan	Yen		.002644	378.21	
Lebanon	Pound	Free	.2991	3.34	
Mexico	Peso		.07615	13.13	
Netherlands	Florin		.2524	3.96	
Netherlands Antilles	Florin		.5086	1.97	
New Zealand	Pound		2.6694	.3746	
Nicaragua	Cordoba	Effective buying	.1442	6.93	
		Official selling	.1349	7.41	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.2002	4.99	
Panama	Balboa		.9519	1.05053	
Paraguay	Guarani	Official	.007802	128.17	
Peru	Sol	Certificate	.03427	29.18	
Philippines	Peso		.4759	2.10	
Portugal & Colonies	Escudo		.03322	30.10	(9)
Singapore and Malaya	Straits Dollar		.3114	3.21	
Spain and Dependencies	Peseta		.01586	63.03	
Sweden	Krona		.1839	5.44	
Switzerland	Franc		.2193	4.56	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04528	22.08	(8)
Turkey	Lira		.1058	9.45	(8)
Union of South Africa	Pound		2.6694	.3746	
United Kingdom	Pound		2.6694	.3746	
United States	Dollar		.951875	1.05056	
Uruguay	Peso	Free	.08442	11.84	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2841	3.52	
West Indies Fed.	Dollar		.5561	1.80	(10)
	Pound		2.6694	.3746	(11)
Yugoslavia	Dinar	Official	.003173	315.16	(8)
		Settlement rate	.001506	663.95	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods. Beginning Jan. 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. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Advertising Abroad

In Spain, **national advertising campaigns could pay off for Canadian products bearing well-known brand names and able to compete against other imports or local offerings.**

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

ADVERTISING techniques in Spain today are much the same as those in other Western countries. Outdoor signs and transportation advertising are used widely and radio, television, films, filmlets and shorts are popular. The cost of production of a film in Spain is about one-third that of a similar film made in the United States. Direct mail campaigns are a cheap and fairly effective medium and are employed frequently. Television is not yet well developed but it is making strides and will become gradually more important, appealing to a select, well-to-do audience.

Newspaper Circulation Low

Spain has a population of 30 million, which would normally suggest an important market for consumer goods, except that at least half the population has a low purchasing power. There is a high degree of literacy but the circulation of newspapers, periodicals, and magazines is small. Annual Spanish consumption of newsprint totals about 60,000 tons and much of this goes into official publications. These have small circulations and cannot be regarded as advertising media. Two daily morning newspapers, one published in Madrid and the other in Barcelona, have circulations of 200,000; for other papers the figures are much lower.

Famous Brands Can Be Pushed

The field for international advertising in Spain is limited. There are, however, half-a-dozen or more Canadian products with famous brand names that could find a market here and benefit from a national advertising campaign. The airlines, the large agricultural implement manufacturers, and the leading brands of Canadian whisky are likely examples. There are several products of British and United States origin being manufactured under licence in Spain or in association with Spanish capital and which have a sizable advertising budget, but generally Spain is a market for local brands.

The trade fair is a well-established institution in Spain and there are five or six trade or samples fairs every year. The most important exhibition is the internationally known *Barcelona Samples Fair,* held annually in the first part of June. These samples fairs feature Spanish heavy industry and consumer goods, but only the Barcelona fair is of interest to foreign exhibitors.

About half-a-dozen good advertising agencies affiliated with large U.S. international companies have offices in Madrid. These firms can undertake national campaigns, using as many media as the client wishes, and the fee is the usual 15 per cent. Some periodicals do not allow the agent the full 15 per cent and the advertiser may have to make up the difference. There are also a number of small local advertising agencies.

Copy should be printed in Spain, wherever possible, because customs charges on imported promotion material run very high—as much as 100 per cent, plus brokers' fees, etc. Direct-mail advertising from overseas is effective and selected lists of prospective customers are not difficult to obtain.

All copy must be in Spanish and proofs should be edited by an expert in Madrid. Spanish in Spain differs from the Spanish used elsewhere and it is essential to avoid the possibility of mistakes.

Market research in Spain is still in its infancy, though there are a few firms said to be active in the field and qualified to make market analyses. Canadian businessmen who would like advice on this or any other advertising or marketing problem should write to the Office of the Commercial Counsellor of the Canadian Embassy in Madrid. •

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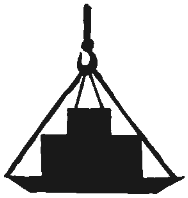
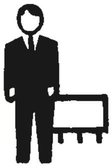


This is the journal that covered the market
That bought the product that sold abroad
That boosted the business that Jack built.

This is the man that wrote the report that appeared in the journal
That covered the market
That bought the product that sold abroad
That boosted the business that Jack built.



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