

MARCH 12, 1960

# foreign trade



CANADA'S TRADE WITH THE MIDDLE EAST



# foreign trade

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## COVER

The decorative symbols on our cover typify the Middle East, land of antiquity, where the coming of oil and the quickening of industrial progress is changing the traditional ways, opening up a new market as living standards rise. In this issue, we publish reviews of business conditions and trade prospects in twelve Middle Eastern countries. See pages 2 to 37.



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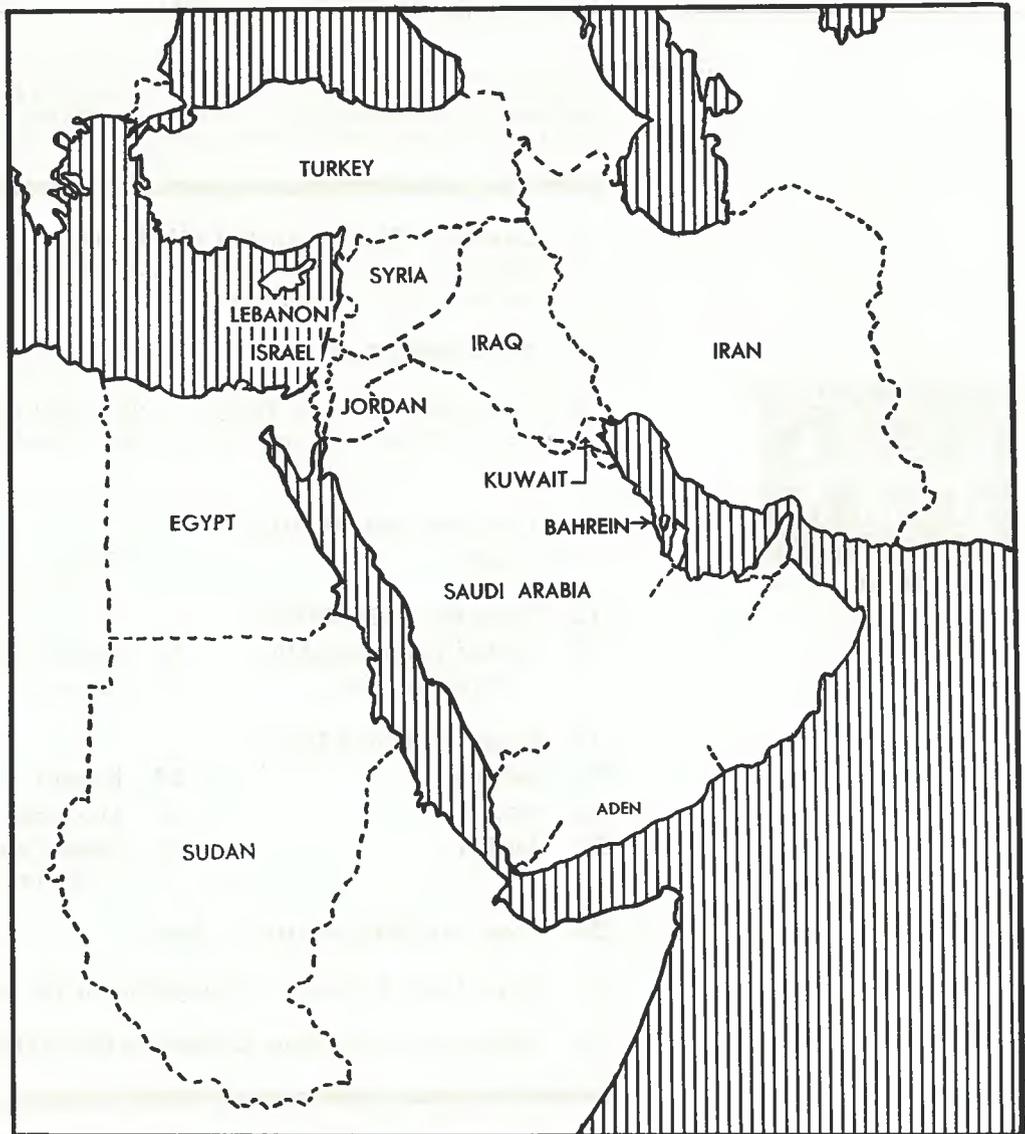
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Canadian sales to this area achieved a record last year, as large wheat shipments to Iraq and bigger purchases by Lebanon and Iran boosted the total. Continued stability and growing industrial development promise well for future.

THE majority of the Middle East countries benefited in 1959 from a general improvement in economic conditions and this was reflected in an increased foreign trade. Canada shared in this gain: last year Canadian exports to the Middle East set a record at \$22.3 million, or 45 per cent above the 1958 figure of \$15.4 million. Imports from the Middle East into Canada also established a record; on the basis of \$73 million for the ten months January-October, they may total well over \$80 million for the full year, compared with \$73.5 million in 1958. The attached table gives the details.

oil stoves and lamps, washing machines, and motor vehicles and parts.

Imports into Canada from this area come chiefly from Saudi Arabia, Iran and Israel; these three account for 95 per cent of the total. The main reason for the increase in our imports was the large gain in petroleum shipments from Saudi Arabia and Iran (petroleum accounts for 92 per cent of our imports from the Middle East). Canada also buys fruits, dates, nuts, unset diamonds and oriental carpets.

The opportunities for Canada to increase its share of the Middle East market depend to a great extent upon political stability in this area and the ability of the Canadian exporter to compete in these price-conscious countries. There are good openings for selling a wide variety of consumer goods in Lebanon, Iran, Kuwait and Bahrain, and Saudi Arabia. On the other hand, with the gradual increase in industrial development in a number of these countries the demand for raw materials and semi-processed goods will grow. These markets can be developed further by aggressive exporters who are willing to follow up sales opportunities and to make personal visits. The Canadian Government Trade Commissioners in the area will be pleased to assist exporters in appointing suitable agents.

Here is a brief look at the various countries covered in this issue.

**Aden**—Although there has been some relaxation of restrictions on dollar goods, it is doubtful whether our trade with Aden can be increased to any extent. It remains a small market for canned fish and other canned goods.

## CANADA'S TRADE WITH THE MIDDLE EAST

During 1959 the value of Canada's exports to the Middle East countries—with the exception of Aden, Jordan and Sudan—ranged from \$2.2 million to \$4.7 million. Among the principal markets were Iran, Israel, Lebanon, Saudi Arabia and the United Arab Republic (Egypt and Syria). Shipments to Turkey fell below the 1958 total but the large gain in exports of wheat to Iraq more than compensated for this loss. Shipments of wheat flour and powdered milk to Lebanon and seed wheat to Saudi Arabia also went up substantially. Other Canadian products exported to this area included asbestos milled fibres, aluminum, agricultural equipment, drugs and chemicals,

W. D. WALLACE,  
*Asia and Middle East Division.*

**CANADIAN TRADE WITH THE MIDDLE EAST**

(in thousands of dollars)

EXPORTS				
	1956	1957	1958	1959
Aden	9	2	3	1
Egypt	2,539	1,221	1,207	1,959
Iran	790	1,717	1,657	2,259
Iraq	656	1,070	970	4,310
Israel	2,724	5,050	4,641	4,702
Jordan	96	98	159	161
Lebanon	1,320	1,116	2,242	3,442
Saudi Arabia	1,942	1,664	2,020	2,878
Sudan	74	213	186	368
Syria	719	812	767	1,074
Turkey	886	483	1,479	1,127
<b>TOTAL</b>	<b>\$11,755</b>	<b>\$13,446</b>	<b>\$15,431</b>	<b>\$22,281</b>

IMPORTS				
	1956	1957	1958	1959 (Jan.-Oct.)
Aden	73	51	63	50
Egypt	165	330	271	254
Iran	1,057	546	920	8,926
Iraq	941	435	1,559	669
Israel	1,511	1,587	1,813	2,253
Jordan	1	4	5	1
Lebanon	19,600	43	81	21
Saudi Arabia	24,711	34,317	68,023	59,288
Sudan	12	45	80	426
Syria	1,351	242	200	160
Turkey	706	841	529	717
<b>TOTAL</b>	<b>\$50,128</b>	<b>\$38,441</b>	<b>\$73,544</b>	<b>\$72,765</b>

**Iran**—For the past few years Iran has had an adverse trade balance and despite its large earnings from the petroleum industry, it has had to obtain outside financial aid. This has meant a curtailment of almost 25 per cent in the Government's development program and a halt in its liberal trading policy. Canada's exports to Iran have been rising steadily and in the past year oil shipments to Canada became substantial. Iran continues to provide a market for consumer goods and, with the industrial development going on, it should offer market possibilities for raw materials, semi-finished goods and engineering services.

**Iraq**—Political and economic difficulties in Iraq have brought about a shift in its trading pattern and, with the exception of petroleum,

most of its trade has been channelled to the Soviet Bloc countries. Iraq's economic problems have been partially offset by the large income from the petroleum industry. Successive crop failures have made it necessary to import wheat and Canada has participated in this business. Otherwise, immediate prospects for selling Canadian products to Iraq appear to be limited.

**Israel**—General economic conditions were good in Israel during 1959 but the trade deficit continues. Although Israel has eased trade and fiscal controls, the country has not been able to change its trade practices because of the low foreign exchange reserves. Israel receives substantial financial aid and this tends to limit trade to the supplying countries. Moreover, growing industries tend to purchase from the

country in which the parent company operates. Stiffer competition can be expected and whether sales can be increased will depend on Israel's foreign exchange position.

**Jordan**—Jordan does not have a viable economy and depends upon aid from the United States and the United Kingdom. This foreign aid has permitted some relaxation of controls on dollar imports. Canada's exports to Jordan are nominal and any increase in trade will depend on foreign aid.

**Kuwait and Bahrain**—Economic conditions in these two oil-producing countries continued to improve and even brought a boom during 1959. Though Kuwait's transit trade with Iraq has almost ceased and has been replaced by local demand, the entrepôt trade of Bahrain (particularly with Saudi Arabia) is important to its economy. There are good export opportunities for consumer goods and some engineering services but price is the big factor.

**Lebanon**—The economy of Lebanon is based on the fact that it is a trading centre and has a stable and freely convertible currency. During 1959 business conditions improved and the entrepôt trade picked up, thanks to the political stability maintained since October 1958. The Government is financing a large expansion program which includes hydro-electric, airport, fisheries, irrigation and highway projects. Conditions are expected to improve and the demand for consumer goods and materials for industry should increase. Lebanon is still a highly competitive market.

**Saudi Arabia**—Earnings of the petroleum industry support the economy. A curb on excessive expenditures brought about a substantial financial recovery last year and the country was able to relax some of its import controls. Canada purchases large amounts of petroleum from Saudi Arabia, leaving a big trade surplus in the latter's favour. Shipping difficulties present one of

the main obstacles to developing our trade. The market also requires close attention and personal visits or selling campaigns are recommended.

**Sudan**—The Sudan relies for its prosperity entirely on its cotton crop. During the past year it was able to dispose of its surplus cotton; this improved the foreign exchange position and permitted a more liberal import policy. For the first time in a number of years, sales of cotton were made to Canada. Agricultural equipment was the chief Canadian export in 1959. Further development of the Sudanese market will depend on the ability of Canadian exporters to compete with cheap products from other foreign sources.

**Turkey**—A general improvement in economic conditions took place in 1959 and Turkey achieved considerable stability as a result of the stabilization program established in August 1958. Though there are a number of opportunities for Canadian products, price is the limiting factor.

#### **United Arab Republic**

**Egypt**—Large trade deficits and dwindling foreign exchange reserves continue to plague the country. This problem was partially offset by foreign aid during the past year. Egypt is showing signs of shifting from its bilateral trade policy of operating on trade and payments agreements. Any expansion of Canada's trade will depend on Egypt's ability to earn dollars through sales to Canada.

**Syria**—The economic integration of Syria with Egypt in the United Arab Republic continues to present many problems, including foreign exchange difficulties. In 1959 the failure of the barley and wheat crops and the low prices for cotton aggravated the situation. The prospects for any immediate expansion of trade with Syria do not appear promising. ●

## **The Middle East Market**

HOW big a potential market does the Middle East provide? Are Canadian exporters fully aware of its potential?

For practical purposes, the Middle East countries fall into two groups. The first one consists of the oil-producing countries—Bahrain, Kuwait, Qatar, Iraq, Iran, and Saudi Arabia. Their oil revenues in 1958 totalled \$1,263.7 million, divided as follows: Bahrain and Saudi Arabia \$310.7 million, Kuwait \$415 million, Qatar \$57 million, Iran \$246 million, and Iraq \$235 million. The second group—Aden, Israel, Jordan, Lebanon, Sudan, Turkey and the United Arab Republic (Egypt and Syria)—does not produce oil, though Turkey has a very limited output. These countries depend on agriculture and related activities for their main income. Egypt and Sudan, for example, rely chiefly upon the growing and export of cotton; Israel and Lebanon raise many types of fruit; Syria has become an important cotton and grain producer; Turkey grows cereals, tobacco, fruit and nuts. Lebanon, Jordan and Syria receive between them some \$30 to \$40 million in right-of-way dues for the oil pipelines that cross their territories.

How much do the Middle Eastern countries import? The Board of Trade in London recently put out figures on the trade carried on in the area by twelve manufacturing countries (excluding the Soviet Union, today a major supplier). The twelve exported to the Middle East (Turkey excluded) goods in 1958 worth £825 million (\$2.3 billion), compared with only £282 million ten years earlier. The United Kingdom's share was about 24 per cent—some £197.7 million (\$531.8 million). The United States sold goods worth \$595 million, and Canada \$13.9 million.

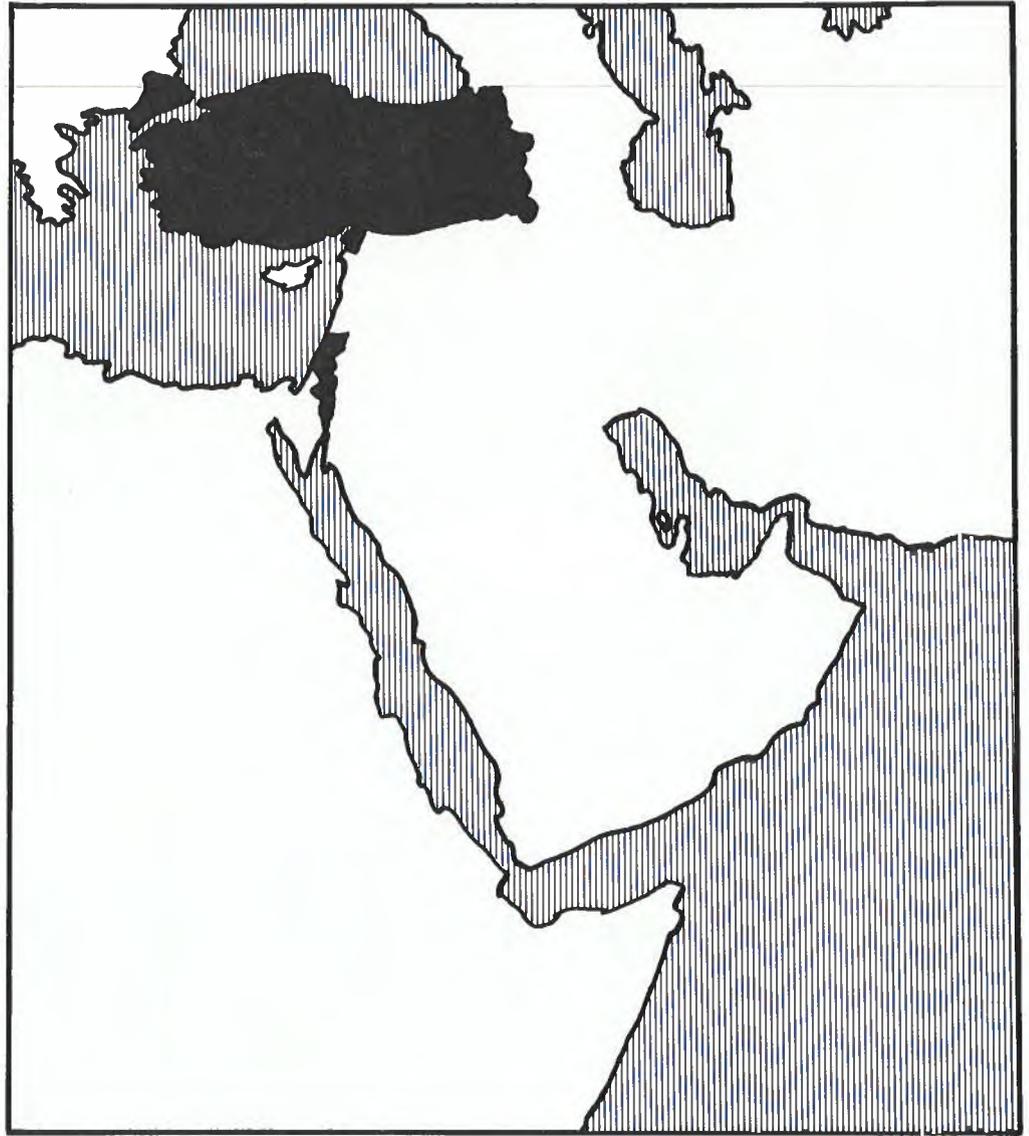
The bulk of imports into the Middle East consist of heavy industrial goods and equipment and particularly machinery and vehicles, metals and manufactures, chemicals, textiles, etc. Imports of grain and flour also are large. However, consumer goods do find an outlet in this market and as development proceeds and the standard of living rises, these purchases will go up. Canadian exporters are already selling whisky, powdered milk, canned soups, canned fruit and vegetables, canned fish and meat, and facial tissues, among other consumer products.

In trading with the Middle East, the exporter should remember that, because of its geographical position as a bridge between the Far East and Europe, the trading community in many of these countries has had centuries of experience in international and transit trade. Its businessmen are well versed in the intricacies of buying and selling and are highly price conscious. The ample supply of dollars in most of the area means that every exporting country (those behind the Iron Curtain too) is vying for its trade.

Canadian exporters should bear in mind this emphasis on price. They should also see that deliveries are as prompt as available transportation permits, and should give thought to credit terms. Correspondence should receive immediate and careful attention.

The Canadian Trade Commissioners in the four offices covering this area are in a good position to help businessmen find suitable agents or buying connections and can also make preliminary market surveys for interested firms.

—C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*



# Israel

Still relying heavily on foreign aid, the Israelis struggle toward economic self-sufficiency. Western confidence in country's potential keeps trading activity high; is reflected in steady Canadian sales in 1959.

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

THE State of Israel had the best year of its young life in 1959; eleven years of thrift, hard work, and generous foreign assistance began to pay dividends and new optimism for the future was generated. This year should see further improvements in the general economic situation, and a consolidation of trading and industrial progress.

During 1959 industrial production rose 13 per cent over 1958. Activity in other sectors also expanded as prices remained stable and currency circulation rose more slowly (11 per cent). At mid-year the gross national product was running 10 per cent ahead of the 1958 level (£3,514 million), and by year-end national consumption had risen by 11 per cent. The balance-of-payments situation improved markedly; export earnings rose 30 per cent to \$180 million (imports rose only \$4 million to \$425 million) and invisible earnings expanded—notably from the tourist trade, up 20 per cent.

## Industry Speeds Ahead

Probably the most important single economic event during the year was the discovery of natural gas at Roshat Zohar in the northeast Negev. Reserves at Roshat Zohar equal one million tons of liquid oil. Potential annual production from four wells now operating is reported to total the equivalent of 80,000 to 90,000 tons of oil, roughly 6 per cent of Israel's oil consumption. The Heletz oilfield, north and east of the Gaza strip, opened in September 1955 and now meets 10 per cent of the country's needs.

In 1959 a variety of important new plants went into operation, including ones for rayon yarn and fabric, polyester resins, laminated fibreglass, plywood, etc. Great strides were made in the development of the Negev desert area as the fabled copper deposits at King Solomon's mines were reactivated, pilot-scale working of iron-ore deposits began, and construction of four new textile plants was started. Also planned for the Negev are

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## Headlines of '59

Natural gas discovered in Negev

Exports rose to record high

Industrial output up 13 per cent

Liberalization of trade continued

Joins GATT as a provisional member

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plants for producing pulp from local agricultural waste and manufacturing elemental phosphorous and calcium carbide.

Several sizable infrastructure projects attracted international attention (including Canadian) over the past year. A Dutch firm was awarded a \$22 million contract to build a shipyard at the port of Haifa. The Ashdod Company, with

Israeli and American capital and government support, moved ahead with plans for a \$54 million deep-water port at Ashdod Yam, 25 miles south of Tel Aviv. The construction of this port, plus the development of an industrial city of 250,000, may present opportunities for Canadian engineering firms. Tri-continental Pipelines Ltd., registered in Calgary, Alberta, bought the 265-mile, 16-inch Eilat-Haifa pipeline from the Government and hopes eventually to be able to use the Haifa refinery, with its four-million-ton annual capacity. (The refinery's 1.3-million-ton annual throughput just covers domestic needs.) More than any of these projects, the controversial Jordan River scheme for irrigating the southern Negev focussed international attention on Israel's great development plans. Realization of this immense project will ensure further settlement in and development of this important area.

These accomplishments and plans have encouraged public confidence in the country's future—a confidence evidenced in increased activity on the Tel Aviv stock exchange and over-subscription of several new stock issues. Legislation for encouragement of private capital investment and adoption of a more liberal depreciation policy for industry will improve investment scope and security, and augurs well for economic achievements in the coming year.

## Foreign Aid Needed

Israel is still far from economic independence. The burden of immigrant settlement continues to restrict productive investment, though this is lightened considerably by assistance from abroad. The 1959-60 foreign currency budget of \$590 million is similar to that of previous years. Estimated revenues are: exports \$160 million, West German reparations and restitution payments \$110 million, United States aid \$60 million, and United Jewish Appeal \$107 million. By comparison, foreign assistance during 1958

included: West German reparations and restitution payments \$140 million, U.S. aid \$50 million, United Jewish Appeal \$80 million, and development bonds \$30 million (up to \$52.5 million in 1959).

Over the past several years, private foreign investment has been small—\$10 to \$20 million a year. And with exports paying for less than one-half of imports, substantial foreign assistance will be needed for some years to come. At the same time it must be noted that the high import figures are accounted for in part by capital equipment obtained under German reparations, Eximbank loans and other types of financial aid. By the time the \$780 million West German reparations are exhausted (1964-1966), demand for such capital equipment will have largely been met. Industry should then be producing many consumer goods for the domestic market that are now imported, as well as producing for export. In the meantime, however, a gradual trade liberalization is being hampered by steep customs and excise taxes, purchase and other supplementary taxes, to meet large government expenditures.

### **Liberalization Comes Slowly**

Liberalization of imports of a wide range of industrial raw materials, machinery and equipment, introduced late in 1957 and extended during 1958, was maintained over the past year. Although quantitative restrictions and foreign exchange controls have been removed on roughly two-thirds of industrial raw material imports, licensing authorities still rule on origin of imports. Canadian suppliers may thus find themselves out of the market because of Israel's commitments under bilateral trade agreements and stipulations under foreign loans and grants. Also to be taken into account during 1959 were increased customs duties on a long list of raw materials, machinery and electrical appliances, and higher excise and

purchase taxes on drugs and medicines, furniture, building materials, clothing and footwear. These, plus a multiplicity of foreign currency rates for imports and a variety of premium rates for exports, did not make for easy trading during the year.

Some encouragement may be taken, however, from the statement of the Minister of Commerce, Mr. Pinhas Sapir, on the occasion of Israel's provisional accession to GATT at the December meeting in Tokyo. "Two years ago," said Mr. Sapir, "we took our first tentative steps toward the easing of administrative controls in order to ensure a steady flow of raw materials for our industry. Our provisional accession to the General Agreement has given new impetus to our efforts towards further trade liberalization. Within the next few months we hope to extend the scope of our liberalization to a quarter of our (total) imports. Where balance-of-payments considerations still prevent us from introducing liberalization, we shall have to rely more and more on the establishment of global quotas within the framework of multilateral rather than bilateral arrangements as before. In accordance with the spirit of GATT we intend to reduce government imports to the absolute minimum necessary or to abolish them altogether."

### **Foreign Trade Grows**

Despite the obstacles to trade, Israel increased imports in 1959 up to \$425 million (\$421 million in 1958). Exports rose to a record \$180 million (\$139 million in 1958), narrowing the trade gap to \$245 million (\$282 million in 1958). The main changes in the pattern of trade during the first eight months of the year were increased imports of grains, flour and feedingstuffs, miscellaneous raw materials (including rough diamonds), wood and timber, machinery, electrical goods and equipment, chemicals and drugs, and dyes and colours. There were cuts in imports

of dairy produce, meat, oils and fats, aircraft, ships and vehicles, fuel and lubricants, and consumer goods. Bigger export earnings came mainly from polished diamonds, drugs, chemical fertilizers, vehicles, cement, eggs and hard wheat. Sales abroad of citrus fruit climbed by 1.5 million cases, but earnings dipped by almost \$1 million.

The geographical pattern of Israel's foreign trade changed little in 1959. Main supplying countries for a wide range of foodstuffs, machinery, equipment, and raw materials continued to be the United States, West Germany, the United Kingdom, France, and the Netherlands. The U.S. alone was responsible for over 60 per cent of Israel's food imports. Buying countries, in order of importance, were Britain (largest citrus buyer), the U.S. (biggest purchaser of polished diamonds), West Germany, Belgium and Turkey. Exports to these countries from January to August 1959 accounted for 57.5 per cent of total export sales (51.3 per cent in 1958).

### **Trade with Canada**

Canadian exports to Israel during 1959 reached \$4,682,453, compared with \$4,641,345 in 1958, with bigger sales of traditional products such as wheat (\$2,549,178), asbestos fibre (\$384,029), drugs and chemicals (\$148,755) and auto parts. Also significant were new or increased shipments of semi-fabricated aluminum, synthetic fibre manufactures, synthetic resin manufactures, elastic fabric, acids, communications equipment, electrical apparatus, pumps, office and industrial machinery, steel bars, truck tires, whisky, canned salmon and lobster. Against this were reduced sales of aluminum ingot (\$157,013), canned meats (\$336,202), farm implement parts, synthetic resins and nickel. No business was done in tractors, farm machinery and implements, steel rods or feldspar.

Israel's exports to Canada for the first nine months of 1959 estab-

lished a new record and topped the 1958 figure by 40 per cent. At \$1,974,621, they easily passed previous annual totals—\$1,812,592 in 1958 and \$1,586,979 in 1957. Accounting for most of this remarkable rise were increased sales of polished diamonds (\$880,137), citrus (\$513,343), and other traditional products such as plywood, chocolates and candies, raincoats, textiles and other clothing. Israeli goods entering Canada for the first time included fruit juices, canned fruits and marmalades, synthetic yarns, hacksaw blades, machine tools, electroplated ware and bicycle inner tubes.

Opportunities for further expansion of Canadian exports to Israel are currently limited because of Israel's shortage of foreign exchange and its commitments to countries that are providing assistance and by the inability of Canadian firms to meet competition because of higher prices and higher ocean freight rates. Israelis are happy to buy from Canada, however, and to seek Canadian sources of supply for a variety of goods.

This small but growing market, oriented towards North America, deserves the attention of Canadian exporters. To make the most of their opportunities, Canadians

should select a reliable and aggressive Israeli agent, and the Commercial Counsellor, Canadian Embassy, Athens, is in an excellent position to recommend a suitable one. The Athens office will also conduct market surveys on behalf of interested Canadian firms, through frequent trips to Israel and through excellent business contacts in that country. In Canada, exporters could investigate trading possibilities through the Canada-Israel Corporation, the Canadian Israeli Trading Co. Ltd., Montreal, the Zionist Organization of Canada and the Canadian Jewish Congress. ●

# Turkey

**Turkey still relies heavily on foreign aid to bolster new industries. Expansion is rapid, however, and opportunities for Canadian suppliers are improving.**

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

AT the end of 1959, Turkey was able to look back over a year of improved trade and general economic expansion. This stemmed from the far-reaching stabilization program adopted in August 1958, aided by loans totalling \$349 million from the United States and OEEC countries. On the threshold of the new decade Turkey still faces many grave economic problems. With continued optimism and vigour, however, the Turks, with help from abroad, are striving to bring this vast country to economic and industrial maturity.

## **Industrial Expansion Rapid**

Aside from the consolidation of foreign debts that accompanied the stabilization program adopted in August 1958, the most remarkable aspect of Turkey's stabilization has

been industrial progress. "In less than ten years," said Premier Menderes, "Turkey has increased its production tenfold." Output of textiles, sugar and cement now meets domestic needs, with a surplus for export in each instance. Export agreements have been signed for nearly eight million yards of textiles and 48,500 metric tons of sugar. The amount of exportable cement now stands at 150,000 metric tons and should soon reach an annual average of 250,000. Production in 1959, at 1,963,000 metric tons, was 30 per cent higher than in 1958. There were heavy investments and great progress last year in other sectors, such as transportation and communications, public services and agriculture, and future development plans are beginning to take shape.

Hard coal output in the Zonguldak area on the Black Sea now averages 6.55 million metric tons; expansion plans under way will boost this to seven million. At Soma, north of Izmir in western Turkey, lignite production has reached an annual rate of 2.6 million metric tons, and at private mines roughly one million.

At the state-owned iron and steel works at Karabuk, about 70 kilometres inland from Zonguldak, iron and steel production continues to rise. Present annual output of 500,000 metric tons of pig iron is to be upped to one million tons, and steel production of 148,000 metric tons to 600,000. Several private groups have been formed to seek a share in Turkey's rapidly developing iron and steel industry. Three U.S. firms plan to build a \$144 million steel mill at Eregli, 67 kilometres west of Zonguldak; initial output is estimated at about 300,000 tons of iron and steel sheets and some tinplate. Another group with Italian backing is to set up an iron and steel works at

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## Headlines of '59

Cement output up 30 per cent

New steel mills planned

\$50 million refinery begun

Exports climb over 1958

Foreign exchange shortage continues

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Edremit on the Marmara coast, with an estimated annual output of 100,000 tons of concrete reinforcing bars and profiles.

The state petroleum refinery at Batman in southeastern Turkey is doubling annual capacity to 600,000 metric tons. At Izmit, near Istanbul, a refinery with a capacity of one million tons a year is to be built, and at Mersin in southern Turkey four well-known international oil companies have begun construction of a \$50 million refinery with an annual capacity of 3.25 million metric tons. These developments will expand total annual output to 4.85 million tons and save about \$40 million a year in foreign exchange.

Probably Turkey's biggest and best-equipped manufacturing indus-

try is the cotton yarns and textiles industry. Capacity has quadrupled since 1949; the number of spindles now totals over one million and weaving capacity more than 500 million metres a year.

### Trade Improves Slightly

Turkey's exports during 1959 totalled T£994.3 million as against T£692.4 million in 1958. With imports at T£1,239.4 million (T£882.3 million in 1958), the trade deficit reached T£245.1 million (T£189.9 million in 1958).

Exports went mainly to West Germany (T£222.9 million) and the United States (T£177.5 million), followed by the United Kingdom (T£144.2 million), Italy (T£82.4 million), France (T£46.2 million), and Czechoslovakia (T£32.8 million). Imports came chiefly from the United States (T£269.4 million), Western Germany ((T£234.6 million), Italy (T£93.8 million), France (T£48.3 million), Austria (T£43.4 million), and the Netherlands (T£39.7 million).

The problem of financing trade persists as Turkey maintains the deflationary credit squeeze. There were many business failures last year and in November and December nearly 10,000 commercial bills were protested, nearly double the number for the same period in 1958. Rumours of further devaluation—which led to a slight increase in black market prices of foreign currencies and gold during December—appear to be groundless.

It is now apparent that with the slow increase in industrial and agricultural production for export, more foreign aid will be needed to make the economy self-sufficient. As the export season draws to a close, a serious shortage of foreign exchange may be imminent. This may explain the delay in announcing the fourth global import quota. It was to have been made public early in January but was not announced until February 16. This fourth quota is valued at U.S.\$251 million and is reported to cover a six-month period. (See page 40 for an initial report on the quota.) All licences under the third quota were issued but imports have only now begun to come in and sales have been slow.

### Quota System Relaxed

In the meantime, Canadian suppliers should take note of opportunities to supply products that have been taken off the quota system and freed for import on a normal commercial basis. Freed items that should be of interest to Canada are: radioactive elements, isotopes and compounds; brake and clutch linings; refractory brick; copper rods, tubes, springs and wire; parts for all types of engines; parts for furnaces and refrigerators; laboratory equipment; dairy machinery, etc.; ploughshares and parts for all agricultural equipment; parts for radio telecommunication equipment; electrical equipment for vehicles, and insulators and insulating materials. On January 29 the free import of refrigerator parts was expanded to include washing machine parts as well.

In addition to freed items, there is an all-embracing category of products that may be brought into the country by persons holding money outside the country. Licences were formerly issued on request. The regulation was amended on December 23, 1959, however, to require persons wishing to make imports without an official allocation of foreign exchange to deposit with the central bank 10 per cent

#### PRINCIPAL TURKISH EXPORTS

	1958	1959
	(in T£ million)	
Tobacco	235.9	257.0
Cereals	29.8	111.2
Fruits	158.2	192.1
Cotton	64.1	155.1
Minerals	81.3	55.2
Seeds	9.5	20.5
Other commodities	113.6	203.2
<b>Total</b>	<b>692.4</b>	<b>994.3</b>

#### PRINCIPAL TURKISH IMPORTS

	1958	1959
	(in T£ million)	
Machinery	222.1	270.4
Liquid fuel	113.1	184.5
Iron and steel	66.7	123.2
Vehicles	74.0	181.3
Medicines, dyes	74.3	109.4
Textiles	56.6	57.3
Other commodities	275.5	313.3
<b>Total</b>	<b>882.3</b>	<b>1,239.4</b>

of the value of the goods to be imported. This 10 per cent will be returned on presentation of the customs receipt proving that the goods have been imported. It is reported that \$25 million of such imports have been registered.

### Canadian Exports Fall Off

Canadian exports to Turkey in 1959 dropped to \$1,126,980 from \$1,479,059 in 1958. The most notable decreases were in fur manufactures (\$3,385 to \$550), pitprops (\$163,294 to nil), parts of farm implements (\$28,915 to \$17,453), mining and other machinery and parts (\$577,136 to \$9,644), automobile parts (\$18,843 to \$1,565), aluminum manufactures (\$2,339 to nil), copper wire (\$1,399 to nil), synthetic resins (\$34,741 to \$5,363), polystyrene (\$29,925 to \$1,971), refrigerators and parts (\$4,081 to \$185), phonographs and parts (\$1,140 to nil) and scientific apparatus (\$9,041 to nil).

Against these declines, there were surprising increases in sales of passenger car tires (\$6,593 to \$25,353), truck and bus tires (\$45,689 to \$123,111), motor vehicle inner

tubes (\$2,400 to \$5,516), steel sheet, plate and strip (\$411 to \$14,100), motor vehicle engines and parts (\$3,794 to \$15,255), ploughs and parts (nil to \$51,239), radio wireless apparatus (nil to \$144,095), telegraph and telephone apparatus (nil to \$17,893), asbestos milled fibres (nil to \$15,438), cellulose products (nil to \$6,988), drugs and chemicals (\$4,527 to \$146,834).

On the import side, Turkey's unprecedented sales of walnuts to Canada—\$71,609 for the first nine months of 1959—boosted Canada's total imports from Turkey for this period by 63 per cent to \$661,495. Sales to Canada of Turkish figs and fig paste also climbed to record heights: at \$287,593 for the nine-month period, they far surpassed the previous two years' sales (1958 = \$32,141, and 1957 = \$107,550).

### Sales Are Possible

The somewhat discouraging picture for exporters to Turkey need not deter Canadians from trying to gain an entry into this rapidly expanding market. Under Turkey's quarterly quota system of import

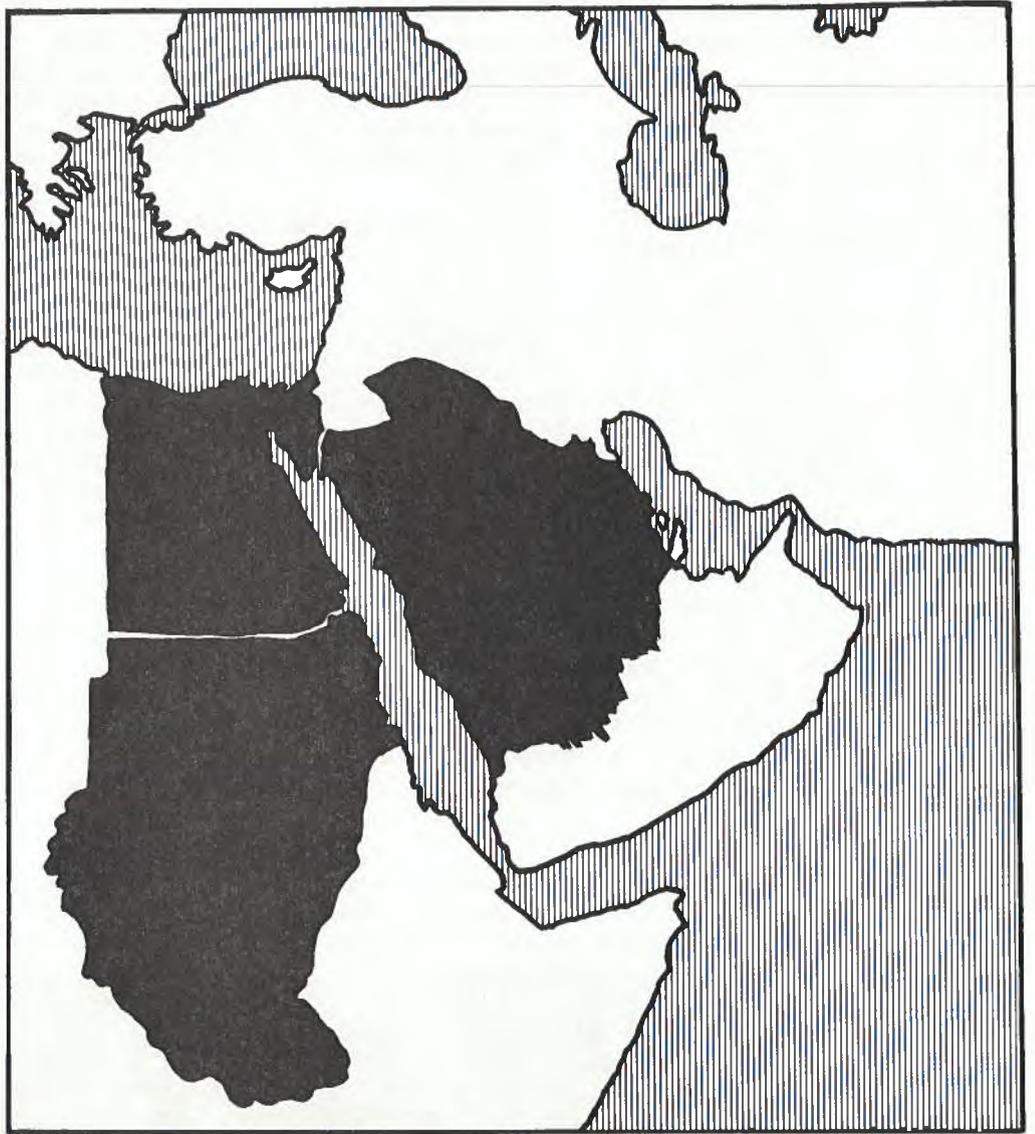
trade, specific opportunities are brought to the attention of potential suppliers. Many of the products can be supplied by Canada—if Canadian firms are prepared to follow up expeditiously and meet competitive prices. A key prerequisite is an able and aggressive Turkish agent, because this is an extremely competitive and price-conscious market. The agent must be given maximum support with best possible prices, advertising assistance, descriptive literature, etc.

In approaching the Turkish market, Canadian firms should write to the Commercial Counsellor, Canadian Embassy, Athens. With regular market survey trips to Turkey, and excellent contacts in that country, the Athens office can provide helpful advice on sales possibilities, competitive prices, quality of products and prospective agents. ●

*The author visited Ankara and Istanbul from February 16 to 26 to follow up opportunities for Canadian suppliers under the latest import quota. Canadian exporters are urged to contact him so that he may advise them about possibilities.*

*Some of the figs that these Turkish women are sorting and packing in an Izmir plant may well appear on Canadian tables. In the first ten months of 1959 our purchases of figs and fig paste reached a new high, over 7 times the 1958 total.*





# United Arab Republic

## Egyptian Region

Optimism in business circles evident as 1960 began. Cotton sales are going well, foreign aid has increased, controls on trade have been relaxed, some long-standing problems solved. Foreign exchange shortage still restricts purchases from Canada.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

EGYPT'S foreign trade during 1959 fell by 11 per cent from the previous year but was approximately the same as in 1957. Although the over-all trade deficit was smaller, the unfavourable balance of E£ 64.3 million was well above average for the second successive year. Trade deficits are not unusual for Egypt and in the past they have been financed by Suez Canal revenues and tourist spending. However, recent abnormally high deficits have forced Egypt to impose rigid import controls, to resort to long-term credits from supplying countries, and to draw down foreign exchange reserves.

Egypt's imports from the Communist countries dropped considerably, mainly because of smaller purchases of wheat, newsprint and petroleum products. Since these were supplied last year chiefly by the United States under aid schemes,

the statistics reflect an increase in imports from North America. Western Europe continued to be Egypt's principal source of supply and in spite of payment difficulties, increased its relative share to 46 per cent of all imports, compared with 43 per cent in 1958 and 38 per cent in 1957. West Germany and Italy, the most important suppliers, were joined by the United Kingdom, which had been out of the market since the Suez crisis disrupted commercial relations.

In each of the last three years the Communist Bloc has taken one-half of Egypt's exports and supplied 25 to 35 per cent of her imports. Egypt's position vis-à-vis Western Europe has been just the reverse but credits earned in trade with the Communists cannot be used to offset the deficits with the West. To complicate matters even further, much of the cotton sold to Eastern

Europe was resold to Egypt's traditional customers in the West at prices that undercut direct sales. During 1959 Egypt took steps to stop this reselling by third countries and thus to acquire more foreign exchange for her exports. These steps were apparently effective. However, the national coffers were left at year's end with a debt of E£ 78 million in trade with the non-Communist world, or more than one-third of Egypt's total trade with these countries.

### Problems Receding

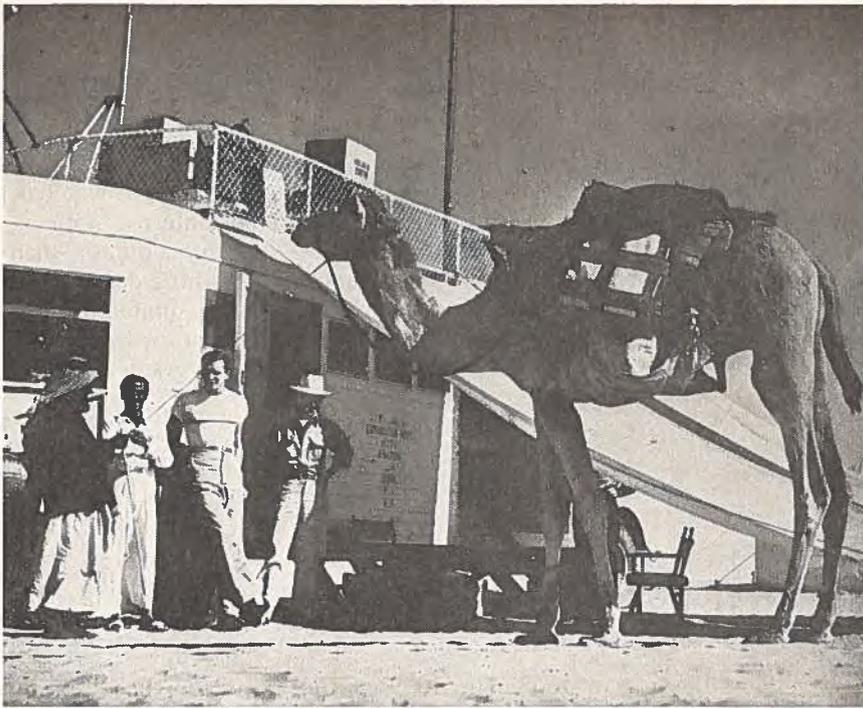
At the end of 1959 business circles in Egypt were a good deal more optimistic than during the last three years. This optimism, if not reflected in foreign trade, is nevertheless well founded. The year began with a settlement of financial problems with Britain and ended with a resumption of diplomatic relations with that country. A long-sought agreement with the Sudan on the division of Nile waters with Egypt and compensation for Sudanese territory to be inundated by the Aswan Dam reservoir was signed in November. The ceremonial commencement of work on the billion-dollar dam took place early this year and was followed by an announcement that Russia is to assist in financing and building not only the first but also the final stage of the dam. (The Aswan Dam has been described as the largest earth-moving project since the construction of the Great Wall of China.)

An \$8 million CARE program was restored and close to \$100 million worth of surplus agricultural products supplied by the United States for payment in local currency. The Export-Import Bank has granted loans or credits totalling \$14 million and is considering applications for another \$16 million. The Development Loan Fund has announced that financing of seven industrial projects (estimated at \$55 million) will be given "expeditious consideration". The World Bank approved a loan of \$56.5 million

FOREIGN TRADE OF EGYPTIAN REGION, U.A.R.

	Imports from			Exports to			Balance of Trade		
	1957	1958	1959	1957	1958	1959	1957	1958	1959
	(in millions of E£)								
Arab League	17.9	10.2	9.5	18.5	13.0	12.0	+ .6	+ 2.8	+ 2.5
Communist Bloc	50.5	84.7	58.5	83.3	81.6	72.6	+32.8	- 3.1	+14.1
Western Europe	70.3	102.2	98.2	39.0	42.5	44.8	-31.3	-59.7	-53.4
Asia, Africa, Australia	24.0	19.5	13.3	21.0	21.6	13.6	- 3.0	+ 2.1	+ .3
North and South America	19.8	21.6	31.6	8.2	3.7	3.8	-11.6	-17.9	-27.8
Total	182.5	238.2	211.1	170.0	162.4	146.8	-12.5	-75.8	-64.3





*This Bedouin and his camel, typical of the traditional nomad life of Arabia, pause for a breather outside the trailer office of an oil-exploration team in the desert.*

# Saudi Arabia

Measures taken to meet crisis brought on by over-spending reflected in current business recession, but future prospects brighter. Canadian exports increasing each year, with seed wheat the best seller.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

A Canadian businessman visiting Jidda, the commercial capital of Saudi Arabia, should be prepared for some new experiences or will at least observe a few features not normally present in other Middle Eastern countries. Saudi Arabia is the home of the Moslem religion and there is much evidence of the conflict between the desire to retain traditional customs and modes of living on the one hand, and the pull of twentieth century western progress on the other, fired by an enormous oil wealth, figuratively speaking.

The visitor will find that he requires a Saudi sponsor when he applies for a visa; he will notice an absence of tourists in Jidda, with the notable exception of pilgrims; he may be confused by the three

kinds of time by which clocks are set—local, Greenwich Mean Time, and Arabic (where sunset is at twelve o'clock). He may be confused by the Arabic calendar in which Sunday becomes Friday. The year 1379 until June 25, 1960, when it becomes 1380. He will fail to find any places of entertainment or any liquor and he would be well advised not to take his wife with him, for women are rarely seen in public.

The city itself is literally bursting at the seams—the seams being the confines of the suq or market-cum-dwelling place that constituted the old city and contains much of present-day business, plus animal and human life. One wonders why, other than for mutual protection, the old city grew up in this crowded

way when desert land abounds around Jidda and indeed in the whole of Arabia. Access to fresh water, an eternal problem, may have been one reason. Unless he speaks Arabic the visitor needs a guide and interpreter. The lack of knowledge of foreign languages and of international business are, incidentally, reasons for the apparent inattention to correspondence.

A first-time visitor is unlikely to appreciate the changes wrought in Jidda as a result of the discovery of oil. The large number of North American cars, air-conditioners and refrigerators is obvious; so are the new buildings, palaces, government and business offices, and homes. Less spectacular—except by comparison with ten or fifteen years ago—are the public works, such as paved roads, power and water utilities, telephone system, radio stations, etc. In fact, the spending spree brought on by the oil boom got out of control and in 1958 the inevitable financial crisis developed.

## Reforms Instituted

With the advice of the International Monetary Fund but, above all, with the persistent patience and dedicated perseverance of far-sighted officials led by Crown Prince Amir Feisal (who is Prime Minister, Finance and Foreign Minister), fiscal reforms were adopted. A state budget was published for the first time in January 1959 and proper accounting methods introduced. The Saudi Arabian Monetary Agency was given a free hand to manage foreign exchange and to control internal fiscal matters. The new budget of 1,637.5 million rials balances revenue and expenditure; appropriation for defence, the royal family, palace secretariat and bodyguard are well below previous sums and education and health services are receiving more money. Appropriations for agriculture and communications remain unchanged.

Concurrently the Monetary Agency has been successful in raising the value of the Saudi rial from

six to a U.S. dollar to 4½, where it was recently decided to peg the official rate. (The previous official rate was 3½ rials to the U.S. dollar.) This was done by providing exchange at the official rate for a limited number of essentials—foodstuffs, wheat flour, rice, textiles, medicines—and reducing money in circulation by feeding foreign exchange into the free market and withdrawing local currency. At the same time, all exchange and import controls were abolished. Saudi Arabia has Dutch, British, French, U.S. and Egyptian commercial banks, as well as a few local banks. But it lacks the financial institutions of more developed countries that would be capable of underwriting on a long-term basis a national debt that is estimated at \$115 million on an oil income of \$350 million a year. Another oddity is that strict adherence to the Moslem code and its attitude to usury prevents the use of interest in financial dealings.

The new reforms and controls, with their deflationary effect, have resulted in a recession in business activity. Building and development have virtually ceased; the Arabian American Oil Co., feeling the pinch of the world slump in oil, has curtailed its expansion program; imports have dropped; many quota holders have not taken up their licences, and unemployment has become a problem for the first time since oil was discovered. Austerity is likely to last through 1960 but with the proper control of expenditure now being practised, Saudi Arabia will undoubtedly solve its problems. What the authorities wish to avoid is a return to the free-spending days that produced the present difficulties.

### **The Canadian Position**

Canadian imports of Saudi oil, valued at nearly \$70 million per year, far exceed our exports to Arabia. Contrary to the general trend in imports into Arabia, Canadian sales have been rising steadily

to \$1,663,578 in 1957, \$2,020,397 in 1958, and \$2,877,932 in 1959. The main item of interest from Canada is seed wheat; Saudi purchases last year reached a million bushels valued at \$1.8 million. Canadian statistics list a total of 90 products exported to Saudi Arabia; figuring largely are con-

sumer goods such as foodstuffs, clothing, automobiles, watches, pens, stoves and lanterns. With almost no industry other than petroleum, there is little demand for machinery or raw materials and until a development program gets under way, capital goods will not be needed. ●

## Sudan

**Recovery of the cotton market in 1959 spelled hope for the new Sudanese regime and foreign exchange reserves climbed. As giant irrigation schemes move slowly ahead, expansion of trade with Canada looks more hopeful.**

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

FOR the first three years of its life as an independent nation, the economy of the Sudan went steadily downhill. The production of cotton is the basis of its economy and cotton exports contribute two-thirds of total foreign exchange earnings. Unfortunately this period, 1956-1958, coincided with a general world economic recession and a depression in the textile industry. Pursuing a policy of holding stocks rather than selling at depressed prices, the Sudan was not able to earn enough to pay for current imports and capital development.

As a result, two years of cotton production piled up, foreign exchange reserves dwindled rapidly, imports were restricted drastically, and the development program curtailed. The Sudan obtained loans from the World Bank, the International Monetary Fund and Barclays Bank, arranged export credits with the United Kingdom and West Germany, and accepted the terms of a United States aid program. It also concluded barter agreements with several Communist countries. Economic problems were reflected in politics when on November 17,

1958, a coup d'état brought a military regime to power.

Against this background, 1959 was a year of recovery. In January all reserve prices at the cotton auctions were cancelled—a move that could not have been better timed to coincide with improved world economic conditions and the revival of the textile industry. A dramatic rise in cotton sales followed, at prices that were low in the beginning but improved steadily. By mid-August the whole of the carry-over from the previous years plus the 1958-1959 crop were liquidated—a total of 930,644 bales.

The United Kingdom in 1959 was by far the best customer for Sudanese cotton, (S£12.3 million)\*, followed by India, West Germany, Italy, France, the Soviet Union and Japan. Canada bought 2,450 bales valued at S£93,578, the first purchase of Sudanese cotton by Canadian mills in some years. Because the purchase was made on the basis of paper specifications only, it was in the nature of a trial order. Unfortunately, by the time the superior qualities of

\*1 S£ = U.S.\$2.80 (approx.)

this long-staple cotton were discovered, market prices in Khartoum were out of reach of Canadian mills.

The Sudan's success in disposing of its cotton to a total value of S£40 million was naturally reflected in foreign exchange reserves, which jumped from S£20.5 million at the end of 1958 to S£50 million by September 30, 1959. The Government was able to relax certain import controls and this, though it improved supplies of essential goods, put a strain on the railways and storage facilities at Port Sudan. In July the Minister of Commerce announced that no more barter deals would be permitted; they were never popular and the total of goods involved did not exceed 15 per cent of Sudanese foreign trade. For the first ten months of 1959 the balance of trade showed a surplus of S£17.5 million, compared with a deficit of S£14.5 million in the same period of 1958.

The most significant news in economic development during 1959 was the signing (after many years of intermittent negotiations) of an agreement with the Egyptian Region of the United Arab Republic for

the sharing of Nile waters and compensation for Sudanese territory flooded by the Aswan High Dam. The Sudan as well as Egypt has plans for dam-building and irrigation, notably the S£36 million Roseires Dam on the Blue Nile which rises in Ethiopia. This project needs World Bank financing and one of the Bank's conditions is agreement among all the riparian states, including Ethiopia and Uganda, on the use of Nile waters. With the major hurdle of agreement between Sudan and Egypt overcome, the Sudan is now proceeding with its plans.

A S£4.5 million contract has been awarded to an Anglo-German consortium for electrification of the Sennar Dam (also on the Blue Nile) and work is scheduled for completion in June 1962. Discussions have been held with the World Bank on the cost of the third and fourth stages of the Managil Extension Scheme. This is an irrigation project to add new land to the Gezira cotton-growing district. The fourth major development is the resettlement of the residents of the town of Wadi Halfa which will be inundated by the Aswan High Dam

reservoir. A dam costing S£5 million will be built at Khashm el Girba on the Atbara River and irrigation, housing, etc., will cost another S£15 million. The United Arab Republic has agreed to pay S£15 million in indemnities, and French and West German interests have submitted proposals for the project.

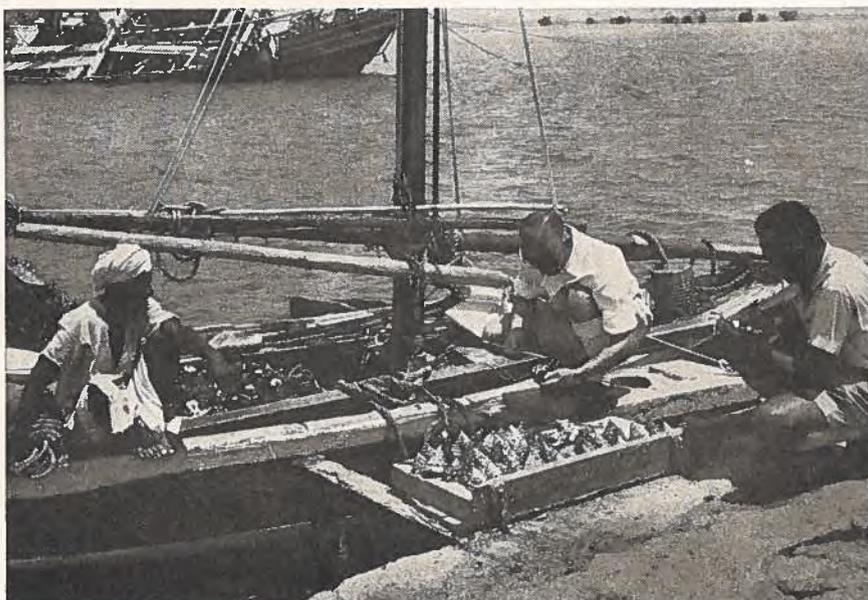
A number of new industries are being built or have actually begun operations. The largest (in fact the largest of its kind in Africa) is a \$24 million textile mill undertaken by U.S. private interests in collaboration with the Development Loan Fund. All the equipment has been ordered from the United Kingdom. Two other major industries under consideration are first, sugar, in which a number of European countries are interested, and second, paper (using papyrus which is abundant in the South Sudan). West German interests are investigating this proposal.

#### Trade with Canada Rises

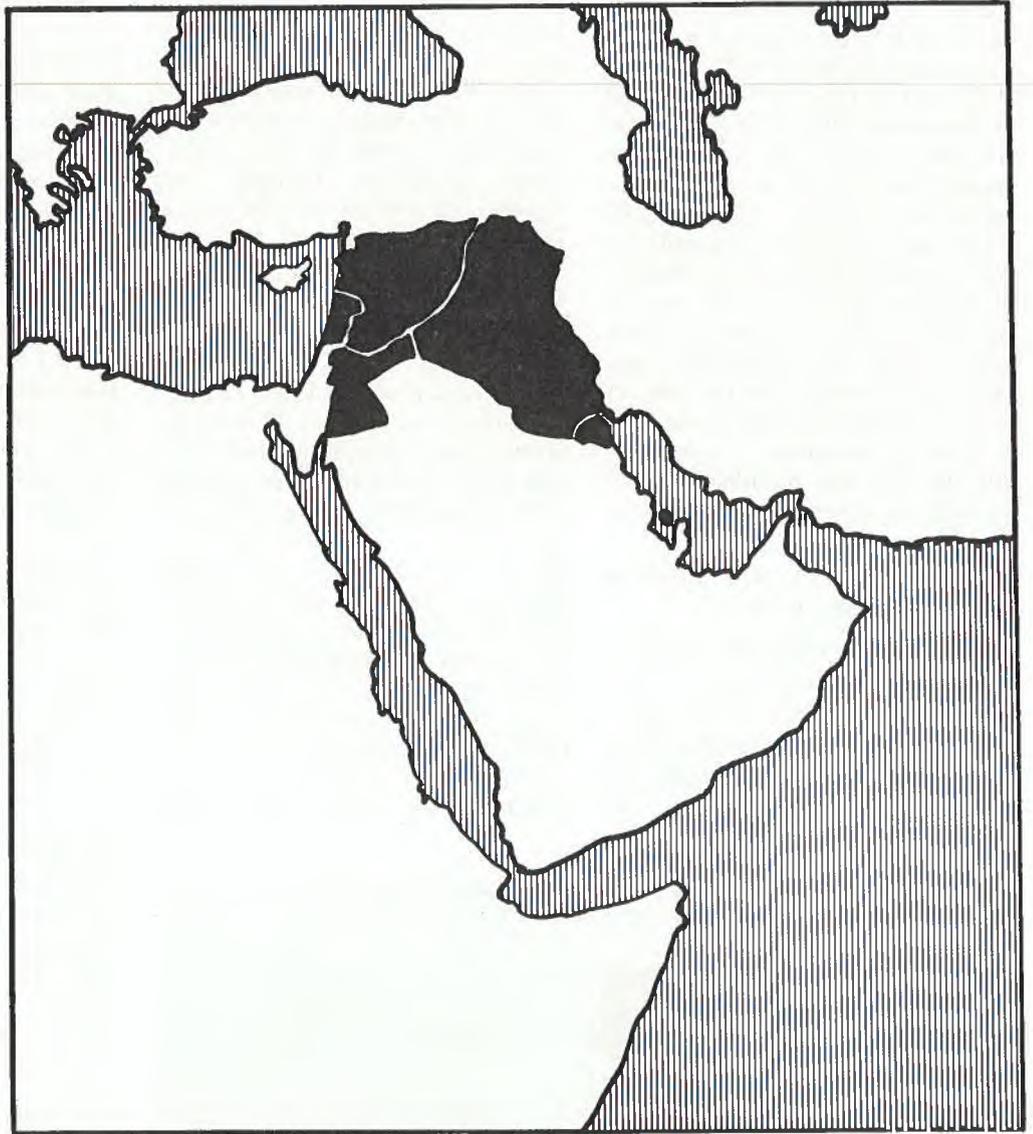
Canadian activities in and trade with the Sudan are limited. Apart from last year's spot purchase of cotton worth \$334,000, the only commodity purchased by Canada is gum arabic—the Sudan produces 80 per cent of the world supply and Canada imports between \$40,000 and \$80,000 worth each year. Similarly, Canadian exports to the Sudan are confined to a few products, mainly farm implements. Exports last year were valued at \$260,000, a considerable increase over previous years.

Now that the Sudan has sold its complete stock of cotton, it is unlikely that its earnings of foreign exchange will be as high this year as they were last. Improvement in this direction will come about with bigger production and exports of cotton, which in turn depend on the irrigation schemes now in the planning stage. The general improvement in economic conditions during 1959, however, induces optimism about the future. ●

*Shells from the bottom of the Red Sea help the Sudanese fishermen earn a living. A UN Technical Assistance expert (center) has been helping the fishermen to introduce more effective collecting methods and to grade the shells more carefully.*



MARCH 12, 1960



# Bahrain

Oil revenues finance progress and make this a rewarding small market. Canadian firms might find opportunities in several lines, especially if they visit the area.

N. D. ANDREWS, *Office of the Commercial Secretary, Beirut.*

BAHRAIN provides a striking example of change as a motivating force in an economy. For centuries this small sheikdom lived on its pearl-fishing industry. Today it thrives because of oil, with transit trade as the second source of revenue.

The population of the Bahrain group of islands totals now 143,000; some 62,000 live in Manama, the principal trading centre. Oil production is very small compared with the principal Persian Gulf oil centre, Kuwait, but is nevertheless sufficient to have brought prosperity and progress. The Government receives oil revenues of about \$6 million a year and the Ruler devotes a large percentage to developing his country and improving the lot of his people. In the 1959 budget, over \$8 million was allocated to development projects and public works, compared with nearly \$5 million in 1958.

Production of crude oil in 1956 reached 1.46 million tons; in 1957 it rose to 1.58 million and in 1958 to 2.3 million. The oil refinery at Sitra is the third largest in the Middle East, with a capacity of 10 million tons a year; much of the oil it processes comes from Saudi Arabia along 34 miles of pipeline. Exports of refined oil products total about nine million tons a year. Apart from the direct revenue from oil, the economy also benefits from large expenditures by the oil company on wages and local purchases, to an estimated total of some \$17 million a year.

Current development projects include an increase in the electric power supply and its extension to villages, the construction of new

terminal buildings at the airport, and the building of a new bridge and a dual carriage-way road from Manama to the oil camp. Apart from oil, there is little industry and there is also little agriculture. Tomatoes are the most successful crop and the Government is considering the feasibility of starting a plant for canning them and for producing tomato paste. There are plants for soft-drink bottling, tiles, reconstituted milk (made from skim milk and butter fat), carbon dioxide, lime, cement blocks and ice. There are servicing facilities for Rolls Royce oil engines and slipways for repairs to small coastal vessels.

## Foreign Trade

Imports in 1958 rose to \$51.7 million compared with \$48.5 million in 1957. Britain remains the chief supplier with 26 per cent of the total, followed by India with 14 per cent, the United States with 11 per cent, Japan with 7 per cent and the Netherlands with 4 per cent. Altogether 40-odd countries export to Bahrain and sell chiefly household goods including electrical equipment, rice, foodstuffs, clothing, machinery and construction equipment. Canada's share of the market is extremely small; our exports are confined to oil stoves and lamps, plastic laminate, aluminum, canned foods and tires.

Bahrain's exports, apart from refined petroleum products, are all re-exports; in 1957 these were valued at \$17.2 million and in 1958 at \$19 million. Figures available to the end of July indicate a slight increase in 1959. The free zone for

transit trade was inaugurated in January 1958 and a new deep-water jetty with six berths, costing \$8.5 million, is nearing completion. At present, ships have to stand out at sea and unload into lighters. The new jetty should cut the turn-round time considerably and stimulate Bahrain's already flourishing transit trade. The principal products handled are foodstuffs, household goods, rice, lumber, machinery, cotton and silk piece goods. The main customers are the eastern part of Saudi Arabia (which takes between 60 and 70 per cent of the total) the Trucial States, Qatar and Iran. There are no customs dues on goods in transit and the facilities offered mean that merchants can carry stocks in the Free Zone for the immediate filling of orders from customers in nearby countries. Monthly storage charges amount to \$0.0436 per cubic foot for cased goods, bales and packages, and to \$4.20 per 100 bags a month for this type of packing.

Import permits are not required in shipping to Bahrain and customs duties range from 5 to 10 per cent. Alcohol, tobacco and cigarettes are exceptions; they are subject to a 15 per cent duty. Permits are required for alcohol. Imports for the oil company and the Government enter duty-free. There is no shortage of dollars.

## Sales Opportunities

Bahrain, as an oil-producing country, constitutes a rich potential market with wide scope for development. Canadian exporters are handicapped, however, by lack of direct shipping, but this difficulty is not insurmountable. Price is perhaps the main factor and meeting competition calls for a determined effort. In foodstuffs, there is certainly room for expansion of Canadian trade, but perseverance and serious study of the market are prerequisites. The demand for construction projects will continue but competition is fierce and it would probably need a consortium of Canadian companies to handle any

of the large ones. Household paper products such as towels, toilet paper, facial tissues, etc., sell well; so do pharmaceuticals, paints, stoves and lamps, and electrical household equipment. Wheat is in demand, especially when the traditional Middle Eastern suppliers have poor crops. Flour has great possibilities for Canadian exporters and with competitive prices, good trade should result. For government tenders, a Bahraini is essential as exclusive agent. The oil company is

buying more and more through local representatives and here again a first class local agent is desirable.

One of the methods of entering this market that some foreign firms use is exhibiting at the Bahrain trade fair. The fourth annual fair is set for March 31 to April 7; one Canadian company is contemplating an exhibit. In past years, foreign exhibits were confined to firms represented by Bahraini agents but it is expected that this restriction will be removed. Attendance at the

1959 fair was estimated at 40,000 and included visitors from the various Gulf and Arabian territories. There were 70 stands (mainly showing British goods) covering some 28,500 square feet.

Personal contact can do more in a few days than months of correspondence. Canadian exporters who want to make a bid for this market should try to include not less than three or four days in Bahrain in their next itinerary in the Middle East. ●

## Iraq

**Oil royalties continue to supply funds for development; ambitious Four Year Plan will get under way shortly. Poor grain harvests have led to large wheat imports and boosted Canadian sales.**

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

A year and a half has passed since the revolution of July 1958 overthrew the Hashemite monarchy of King Feisal II and the government of Nuri Said and installed a republican regime under General Kassem. Although this is a short time in the political life of a country, much has happened in Iraq in the ensuing 18 months. Politically and economically, the country has undergone a reorientation. In the past, Iraq's political and economic life was tied closely to the West, especially the United Kingdom. The new regime broke away from the Baghdad Pact, severed its connection with the sterling area, and renounced its agreement with the United States for financial aid. It accepted a Russian foreign assistance loan of 550 million roubles and has signed trade agreements with nearly every Iron Curtain country.

The Government's relations with the Iraq Petroleum Company, the oil concessionaire in Iraq, have not altered much and the flow of oil

has continued unhampered. Although the Russians have made more attractive profit-sharing offers than the present arrangement with the Iraq Petroleum Company, the Iraqi authorities have not changed their agreement with the company. They realize that producing oil is useless without adequate marketing facilities and that the Western countries are likely to remain for a long time the real market for Iraqi oil. The fact that in 1958, out of a total budgetary revenue of ID95 million, oil royalties from the IPC amounted to ID83 million reveals the importance of oil in the economy.

Before the 1958 revolution, 70 per cent of the oil royalties were earmarked for the development program. Since then, larger defence expenditures (estimated at ID34.81 million, or one-third of the total 1959 budget of ID102.88 million) have made it imperative to reduce the allocation for development to 50 per cent and increase the allocation to other budgetary expenditures to

50 per cent. The present development program, backed partly by Russian capital and a large number of Soviet experts, consists of many projects, some started under the former regime. Among the more important ones are:

- Enlargement of the port facilities at Basra and the building of a new port at Um Qasr. (The latter will cost ID4 million.)
- Establishment of a shipbuilding yard in Basra. The Minister of Communications recently signed a contract with the Soviet Techno-Export for the setting-up of this.
- Improvement of rail transport between Basra and Baghdad. Five Soviet railway experts are studying the possible changeover of the line from narrow to standard gauge, at an estimated cost of ID4 million. This would cut travelling time between the two cities in half because trains could run faster. A new line will also be built between Kut and Nassiriyeh; work on it is expected to begin soon.
- Completion of the Derbendi Khan dam project under the supervision of a team of Yugoslav consulting engineers. This dam was started under the former Government of Iraq.

- An engineering survey of the proposed Basra paper-mill project, requested by the Ministry of Guidance. This will be made in 1960.

- Survey for the location of a new airport at Baghdad.

#### Four Year Plan

The President of the Republic, General Kassem, recently announced that a Four Year Plan, to cost approximately ID400 million, would be implemented shortly. The amounts allotted for the various phases are:

Petroleum industry	ID100 million
Housing	ID 76.5 "
General construction	ID 50.5 "
Agriculture	ID 40 "
Industry	ID 38 "
Public works	ID 31 "
Public health	ID 24.5 "

Various other projects are to be carried out with Soviet foreign aid worth ID10 million. The expenditures on the plan will reach ID80 million the first year, ID143 million the second, ID99 million the third, and ID48 million the fourth and last year. The capital required will come from oil royalties, state reserves and foreign loans.

#### Oil Production

Since the revolution, oil production has increased steadily to an annual flow of 40 million tons in 1959. The annual capacity of the Iraq Petroleum Company's pipeline carrying oil from the northern oilfields of Iraq to Tripoli in Lebanon is actually 28 million tons and the addition of a third pipeline from Syria to Tripoli will increase the capacity to 35 million. The capacity of the terminal in the Persian Gulf serving the oilfields in the south of Iraq is also being expanded from the present 12 million to 22 million tons with the construction of a deep-water wharf off the coast. Production in Iraq now equals that in Iran and the latest information on oil royalties for 1959 is that they will total ID90 million.

Although General Kassem has not changed the agreement that the Iraq Petroleum Company made with the Iraqi Government, he has been anxious to boost his revenues from oil and has asked the oil company to step up production and to give up some of its concessions in the areas where exploration work has not been carried out. These concessions would then go to other interested companies. The Basra Petroleum Company (a subsidiary of the Iraq Petroleum Company) has released offshore areas but they have not been taken up by other organizations. IPC is continuing exploration work but it is becoming more and more difficult to find new reserves.

#### Industry Encouraged

To encourage the development of light industries in Iraq, the Ministry of Commerce through the Industrial Bank will advance up to 80 per cent of the cost of any industrial project. A new industrial trend is apparent with the offers by Russia and the satellite countries, (especially East Germany and Czechoslovakia) of small "turnkey" factories. A special committee consisting of representatives of the Federation of Industries, the Directorate General of Industry, the Iraqi Hides Association and the Grain Board has been formed to consider the offers. The committee has chosen 17 factories out of a total of 56 offered by the German Democratic Republic. It is also considering a choice among 100 plants offered by Czechoslovakia. Offers made so far are for small plants, including factories for making shoes, textiles, glasswork, metal commodities, and electric appliances and for tanning hides. The public has displayed interest in these plants, particularly because the Government will give financial help. Before the end of 1959, it is understood equipment for ten of these factories will be in Iraq and experts will be arriving to install and operate these and train Iraqi personnel. Under the mutual economic and



*A typical Iraqi from village near Baghdad.*

technical co-operation agreement between Iraq and the Soviet Union, an antibiotics plant will be built in Samarra on the left bank of the Tigris. A large shoe factory with a capacity of one million pairs a year is expected to go up this year at Kufa.

#### Agricultural Output Down

Iraq has been plagued by drought and locusts in the past two years and its wheat and barley crops have suffered. Large imports of barley and also of wheat were made in 1959, with Canada supplying some 50,000 tons, and more imports are expected this year. The Agrarian Reform Law, intended to break up the large land-holdings of the tribal sheikhs and feudal land-owners, is due to be carried out in full in five years. The first 10,000 acres of some of the best farmland in Iraq were distributed to 1,200 peasants last summer. The limit of individual holdings is now 1,000 donums (600 acres) of irrigated land, or 2,000 donums of non-irrigated land. The shortage of rain, the locust infestation and the agrarian reform are all looked upon as vital factors in the poor harvests that have forced the Government to import over 200,000 tons of wheat from Australia, Can-

ada, the U.S.S.R. and Turkey during 1959. The date crop was also poor in 1959; the quality was average but the quantity was estimated at 50 per cent below average in the southern area and 35 per cent below in the central area. Agricultural disease, lack of water, prevalence of dust and early cold weather accounted for this smaller harvest.

### Pattern of Trade

Trade statistics for 1959 are not yet available, but the 1958 figures reveal that trade with the Eastern bloc remained insignificant. During that year the main sources of supply were the United Kingdom with ID23.08 million, the United States ID14.18 million, West Germany ID12.37 million, Japan ID8.59 million and India ID1.37 million. The main products imported were textiles, sugar, tea, foodstuffs, chemicals, pharmaceuticals, electrical appliances, timber, machinery and equipment, iron manufactures, motor vehicles, and electrical goods. Exports from Iraq in 1958 (including oil, ID185.536 million) amounted to ID202.434 million against ID128.425 million (oil, ID113.155 million) in 1957. These figures show the major rôle that oil exports play in Iraq's foreign trade. Imports into Iraq in 1958 totalled ID99.81 million. When the 1959 statistics come in, it will be interesting to see to what extent the trade agreements that the new regime in Iraq has signed with Russia and the satellite countries have affected the country's trade with the West. Present information shows a considerable reversal in the trade trend.

In 1957, Canada's exports to Iraq totalled \$1,069,629; in 1958 they dropped to \$969,000 and this trend continued until October 1959, when our large wheat exports (\$2,878,715 in that month) brought our export figures for ten months to \$3,613,160. There is a possibility that the business in wheat may be repeated for a few more years, but this trade cannot be regarded as permanent. It is expected that Iraq,

a traditional exporter of barley and self-sufficient in wheat by 1957, will be able to rebuild its production soon. Traditional Canadian exports to Iraq include pharmaceuticals, aluminum, cooking ranges, milk powder, agricultural machinery, washing machines, and asbestos brake linings.

The new regime in Iraq has broken away from the sterling bloc. It has abolished the two-quota system—one for imports from soft currency and the other for those from the dollar or hard currency area—and has adopted one quota list without currency differentiation. Within the current system, however, there are categories such as prohibited imports, restricted imports which are subject to conditions and rules of the Directorate General of Imports and Exports, and goods for which permits are readily granted.

## Jordan

British and U.S. money is financing development projects; opening of port at Aqaba highlight of 1959. Britain, West Germany and U.S. dominate import trade; Canada's share still small.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE economic development of Jordan continues at a steady pace. The new port of Aqaba on the Red Sea, Jordan's only direct access to the sea, was officially inaugurated last December. Financed by British development loans and built by British and German engineers, it has a dock 520 feet long that can now handle ships up to 20,000 tons. Facilities for loading and unloading are extensive and modern. Twelve oil-storage tanks with a total capacity of 16,000 tons are available. Trade through the port totalled 408,000 tons in 1958, against 147,000 in 1957 and 144,000 in 1956. Phosphate furnished

At the end of October 1959, the Minister of Trade formed a committee to draw up the program of imports for 1960 in the light of current economic conditions and the national requirements. He asked the committee to have a list ready at the beginning of 1960, but nothing has yet been announced.

Given peace, the potentialities of the market in Iraq are great. Of all the countries of the Middle East, it is the one most favoured with natural resources. It receives large oil royalties, has extensive agricultural areas with adequate water supplies from the Tigris and Euphrates, a fairly large population, and a growing industry. Although its agriculture is going through a difficult period, this is a temporary situation and should right itself soon. Canadians should watch this market closely. ●

almost all the outgoing tonnage (133,000 tons) in 1958.

Excavation of the East Ghor Canal, part of a project designed to irrigate 30,000 acres of land in the Jordan River valley within the next four to five years, is well under way. The East Ghor Canal authority, recently established by the Jordanian Government, is responsible for the construction and supervision of the whole scheme.

The pilot plant for the extraction of potash has been completed on the north shore of the Dead Sea. The main plant will be ready within two years and will have a capacity of 100,000 to 150,000 tons per year.

The production of phosphate, a major export, is being expanded to reach 500,000 tons a year by 1963; the 1958 figure was 320,000. The Jordanian Phosphate Company has signed a sales and barter agreement with the Yugoslav organization Jugometal, which will establish foreign offices to promote exports of this mineral. Yugoslavia will import an increased amount, part of which will be paid for by barter. Jordan's phosphate exports in 1958 reached 233,000 tons and were expected to climb to 300,000 in 1959. The new phosphate-loading berth at Aqaba will facilitate this export.

An oil refinery is being built at Zerka, north of Amman; it will draw its oil from the Trans-Arabian pipeline that crosses Jordan, bringing oil from Saudi Arabia to the Lebanese seaport of Sidon. A 30-mile branch pipeline will be needed and construction is expected to begin shortly.

The transportation system is expanding; a new road has been opened between Amman and the Dead Sea and the route from Amman to Aqaba will be completed in about a year. Plans for railway expansion include extension of the present line south to Aqaba. Five locomotives and 25 tank cars have been purchased with U.S. Point IV funds.

### Financing Development

Most development works are being financed by the U.S. Point IV Program, the United Nations Relief and Works Agency, Jordanian Government departments, or the Jordan Development Board. The latter, created to prepare and co-ordinate a national development program, spent during the fiscal year ended March 31, 1959, JD3.5 million, obtained from Britain in interest-free loans. This went towards roadbuilding, afforestation, water resource development, improved vocational training and industrial and agricultural credit programs. Further projects under consideration are a fishing industry, copper and manganese prospecting, and

topographical works. A search for oil is also going on.

Jordan's primary source of income is agricultural produce; fruits, vegetables and olive oil are exported. The 1958 drought seriously damaged crops and cut down the livestock population. However, this year's wheat harvest is estimated at 120,000 tons, double 1958.

### PRINCIPAL AGRICULTURAL PRODUCTION

	1956	1957	1958
	(in thousands of tons)		
Wheat	242	220	67
Barley	96	81	17
Tomatoes	52	65	74
Cucumbers and melons	68	109	77
Olives	72	15	52

### Foreign Aid

The economic health of Jordan continues to depend on the financial grants and loans from the United States and the United Kingdom. The budget for 1959-60 provides for expenditures of JD38.2 million\*, an increase of JD2.7 million over the previous fiscal year. Revenue from internal sources is estimated at JD9 million. The deficit will be covered by foreign aid, mainly from the United States and the United Kingdom. Half of the total budget expenditure goes to defence.

U.S. budgetary aid during the fiscal year (April 1, 1959, to March 31, 1960) had reached U.S.\$24 million by December 1959, compared with \$43 million during the whole of the 1958-59 fiscal year.

The United Kingdom has given £2 million in budgetary aid during this fiscal year. An additional £500,000 was loaned to help in the construction of the desert road from Amman to Aqaba. These grants do not include military assistance, donations of surplus wheat and barley for relief purposes, UNRWA (United Nations Relief and Works Agency for Palestine

\*One Jordanian dinar=US\$2.80.

Refugees), UNTAB (United Nations Technical Assistance Board), and the U.S. Point IV program for technical co-operation and economic assistance.

### Markets and Suppliers

The principal markets in 1958 included the Syrian province of the United Arab Republic, Yugoslavia, Lebanon, Iraq, Czechoslovakia, Kuwait, Saudi Arabia and India. Agricultural produce and natural phosphates are the chief exports.

### JORDAN'S MAIN MARKETS

	1957	1958
	('000 J. Dinars)	
<i>Exports to:</i>		
U.A.R. (Syrian province)	1,197.1	970.7
Yugoslavia	435.8	424.9
Lebanon	999.4	326.7
Iraq	465.2	305.3
Czechoslovakia	272.0	281.7
Kuwait	208.8	263.5
Saudi Arabia	295.2	255.5
India	153.3	198.3
Total, including all countries	4,302.3	3,139.3

Jordan's main suppliers in 1958 were the United Kingdom, West Germany, the United States, the Syrian province of the U.A.R., and Lebanon.

### JORDAN'S PRINCIPAL SUPPLIERS

	1957	1958
	('000 J. Dinars)	
<i>Imports from:</i>		
United Kingdom	5,029.7	4,232.4
West Germany	2,461.1	3,754.7
United States	2,272.8	2,919.1
U.A.R. (Syrian province)	1,939.6	2,815.9
Lebanon (foreign re-exports)	2,724.8	1,978.9
Italy	1,298.2	1,402.6
Japan	1,328.1	1,372.1
Iraq	658.6	1,274.4
Lebanon	1,590.5	1,203.9
Netherlands	800.8	1,194.3
U.A.R. (Egyptian province)	1,175.2	1,049.8
Total, including all countries	30,486.2	34,028.7

Commodities imported during 1958 included oil and products, iron and steel and products, cereals (including UNRWA wheat and flour contributions), textiles, leather, etc.

Canada's exports to Jordan in 1958 were valued at \$159,000 compared with \$98,000 in 1957. Exports for the first nine months of 1959 amounted to \$11,000, 18 per cent higher than for the same period in 1958. Apart from donations, shipments consisted of synthetic resin manufactures, primary aluminum, tires, washing machines, stoves, whisky, lumber, asbestos brake linings, etc. Canadian imports from Jordan continue to be small—only \$5,516 in 1958.

### Import Regulations

The list of prohibited imports, amended in January 1959, is as follows: cement (except white cement), cigarettes, arak (local alcohol), soft drinks, carbonic acid gas, and instruments and machines for new factories, unless recommended by the Ministry of National Economy. Later in 1959, wheat and flour (UNRWA donations excepted) and secondhand cars for commercial purposes were added to the list.

The main feature of the amended regulations is the abolition of the distinction between essential and non-essential goods. Previously, the Jordanian dinar could not be exchanged for foreign currency at the official rate when buying non-essential goods. The importer was obliged to buy foreign exchange on the free market at a slightly higher rate. This restriction on the purchase of foreign exchange at the official rate has now been eased.

The predominant role played by the United States and the United Kingdom in financing Jordan's economic development means they supply a good part of the country's imports. But although Canada's commercial sales to Jordan are extremely small, they are slowly increasing in value. ●

# Kuwait

Keen competition for markets continues in this expanding oil-rich economy. Competitive prices and good local agents are of overriding importance.

E. A. MAKLOUF, *Office of the Commercial Secretary, Beirut.*

KUWAIT has become in a decade the most prosperous country in the Middle East because of its oil resources. Oil production, which in 1946 totalled 800,000 tons, reached over 70 million tons in 1958 and in that year brought to the 200,000 people of this small sheikdom a revenue of \$415 million. Today its reserves are estimated at more than 20 per cent of the free world's total oil reserves.

The Kuwait Oil Company, a British-U.S. organization, is the principal concessionaire. Two other U.S. companies operating in the neutral zone between Kuwait and Saudi Arabia produced four million tons in 1958. A Japanese company started offshore drilling in 1959.

### Development Projects

Using the large royalties, Kuwait is developing into a modern country. Fine schools, houses, estates, public buildings, new roads, fluorescent street-lighting, hospitals and free health and welfare services are evidence of the progress made in a relatively short period. Expansion continues and, in addition to improvements in the oil industry, further projects are being planned and executed. These include:

- A deep-water harbour being built by a U.S. company. Two berths are already in operation and the remainder will be completed in mid-1960 at a total cost of \$23.5 million.
- A second water-distillation plant with a daily capacity of 1.3 million gallons. Westinghouse holds the contract.
- An international airport, the contract for which has gone to a

British firm of consultants. It will cost \$15 million.

- A government hotel (\$4 million) and two public buildings (\$6 million).
- A sewage system for the town of Kuwait. A German firm received the contract for the project design.
- A water-distribution network.
- A gas-bottling plant.

Invitations to tender on development projects are circulated internationally but only Kuwaiti firms registered with the Development Board can bid; this makes it necessary for foreign contractors to have Kuwaiti partners or agents. United States, British, German, Austrian and other firms have already complied with this regulation. Similarly, foreign individuals and firms cannot start a business except in partnership with a Kuwaiti. Immovable property may be owned only by Kuwaitis or, with permission, by other Arabs.

### Trade Increases

The growth of the market shows a continued interest in goods from abroad. Imports in 1958 reached about \$200 million (not including purchases by oil companies), an increase of 25 per cent over 1957 and 100 per cent over 1955. The main imports were machinery, iron and steel, construction materials and equipment, foodstuffs, textiles, clothing and automobiles. The United Kingdom remained the leading supplier with 29 per cent of the market, followed by the U.S. (20 per cent), Germany (9 per

cent), Japan (8 per cent), and India (5 per cent).

Exports consist almost entirely of oil and nearly all of it is shipped abroad. The United Kingdom is the largest buyer, taking about one-third of Kuwait's oil exports.

### Import Regulations

Except for prohibited goods such as arms, ammunition and narcotics and for alcoholic beverages which require a licence, all commodities may be freely imported and can be paid for with exchange easily obtained on the free market. Import tariffs are low. There is an over-all rate of 4 per cent calculated on the c.i.f. value.

### Trade Opportunities

Statistics of trade between Canada and Kuwait are not available. The volume of business is not large, mainly because there are no direct shipping connections. Some Canadian products are available in the market, such as canned foodstuffs and flour, plastic laminate, oil lamps and stoves. Poor cereal crops in Syria and Iraq recently have elicited inquiries for Canadian wheat and barley.

Freedom of trade, the large income from oil and the constant rise in the standard of living make Kuwait a market worth attention. Despite its remoteness, the country relies entirely on imports to meet its needs and therefore offers good opportunities to business, consultant and construction firms alike. Success in selling depends on two important factors. The first is price. Because of the keen competition in this market, the Kuwaiti is price-conscious. Second, although limited knowledge of foreign languages and trade techniques may make correspondence rather sporadic, the Kuwaiti merchant appreciates personal contacts and prompt handling of correspondence by suppliers. Canadian firms should gain by following up their correspondence (by airmail) and particularly by visiting their clients. ●

# Lebanon

Economic recovery proceeded apace in 1959; foreign holdings in Lebanese banks are rising, exports and imports expanding. Canadian exporters are benefiting from this upsurge.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE Lebanese economy is back on its feet. Barring radical changes in the present relative stability of nearby countries, the prospects for Lebanese business are good. Before examining business conditions in detail, a brief look at the economic background might be useful.

Lebanon's 1.4 million people live in a country 4,000 square miles in area. Its backbone is a range of mountains separating the narrow coastal plain on the Mediterranean from the beautiful and fertile valley of the Bekaa. A second range on the east forms the border with the Syrian Province of the United Arab Republic. North of Lebanon the Syrian frontier continues to the Mediterranean. To the south lies Israel.

### Resources Are Limited

Natural resources are extremely few. The rugged terrain limits the amount and variety of agricultural produce and increases the cost of cultivation. Citrus fruits, apples, grapes, olives, pears, peaches, bananas and vegetables, including sugar beets, are the major crops; tobacco is also important. Limestone is abundant and there is a small deposit of iron ore.

One of Lebanon's most valuable assets is its geographical location on the eastern Mediterranean, through which run the main trade routes from Europe to Asia and Africa. This means relatively easy access for raw materials (and for tourists) by air and sea.

Lebanon's highways are being continually improved and internal transport is not costly. But roads leading to other Middle East coun-

tries are still inadequate and transport costs high. Railway lines between Lebanon, Syria and Jordan are only suitable for bulky low-cost goods.

### Few Large Industries

Lebanon is not an industrialized country. About one-half of the population earns its living from agriculture, which accounts for one-fifth of the national income. Some of the industries are based on natural resources. A good quality cement is obtained from Lebanese limestone deposits and this has led to the establishment of secondary industries producing concrete products such as drainage and water pipes, and other construction materials—marble, tiles, kitchen sinks, plumbing fixtures, etc.

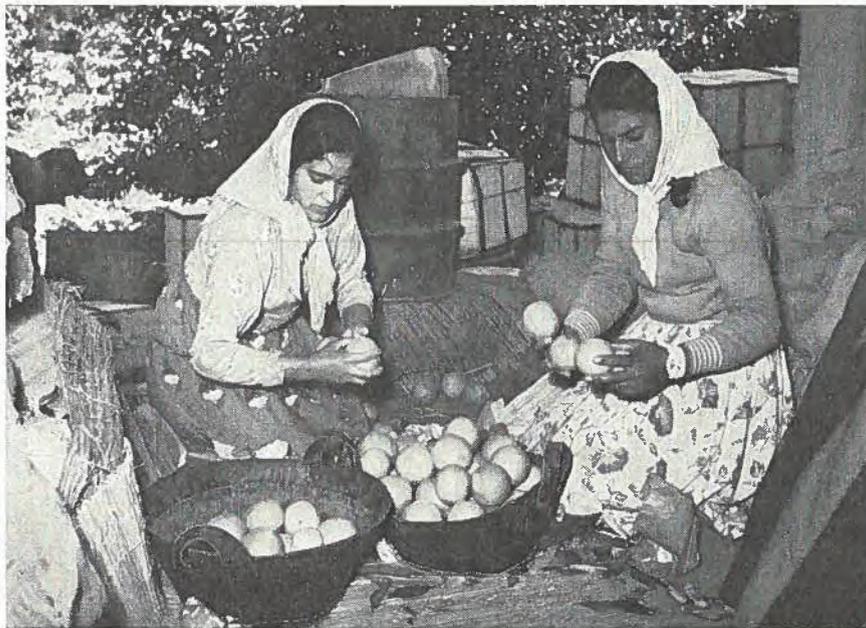
The Lebanese tanning industry processes about 125,000 hides a month. A good-sized textile industry imports its raw cotton from Syria and Egypt. Iron, steel and aluminum are imported and made into kitchen utensils, metal furniture and other hardware. There is one blast furnace smelting local iron ore.

The oil refinery at Tripoli is supplied by the Iraq Petroleum Company pipeline that brings oil from Iraq. Another refinery at Sidon draws its crude oil from a second (Trans-Arabian) pipeline joining the fields in Saudi Arabia to the port of Sidon.

The food-processing industry has developed rapidly in response to local demand for chocolate, biscuits, milk, macaroni, beverages, etc. However, a large proportion of urban families have developed a preference for imported foods, and

*Citrus fruit grows well in the Mediterranean climate of Lebanon's coastal strip and has become one of the country's important crops.*

*The photograph shows Lebanese women sorting oranges after picking.*



these exceed in volume the production of local food-processing plants. Other industries include the making of footwear, clothing, soap, and furniture.

The present cost of electric power is high and the supply inadequate. Completion of the Litani hydroelectric and irrigation project in the early 1960's will help to overcome this problem.

### **Background of Business**

Most businessmen in Lebanon are traders and about one-third of the country's total income is earned through trade. Two-thirds of this comes from import, transit and entrepôt activities. The Lebanese trader, in addition to his own thorough knowledge of trading techniques, benefits from a highly developed financial market, easy communication with the rest of the world, and a large port and free zone at Beirut. Although most of the local trading firms doing business with foreign countries are small, their principals show shrewdness and ingenuity in opening up new avenues of business.

The domestic market is small and income unequally distributed. About 80 per cent of the population lives on one-quarter of the national income. Approximately one-third of the Lebanese reside in or near Beirut and enjoy relatively high purchasing power. The market for manufactured goods therefore lies mainly in Beirut. Other markets are Tripoli and Sidon.

There are many commercial banks, both foreign and local, and they have extensive experience in financing foreign trade. They normally grant loans to their customers for up to three months, and sometimes six. Nevertheless, one of the small importer's main problems is obtaining funds to permit him to pay overseas exporters promptly, while granting a credit of 30 days or more to his own customers. Foreign suppliers usually want payment by irrevocable letter of credit. For expensive durable goods such as cars, washing machines and refrigerators, instalment buying has become the normal practice in the highly competitive Lebanese market. The importer thus often needs credit.

The last analysis of conditions in Lebanon (see *Foreign Trade* of January 17, 1959) remarked on the miraculous recovery of commercial life following the internal crisis and expressed cautious optimism for the future. Continued political stability and increasing economic activity have confirmed this view. Building, mainly residential, continues steadily and consumer spending is high. Bank deposits reached Leb-

anese £621 million in April 1959, compared with Lebanese £605 million early in 1958. Foreign holdings in Lebanese banks have risen from a low of U.S.\$20 million in 1958 to U.S.\$75 million—an indication of the growing confidence of the foreign investor in Lebanon's stability.

### **Exports and Imports**

Exports during 1958, the year of crisis, were valued at Lebanese £127 million, about 29 per cent below the 1957 total of £178 million. The principal commodities exported in 1958 were oranges, lemons, apples, bananas, hides and skins, vegetables and gold. The chief markets included the Syrian Province of the U.A.R., Kuwait, Saudi Arabia, Jordan, France, the United States, Iraq, the United Kingdom and the Soviet Union. The Arab countries took 45 per cent of Lebanon's exports and the Soviet Bloc 7½ per cent. For the first half of 1959, sales abroad reached Lebanese £64 million.

Chief imports into Lebanon in 1958 included gold, iron, steel and products, mineral oils, machinery, electrical equipment, motor vehicles and accessories, cereals and textiles.

## EXPORTS FROM LEBANON

	1957	1958
	('000 Lebanese £)	
U.A.R.	33,204	23,869
Saudi Arabia	23,498	16,027
France	7,966	8,716
Britain	7,599	7,275
Iraq	13,349	6,654
United States	6,975	6,102
West Germany	5,604	3,814
U.S.S.R. and Communist Bloc countries	11,959	9,959
Others	67,914	44,341
<b>Total</b>	<b>178,068</b>	<b>126,757</b>

## IMPORTS INTO LEBANON

	1957	1958
	('000 Lebanese £)	
Britain	115,196	88,481
United States	81,767	71,914
U.A.R.	104,935	63,560
France	54,967	49,322
West Germany	43,309	39,387
Italy	36,630	33,548
Saudi Arabia	39,770	32,883
Iraq	24,795	23,964
Belgium	18,061	14,915
Sweden	6,573	11,807
Switzerland	18,530	11,143
Netherlands	12,532	10,848
U.S.S.R. and Communist Bloc countries	24,765	16,812
Others	84,205	80,391
<b>Total</b>	<b>666,035</b>	<b>548,975</b>

Total imports fell from Lebanese £666 million in 1957 to £549 million in 1958—a drop of about 18 per cent. For the first half of 1959, imports totalled £329 million.

Britain remained Lebanon's main supplier in 1958, followed by the United States, the United Arab Republic (Syrian Province), France, West Germany, Italy, Saudi Arabia, Iraq, Belgium, etc.

### Transit Trade

The revenue gained from transit trade in commodities makes up an important part of Lebanese income. With remittances from Lebanese overseas, the tourist trade, and

services, it helps to cover the annual deficit in the trade balance. Losses to the transit trade in 1958 were serious; total traffic declined from 587,000 metric tons in 1957 to 329,000 in 1958. As 90 per cent of this trade is carried on with Syria, Jordan and Iraq, subsequent restrictions placed on overland freight by these countries have prevented the Lebanese transit trade from making a quick recovery. An agreement between these countries has just been reached but it is too early to forecast its effect upon the transit of merchandise through the port of Beirut to Syria, Jordan, Iraq and Iran.

The transit of oil via the pipelines to Tripoli and Sidon continues steadily. Oil royalties have increased following the signing of a new agreement between the Iraq Petroleum Company and Lebanon in June of this year. The annual sum paid by IPC for transit and loading privileges is £1,225,000 sterling. This will undoubtedly be revised with the completion of a third pipeline currently being constructed between Tripoli and the Syrian border.

### Trade with Canada

Canada's exports to Lebanon rose from \$1.12 million in 1957 to \$2.24 million in 1958—a 100 per cent increase—chiefly as a result of the considerable quantities of wheat flour donated by Canada to the United Nations Relief & Works Agency. In 1959, the figure stood at \$3.42 million. Commodities with larger sales in '59 included primary aluminum, passenger cars, wheat, milk powder, toilet paper and medicinal preparations. A poor harvest in Syria—Lebanon's traditional supplier—enabled Canadian wheat to enter in relatively large quantities. Other commodities supplied include asbestos milled fibres, brake lining facings, washing machines, lumber and tires.

Canadian imports from Lebanon in 1958 totalled \$81,000 compared with \$43,000 in 1957. Aside from settlers' effects, the main item was

oriental carpets. Imports during the first nine months of 1959 totalled nearly \$20,000.

### Exchange, Import Regulations

The Lebanese pound is stable and freely convertible; it has a 77 per cent gold coverage, higher than most other currencies. There are no restrictions on exchange. The present free market rate is Lebanese £3.17 to the U.S. dollar; the Canadian dollar is quoted at Lebanese £3.30. The official rate, Lebanese £2.19=\$1 (U.S. or Can.) is used only to calculate customs duties.

Goods prohibited from entering Lebanon include narcotics, diesel vehicles and engines, tobacco, cigarettes and cigars, weapons and other implements of war. About 34 commodities require an import licence; those of main interest to Canada are wheat, barley, oats and rye, powdered milk, pears and apples, oranges and lemon juice, footwear, leather and furniture. All other commodities may be imported freely.

The Lebanese economy has its share of problems but it is showing strength and resilience in overcoming them. The Government, aware of the country's needs, has been financing an expansion program that includes hydro-electric, airport, fisheries, irrigation, highways and industrial development.

Lebanese industry has doubled its capacity since the end of the war; the number of industrial plants has increased by 50 per cent since 1949. Industrial growth up to 1963 shows a projected capital investment of about Lebanese £500 million, as against Lebanese £300 to £350 million at the end of 1958.

This economic development, coupled with the rising demand for goods in the Middle East generally, makes Lebanon a market for Canadian businessmen to study seriously. Although it is highly competitive, consumer and industrial needs are growing. With initiative and perseverance Canadian exporters can share in meeting this demand. ●

# United Arab Republic

## Syrian Region

**Restrictions on imports eased and certain customs tariffs reduced to help difficult situation created by poor grain harvests and low cotton prices. Trade last year marked by shift to the West; Canadian sales decreased.**

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

SINCE the beginning of 1958, when Egypt and Syria came together to form the United Arab Republic, Syria has lost its status as a country in its own right and has become the Syrian or Northern Region of the U.A.R. The union was regarded as a step towards greater Arab unity, but the merger of a highly controlled economy like that of Egypt with a relatively free economy like Syria's brought with it many economic, financial and social problems.

### **Problems and Remedies**

These problems have been aggravated by two successive poor wheat and barley crops in Syria in 1958 and 1959, and by the low prices received for cotton in the past two years. Because the wheat, barley and cotton crops are the main sources of foreign exchange and because agriculture provides over 50 per cent of the Syrian national revenue, the country naturally finds itself in a difficult situation. The authorities of the U.A.R. recognized the seriousness of the situation and last October saw a modification in the Government of the Northern Region. President Nasser sent a special envoy to act in his name and suggest measures to speed up the development program and help in every possible way the sagging trade of the Syrian Province. It is too early to forecast the effects of this new policy but the feeling is that the steps taken will prove helpful.

The Minister of Economy has made a frank appraisal of the eco-

nomie situation. The merchant community has been able to air its grievances and steps have been taken to ease the restrictions on imports. The customs tariffs on certain articles have been reduced by 80 per cent. Negotiations between Lebanese and Syrian authorities are now taking place to improve commercial relations between the two countries. Discussions are also in progress between Lebanon, Jordan, Saudi Arabia and the Syrian Province on the restrictive measures on the transport of transit goods between the four countries.

The Five Year Industrial Plan, started in November 1958 and financed mainly by Russian credits, is well under way and the Minister of Industry reported in November that it was expected to take three years rather than five and to be completed by the end of 1961. In addition to Russian aid, the Syrians are again receiving financial assistance from the United States. In November 1959 an agreement was signed between the United Arab Republic and the United States, under which the latter undertook to sell \$9.6 million worth of wheat and barley for Syrian pounds; the proceeds are to be reinvested in development projects in Syria. Further financial help has come in the form of a \$10 million loan granted by the World Bank to be used to modernize Syrian transportation and communications networks.

Main objective of this plan is to lessen Syrian dependence on agriculture. In the first year (1959)

S£106.5 million was spent on various industrial projects, ranging from an oil refinery in Homs to seven flour mills, three small nail factories, three rubber shoe factories, six pharmaceutical laboratories, two cotton-ginning plants, an assembly plant for radios, and many other small plants in the textile, knitwear, soft drinks and food-processing fields. Other projects to be completed in a few months' time include a cement factory in Aleppo, a rug factory in Damascus, an assembly plant for refrigerators and washing machines, a milk pasteurization plant, a detergent factory, and one for making chocolates and biscuits. In 1960 many of the existing textile factories will be expanded but the important new project is a pulp and paper industry, with plants to produce 20,000 tons of rayon pulp, 25,000 tons of newsprint, and 20,000 tons of kraft paper a year. Two Canadian experts are preparing a report on the availability of local woods for this industry. Other large projects for this year are a fertilizer factory near Homs (for which Italian, U.S. and West German firms have submitted bids) and a six-inch pipeline to bring the Homs oil-refinery products to Damascus and Aleppo. Development expenditure in 1960 under the Five Year Plan is expected to amount to S£154 million; total expenditures under the Plan are estimated at S£560 million.

### **General Development**

The Syrian Region derives its main revenue from agriculture and this has influenced the direction of capital investment in the Ten Year Economic Development Plan towards irrigation and hydro-electric projects. The Ten Year Plan now provides for the investment of S£4,500 million at an average annual rate of S£450 million, and it is estimated that 36 per cent of it will go to irrigation projects. About 500,000 hectares are under irrigation at present and this can be increased to 1.5 million with the present irrigation plans. This pro-

gram would raise the percentage of irrigated to arable land from the present 7 to 27 per cent and boost agricultural production by 47 per cent. Syrian crops would also be less at the mercy of the elements. To show how weather affects these crops today, in 1957 agriculture contributed S£1,061 million to the national revenue; in 1958, because of drought, the total fell to only S£555 million, according to a report by the Ministry of Planning.

Another factor in development is oil. Syria is still regarded as a non-oil-producing country but a field has been discovered in Karatchoc and four wells are producing about 3,020 barrels a day. A credit of S£10 million has been allocated for the drilling of four more wells in the same region in 1960 to test the commercial possibilities.

Figuring largely in Syria's domestic and export trade are wheat, barley and cotton. The size of the next wheat and barley crops has not been estimated but the cotton crop is reported at 98,000 tons, slightly above 1958's 96,500 tons. Sales are going well. From September to the end of November 1959 about 50,712 tons were exported, compared with 24,287 tons in the same period of 1958. Main buyers have been France (21,240 tons), the U.S.S.R. (6,920) Italy (5,588), West Germany (5,222) and Japan (4,581). The Syrian authorities estimated the exportable surplus at 34,000 tons in December and a sale of 100,000 bales to India was being negotiated.

### Trade Shift

Syria's import and export trade has shown a definite trend away from the Communist Bloc. Up to 1959, the U.S.S.R. and its satellites were becoming more and more important in Syrian trade. The 1959 statistics reveal a reversal. In the first half of last year, only S£40 million of Syria's total imports of S£320 million came from the Communist Bloc; S£175.5 million came from the West. Only 12 per

cent (S£23 million) of Syria's exports went to the Communist Bloc, as against 46 per cent (S£85 million) to the West.

The table below shows the balance of trade of the Syrian Province for the last four years; note the large unfavourable balance for 1958 and for the first half of 1959. This resulted from the decrease in Syria's cereal exports and the increase in imports needed for the various development programs.

	Exports	Imports	Balance
	(millions of Syrian £)		
1956	516	719	-203
1957	548	616	- 68
1958	420	730	-310
1959 (Jan.-June)	186	320	-134

Syria's principal suppliers are West Germany, France, the United Kingdom, the United States, the Netherlands, Belgium, Lebanon, Italy, the U.S.S.R., Japan and Austria. Her main customers are Lebanon, France, the United States, Saudi Arabia, Jordan, the United Kingdom, Czechoslovakia, Iraq, Kuwait and the U.S.S.R. Trade between the Egyptian Province and the Syrian Province is not yet completely duty-free and in 1959 was in favour of the Syrian Province. In 1958, the Egyptians exported to Syria S£25.5 million worth of goods and imported S£16.5 million, giving the Egyptians a favourable balance of S£9 million for the year. In the first nine months of 1959, the same balance of S£9 million was in favour of the Syrian Province. The main exports from Syria to Egypt are onions, apples, nuts (including pistachios and almonds), apricots, plywood, rayon textiles, woollen textiles, nylon socks and stockings, and dresses of synthetic fibres. Syrian imports from Egypt include potatoes, rice, petroleum products, rayon fibres, cotton yarns, cotton textiles, etc.

### Trade with Canada

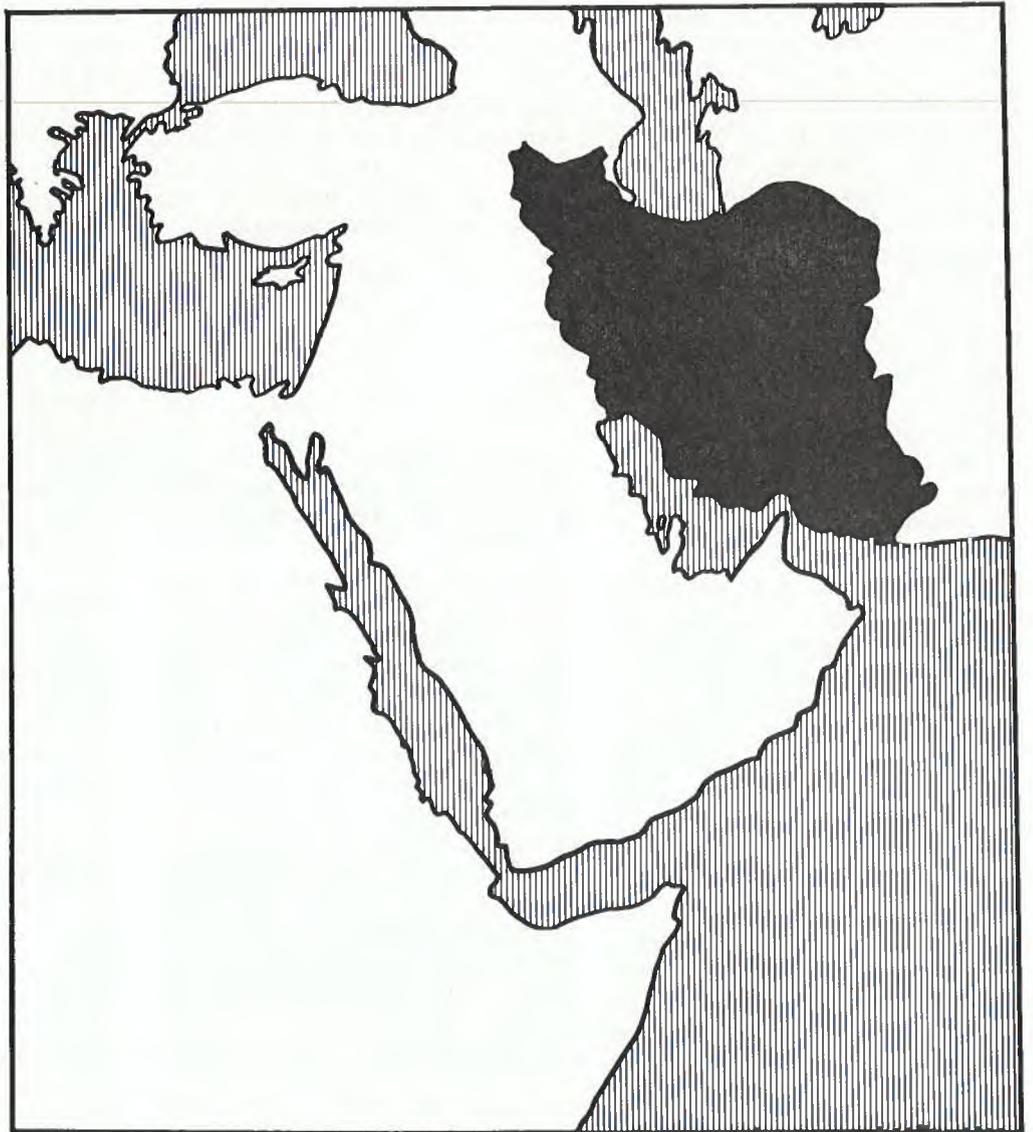
Canada's trade with the Syrian Province is normally in our favour. In 1957, out of a total trade of \$1.05 million, the balance was

\$570,133, in our favour. Similarly, in 1958 out of a total trade of \$989,000 Canada had a favourable balance of \$583,664. For the first nine months of 1959, although the balance was still in Canada's favour, trade with Syria has suffered a definite setback. Canadian exports to Syria (up to and including September) reached only \$280,905 and imports from Syria \$55,723. The only two commodities of importance exported to Canada are cotton lint and unstemmed tobacco. Canadian exports to Syria consist of tires, agricultural machinery, pharmaceuticals, steel plates and sheets, nuts and bolts, linseed and flaxseed oils, Douglas fir lumber, secondhand clothing and rags. Although Syria was a good market for farm machinery in the past, sales in the past two years have been negligible because of poor crops.

### Trade Restrictions

After the union with Egypt, restrictions on trade increased and it became virtually impossible to secure import permits for a wide range of goods regarded as luxuries. The merchant community felt that this was one of the main factors in the sluggishness of trade and the Chambers of Commerce in Damascus and Aleppo protested vehemently to Nasser's representative. These protests resulted in an 80 per cent reduction of customs duties on consumer goods such as butter, cheese, meat, fish, films, cosmetics, perfume, records, gramophones etc. Other items such as chewing gum, flowers, etc., regarded as luxury goods were taken off the list of prohibited imports and the restrictions on the import of watches and woollen textiles were eased. All imports into Syria, however, still require an import permit.

Syria is going through a difficult period, but with the development of its industry and agriculture and the consequent improvement in the standard of living of the people, it should offer a worthwhile market for many consumer goods. ●



# Iran

Fall in foreign exchange reserves has affected trade and lack of money has curtailed development plans, though oil output and income are rising. Canada's sales of commodities increased last year but opportunities for engineering services and equipment dwindled. Restrictions on imports are expected.

A. B. BRODIE, *Commercial Counsellor, Tehran.\**

BUSINESS conditions in Iran have improved slightly and are somewhat better than forecast in *Foreign Trade* of September 12, 1959. Oil revenues last year, which many believed would fall by over \$20 million, have, according to a recent official statement, exhibited a marked and surprising improvement of some £4 million. Imports continue to be large and, when the final figures are published at the end of the current Iranian year (March 20, 1960), may make necessary stricter measures to curb generous purchases of imported luxury goods. Foreign exchange holdings (excluding gold) are at the low level of

\*The author wishes to acknowledge the assistance of W. Van Vliet, Acting Commercial Counsellor in Iran during his absence on leave, in preparing this report.

under \$80 million. The Second Seven-Year Plan Organization still suffers from financial strains and stresses in endeavouring to carry out its various industrial and social programs. So serious, in fact, are its finances that some projects have been shelved altogether, including purchases of agricultural equipment through the Agricultural Bongah of the Plan Organization.

In spite of a sharp fall in world prices of oil, Iranian crude output, which reached 44,677,000 long tons in 1959 (some 12 per cent better than in the previous year), gave the country oil royalties of £92 million for the year (1958=£88.2 million). Output of refined oil last year reached 15.4 million long tons. Other substantial foreign exchange payments made in Iran by the

operating companies during the past year may raise the final total of royalties and foreign exchange earned from the operating companies over the previous year's £114,750,000.

## Iranian Exports

Although it is true that Iran's future trade policy is closely associated with the price of oil, Iranians are focussing more attention on exports of products other than oil—mainly minerals, dried fruits and nuts, carpets, hides and skins, and casings. Up to the present, however, the volume of exports has been disappointing and the value for the year, almost \$88 million, is low. One reason is the larger domestic market, particularly for foodstuffs, but the main one is that Iranian quality and prices have not kept pace with offerings from alternative sources of supply. Mineral production offers probably the best long-term development prospects and many believe that the surface has scarcely been scratched. High-grade iron ore, chromite of excellent quality, barytes, lead and zinc are found in appreciable quantities. To encourage the development of the Iranian mines, the Government recently passed a decree that exempts mining companies from taxation for



*An elderly Iranian and his two donkeys on the streets of Tehran seem unperturbed by the Mercedes-Benz bus pulling out to pass them and by the other motor traffic. In the background, left, the Bank Bazargani, (Commercial Bank of Iran).*

MARCH 12, 1960

five years. In an effort to assist exports generally, the Iranian authorities have taken the following measures:

- Established a standardization bureau to raise standards and establish grades for export commodities.
- Granted freight-rate subsidies to exporters of certain commodities.
- Increased funds and terms for export financing.

Iran's more important exports (exclusive of oil) are as follows:

	Per cent of total exports
Raw cotton	18.5
Carpets	16.7
Fruits	19.4
Hides and skins	5.7
Wool	8.9
Casings	2.3
Minerals	3.5
Oilseeds	0.9
Others	24.1
Total	100.0

Western Europe continues to be the best outlet for Iran's exports, as it is for oil. West Germany, the United States, and the United Kingdom combined took almost 45 per cent of Iran's exports (excluding oil) last year. The U.S.S.R.'s imports, although off, make up about 11 per cent of the total. Canada is a fairly large importer of some of the goods listed above but Iran is a principal Canadian supplier of dates only. Potentially, therefore, Iran could increase its present exports of under \$1 million (excluding oil) to Canada quite substantially.

### Canadian Exports

Canada's small but increasing volume of exports to Iran covers a wide range of commodities. Figuring largely are consumer goods other than food products, manufactured parts, farm machinery, and raw or semi-manufactured materials for Iranian industries. Our total sales to Iran in 1959 reached \$2.25 million, compared with \$1.65 million in 1958.

Up to the present, no Canadian engineering firm has succeeded in winning a contract under the one-billion-dollar Seven Year Plan nor, for that matter, have Canadian firms completed subcontracts for appreciable amounts of equipment. As the industrial development of the country continues to gather momentum and the proposed projects obtain assured financing, there will be room in this country for Canadian exporters who can match European quotations and terms of payment. The World Bank recently approved a loan equivalent to \$42 million towards financing the much discussed multi-purpose project on the Dez River. To complete the over-all irrigation, transmission and industrial plans, however, more millions must be forthcoming. This extra burden of loans will prove difficult for the Iranian Government to shoulder. As it is, interest and repayment on outstanding loans from various institutional and private sources will total close to \$70 million during the next Iranian year.

Over the past year there has been a tendency to terminate contracts of foreign consultants rather than renew them or look for additional technical services.

Legislation for a third Seven Year Plan, which will follow the present program which comes to a close in September 1962, is already being drafted. It is too early to say whether favourable opportunities will await Canadian engineering firms under the new plan and unfortunate that the possibilities for consultant and construction services under the present one are becoming more remote.

### Commercial Policy

Even a crystal-gazer would find it difficult to forecast the Iranian Government's trade policy over the next ten months. The new Minister of Commerce who took over on January 31, 1960, will be faced with decisions that may not please all importers nor indeed many consumers. To cut down on certain

luxury and semi-luxury imports, restrictive measures in the form of either quotas, higher customs duties, or higher commercial profits taxes will be introduced. Some believe that still higher commercial profits taxes will be imposed and that this will bring the desired results and yet keep the door partially open to luxury imports. Because many products are now being manufactured in Iran and the list is growing, Canadian firms can expect protective tariffs on an increased range of commodities. These protective tariffs may, of course, tend to encourage Canadian firms to manufacture in Iran with some degree of success.

### Data for Exporters

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

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

## Markets in Brief

### LEBANON

**Area:** 4,000 square miles.

**Population:** 1.6 million.

**Climate:** typical Mediterranean—summer warm and damp in coastal area, pleasant in the mountains; winter wet and mild. Cold and dry in the mountains, with snow above 4,000 feet.

**Language:** Arabic; French and English widely used.

**Currency:** Lebanese pound=100 piastres. Can.\$1.00=L £3.30 at free market rate. The official rate, for customs evaluation purposes only, is Can.\$1.00=U.S.\$1.00=L £2.19.

**Weights and measures:** metric system.

**Capital:** Beirut—at sea level.

**Chief ports:** Beirut, largest, with a free zone; Tripoli, second port and terminal of oil pipeline from Iraq; Sidon, port and terminal of oil pipeline from Saudi Arabia.

**Marketing centres:** Beirut (population) 500,000; Tripoli 120,000; Sidon 50,000.

**Economy:** based on agriculture (cereals, vegetables, fruits); industry (cement, textiles, tanneries, oil refining); free trade (including transit), free exchange, and tourism. Also large currency transfers from Lebanese living overseas and royalties for oil transit via pipelines.

**Total Lebanese imports:** 1958—U.S.\$249.5 million; 1957—U.S.\$302.7 million.

**Chief imports:** 1958 (in per cent)—gold ingots and coins 9.3; iron, steel and products 8; mineral oils 8; machinery, apparatus 5.5; electrical equipment, materials, appliances 4.9; motor vehicles and accessories 4.5.

**Chief suppliers:** 1958 (in per cent)—United Kingdom 15.8 (gold accounting for half), United States 12.2, Syria 10, West Germany 7, Iraq 5.8 (principally oil).

**Value of imports from Canada:** 1958—Can.\$2.2 million; 1957—Can.\$1.1 million.

**Chief imports from Canada:** 1958 (in per cent)—flour 51.7, asbestos milled fibres 10.5, tires 3.9, washing machines 3.8, wheat 3.6.

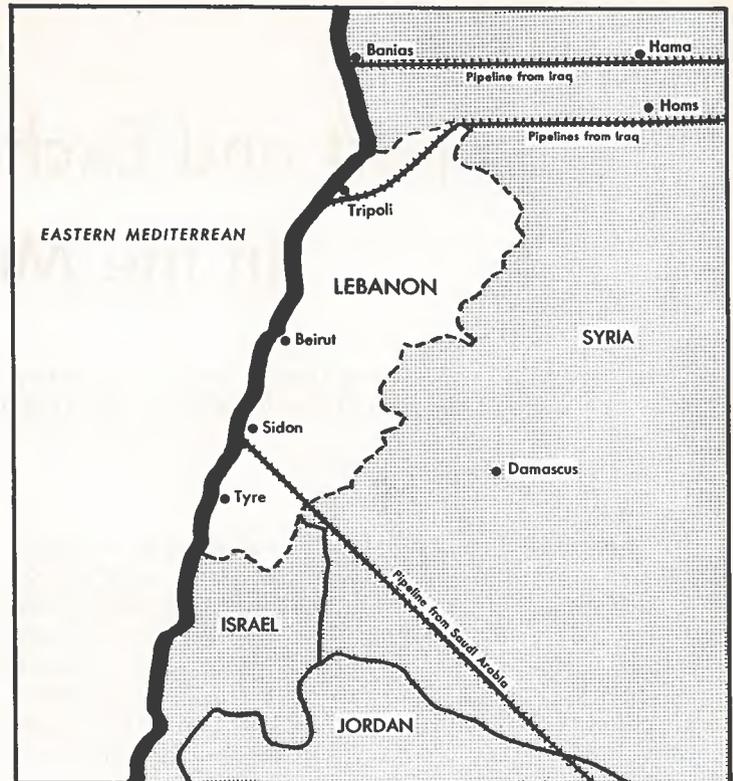
**Total Lebanese exports:** 1958—U.S.\$57.6 million; 1957—U.S.\$80.9 million.

**Chief exports:** 1958 (in per cent)—oranges and lemons 12; fresh and dried vegetables 9; gold 8; apples 7; bananas 4; hides, skins, leather 4.5; tobacco 3; cotton 3; wool 3; textiles 3.5.

**Chief markets:** 1958 (in per cent)—Syria 12, Kuwait 8.4, Saudi Arabia 7.6, Jordan 5.6, France 4.2, United States 3.2, Iraq 3.

**Value of Canadian purchases:** 1958—Can.\$80,750; 1957—Can.\$43,292.

**Chief Canadian purchases:** 1958 (in per cent)—oriental carpets 6.4; tourists' purchases 5.2.



**Transit:** 1958—crude oil 26.6 million tons, commercial goods 269,000 tons; 1957—crude oil 19.6 million tons, commercial goods 480,000 tons.

**Dollar and foreign exchange:** readily available on the free market. U.S.\$1=L £3.17.

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

**Samples:** free if of no commercial value; subject to import duties if of any commercial value.

**Trade agreements:** most-favoured-nation tariff treatment as long as Lebanon continues to grant the same treatment. Equal tariff treatment by Lebanon of imports from all countries, including Canada. Exceptions are Japan and Arab countries.

**Import controls, documentation, customs tariffs, marking and labelling:** except for some products which require a prior licence before a firm order is placed abroad, and a few prohibited goods, no import licences are required. Consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

**Banks:** increasing in number; there are now more than 35 approved banks, including U.S. and European. Many act as correspondents for Canadian banks.

**Correspondence:** airmail only; letters 25 cents per half-ounce.

**For detailed information on this market write:**

Asia and Middle East Division  
International Trade Relations Branch  
Department of Trade and Commerce  
Ottawa

or

Commercial Secretary  
Canadian Embassy  
Boîte Postale 2300  
Beirut, Lebanon  
(by airmail only)

# Import and Exchange Regulations in the Middle East

The following pages contain a summary of the import and foreign exchange control regulations in effect in the Middle Eastern countries covered in this issue.

## **BAHRAIN**

Import permits are not required and there are no quota restrictions. The import of certain goods, such as fire-arms and ammunition, is prohibited. Exchange may be sold freely to residents within the Persian Gulf area and customers may use local currency to liquidate drafts drawn on them. The issue of recommendation certificates by the local exchange control for the allocation of official exchange is limited to exceptional cases because free market exchange is available.

## **IRAN**

With the exception of certain listed unauthorized and prohibited goods, most merchandise may be imported by purchasing exchange through an authorized bank. Certain listed and unauthorized imports may be imported under special conditions. There is an overall import quota that can be increased if it proves inadequate, depending on the availability of foreign exchange. Special regulations apply to imports financed under ICA procedure. The presentation of an import licence is necessary for releasing goods from Customs after arrival at the Iranian frontier. The import licence is issued automatically if evidence of the purchase of the required foreign exchange from an authorized bank is presented. Under prevailing regulations, all shipments to Iran entering under documentary credits must be insured with officially registered insurance companies in Iran. Control of exchange is entrusted to the Bank Melli Iran which supervises all exchange operations. All foreign exchange transactions must be effected through specifically authorized banks.

## **IRAQ**

Under regulations effective March 21, 1959, all goods imported into Iraq are subject to prior import licence, with the exception of commercial samples up to a value of ID50. Licences issued by the Ministry of Supply must be obtained before orders are confirmed abroad. Exporters should make certain that a valid import licence has been issued before goods are shipped because without it, foreign exchange will not be released. Imports are on a quota and importers are

allotted individual import quotas but these are limited to those who have received their classification and hold importers' identity books. Import licences are valid for twelve months and during that time the letter of credit must be opened through one of the authorized banks. Failure to establish the letter of credit within the required period automatically cancels the licence. All transactions in foreign exchange must be carried on through a licensed dealer or authorized bank and should first be approved by the Central Bank of Iraq.

## **ISRAEL**

Import licences issued by the competent licensing authorities are required for most imports, with the exception of direct government imports, passenger baggage and certain gifts. The import licence serves also as the authority to buy foreign exchange. Importers must deposit a percentage of the value of the import licence when the licence is approved; this deposit is refunded when the letter of credit is opened. When the licence is presented to an authorized bank, the latter provides the foreign exchange. In general, the import of essential goods receives preference. The period of validity of import licences varies and depends on the anticipated date of arrival of the merchandise. Goods may be released from Customs when the import licence has expired, if it is proved that they left the country of origin while the licence was still valid. Merchandise not covered by an import licence is subject to confiscation upon arrival in Israel.

## **JORDAN**

An import licence and exchange permit are required for all merchandise entering Jordan, with the exception of certain prohibited goods, those from the neighbouring Arab countries, and imports valued at less than JD50. For all goods imported under documentary letter of credit both an import licence and exchange permit are required. Import licences are issued by the Import and Export Department of the Ministry of Trade and Customs, are valid for six months, and may be extended for justifiable reasons. The granting of an

import licence means that the necessary foreign exchange is allocated for payment, but application for the exchange permit must be made immediately. Import licences are valid for opening documentary credits up to 45 days from the date of issue. In all cases, an exchange permit must be issued by the Controller of Currency before an importer can purchase exchange at the official rate. Goods must arrive in Jordan not later than one month after the import licence expires.

## **KUWAIT**

Imports into Kuwait do not require a permit and only a few are prohibited. There are no exchange regulations on imports from the dollar area and exchange is supplied from the free dollar market. Usually the supply of exchange is adequate and normally there is no delay in providing it. Bills are not usually paid on receipt because merchants are accustomed to wait for the arrival of the goods.

## **LEBANON**

With the exception of certain listed articles for which a prior import licence must be obtained before a firm order is placed abroad, most other goods may be imported freely without a licence. A few goods cannot be brought in. Imports are paid for in foreign exchange bought in the free market. All exchange transactions, except for a few government transactions such as the collection of customs duties, are conducted at the free market rate of exchange. The transfer or remittance of any currency is not restricted.

## **SAUDI ARABIA**

On January 1, 1960, a new initial par value was announced for the Saudi Arabian rial, 4.50 to U.S. \$1.00. With the introduction of this new official rate, all import and exchange licensing was cancelled and payment for all imports and the transfer of exchange became absolutely free and unrestricted. All import licences issued before the announcement of the new law and covering merchandise for which irrevocable letters of credit were established remain valid at the old official rate. The only remaining restrictions are on the re-export of goods imported with government subsidy. The import of a few items remains prohibited.

## **SUDAN**

Effective July 15, 1959, an Open General Licence was established for a list of commodities; these may be imported freely. All other imports are subject to licences from the Ministry of Commerce, Industry and Supply and are not valid until the Ministry of Finance and Economic Exchange Control endorses them for

the release of the currency and an authorized dealer certifies that the currency has been released. This means that the exchange must be remitted through an authorized dealer and the licence endorsed to that effect before it is presented to the Customs authorities for clearance of the goods. Import licences are valid for three months but can be extended. Merchandise not covered by an import licence is subject to fines or confiscation on arrival.

## **TURKEY**

The current import trade control structure was announced on August 3, 1959, under the third global quota; a fourth quota was announced on February 16, 1960, (see page 40 for details.) Under these regulations, a list of imports not subject to licence or prior deposit was issued; the importer applies directly to the Central Bank for exchange. Another list of commodities is accorded exchange through an automatic allocation system under which importers obtain a certificate of necessity from the appropriate government department or agency. A third list of goods may be imported subject to certified specified credit terms. A new import quota list of items was established and for these, importers may apply to the Central Bank for permission to import. Within two months of the quota announcements importers may apply to the Central Bank for a maximum of 15 per cent of any quota, providing a 10 per cent cash deposit. The Central Bank allocates quotas by a letter of advice valid for one month, within which time the importer must apply for an import licence. If payment is made by letter of credit, the importer must deposit the remainder of the amount granted in the letter of advice and apply for the transfer; after this, the import licence will be issued. Import licences are valid for six months from date of issue and the goods must be cleared through the Customs within this period. C.a.d. terms are permitted but require a 50 per cent additional counter deposit.

## **UNITED ARAB REPUBLIC (EGYPTIAN REGION)**

All imports require an import licence; these are valid for two months and can be renewed. The usual procedure is for importers to apply for licences every half-year. The import licence bears an annotation on the method of payment and entitles the importer to buy the necessary dollar exchange. Merchandise must be shipped and arrive in Egypt before the import licence expires. Merchandise not covered by an import licence is subject to confiscation or fines on arrival in Egypt.

## **UNITED ARAB REPUBLIC (SYRIAN REGION)**

Imports are subject to licences. There is a list of prohibited goods and a list of those for which import licensing has been suspended. A fee of 2 per cent is

imposed on the value of authorized imports. Licences are valid for four months and may not be renewed unless the importer proves that the goods were shipped before the licence expired. A substantial list of goods may be imported into Syria only through the port of Latakia. It is not necessary to obtain a foreign exchange licence before paying drafts in dollars. Syrian importers generally pay documentary drafts upon arrival of the goods rather than upon receipt of the drafts. The

official buying rate, Syrian pound 2.19 per United States \$1.00, no longer applies to any transactions and the official selling rate, S £2.21 per U.S.\$1.00, applies only to petroleum imports and sales of exchange in settlement of contracts with the Syrian Government. Exchange for all other transactions may be obtained freely at the free market rates.

—International Trade Relations Branch.

## SHIPPING SERVICES FROM CANADA TO THE MIDDLE EAST

	FROM		
	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
<b>TO Bahrain</b>	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
<b>Cyprus</b>		Zim-Israel America Lines	Zim-Israel America Lines
<b>Iran</b>	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Lines	Crescent Line Orient Mid-East Lines
<b>Iraq</b>	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
<b>Israel</b>		Zim-Israel America Lines	Zim-Israel America Lines
<b>Jordan</b>		<i>Via Beirut or Latakia:</i> Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line	<i>Via Beirut or Latakia:</i> Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line
<b>Kuwait</b>	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Lines	Crescent Line Orient Mid-East Lines
<b>Lebanon</b>		Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line	Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line
<b>Saudi Arabia</b>	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Line	Blue Funnel Java New York Line Canada India Pakistan Line Crescent Line Orient Mid-East Line
<b>Sudan</b>		Crescent Line	Blue Funnel Java New York Line Crescent Line

## FROM

	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
<b>TO Turkey</b>	States Marine Lines	American Export Lines Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line Zim-Israel America Lines	American Export Lines Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line Zim-Israel America Lines
<b>United Arab Republic</b>	Nedlloyd Line	Canada Levant Line Concordia Line Crescent Line Ellerman-Fabre Line Niagara Line	Blue Funnel Java New York Line Canada India Pakistan Line Canada Levant Line Concordia Line Crescent Line Ellerman-Fabre Line Niagara Line

Shipping Lines	Agents	Shipping Lines	Agents
American Export Lines	<i>Moore McCormack Lines, Montreal</i>	Java Pacific and Hoegh Lines	<i>Dingwall Cotts and Co. Ltd., Vancouver</i>
Blue Funnel Java New York Line	<i>Cunard Steam-Ship Co. Ltd., Montreal</i>	Nedlloyd Line	<i>Dingwall Cotts and Co. Ltd., Vancouver</i>
Canada India Pakistan Line	<i>McLean Kennedy Ltd., Montreal</i>	Niagara Line	<i>Canadian Overseas Shipping Ltd., Montreal</i>
Canada Levant Line	<i>Federal Commerce and Navigation Co. Ltd., Montreal</i>	Orient Mid-East Lines	<i>North American Shipping Agency Ltd., Montreal</i>
Concordia Line	<i>Canadian Overseas Shipping Ltd., Montreal</i>	States Marine Lines	<i>Pacific Marine Freighters Ltd., Vancouver</i>
Crescent Line	<i>March Shipping Agency Ltd., Montreal</i>	Zim-Israel America Lines	<i>March Shipping Agency Ltd., Montreal</i>
Ellerman Fabre Line	<i>McLean Kennedy Ltd., Montreal Saguenay Shipping Ltd., Montreal</i>		

## Tours of Territory

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

**L. A. CAMPEAU**, Commercial Secretary in Karachi, Pakistan, will visit East Pakistan from March 14-25.

**F. B. CLARK**, Commercial Secretary in Mexico City, will visit Monterrey from March 28-30.

**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.

**T. F. HARRIS**, Consul and Trade Commissioner in New Orleans, will visit St. Petersburg, Tampa, Port Everglades, Miami, Fort Lauderdale and Jacksonville, in Florida, from March 21-31.

**W. J. JENKINS**, Assistant Commercial Secretary, in Lima, Peru, will visit La Paz and Cochabamba in Bolivia, from March 22-April 1.

**W. M. MINER**, Assistant Commercial Secretary in Mexico City, will visit Durango, Torreon, and Chihuahua, from March 21-25.

*Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis at Kingston, Mr. Campeau at Karachi, Mr. Clark and Mr. Miner at Mexico City, Mr. Glass at Salisbury, Mr. Gordon at Detroit, Mr. Harris at New Orleans, and Mr. Jenkins at Lima.*



## Commodity Notes

### Agricultural Tools

**COLOMBIA**—The Chillington Tools Company Limited, of Britain, and a group of Colombian financiers will build a plant near Manizales to produce agricultural hand tools. Production will be confined at first to spades and hoes—Bogotá.

### Automobiles

**SWEDEN**—Imports of cars into Sweden in 1959 will probably fall short of the 1958 figure by 5 per cent. At the same time, exports of cars have risen by 25 per cent or about Kr.100 million. Thus for the first time Sweden has attained an export value for cars that considerably exceeds 50 per cent of the value of car imports.

Sweden's total production of cars is likely to reach 97,000 units in 1959 compared with 67,000 in 1958. Output of trucks and buses is estimated to have dropped from 21,000 to 16,000—Stockholm.

### Bauxite

**BELGIUM**—A new company has been formed in Belgium to seek and mine aluminum ore in the Congo. Bauxicongo (Société de Recherches et d'Exploitation des Bauxites du Congo) has a capital of 26.5 million Belgian francs (\$524,000). Participants are Forminière, Cobeal, Cobeal-Congo and members of the Bamoco syndicate. The company will continue prospecting work started by the Forminière and by the Bamoco syndicate, northwest of the Inga power development on the Lower Congo. The Cobeal group will share in this—Brussels.

### Canned Foods

**VENEZUELA**—The H. J. Heinz Co. of the United States has formed a new company, Alimentos Heinz C.A., which will build a factory in San Joaquin, State of Carabobo. Initial output will consist of 50 varieties of baby foods manufactured largely from imported food-stuffs; later, 50 other types of products will be added. The new company will maintain a technical consulting service to give advice and instruction on land cultivation and farming methods so that locally grown high-

quality products will eventually be processed in the new plant. This three-million-dollar venture is Heinz's first in South America—Caracas.

### Citrus Fruit

**SPAIN**—The Spanish citrus fruit crop is estimated at some 1,632,000 tons, compared with 1,300,000 tons for last year, of which 771,881 tons were exported. Up to January 10, 1960, 319,835 tons of citrus fruit have been exported, 37 per cent more than in the same period last year. Total exports this season are expected to reach about one million tons, or 62 per cent of the total crop. Spain is meeting ever-growing competition from North African countries (Morocco, Algeria and Tunisia) which have already exported 241,783 tons this season, chiefly to Germany, France, the Netherlands and the U.K.

Because of this competition the Spanish Government is endeavouring to maintain its traditional markets (U.K., Germany, France, Holland, Switzerland and Belgium) by intensifying publicity campaigns abroad and by keeping a strict control over quality. Fruit selected for export now bears the special stamp "Spania"—Madrid.

### Copper

**BELGIAN CONGO**—Copper production in the Congo in 1959, according to preliminary figures, should reach a record 270,000 metric tons, compared with 235,500 in 1958. The highest previous total was 247,500 tons in 1956.

The first section of the new copper and cobalt electrolytic smelter at Lulu in the Katanga will begin producing this year ahead of schedule. The plant will have a yearly capacity of 50,000 metric tons of copper and 1,750 tons of cobalt. Its production will gradually replace that of the smelters at Lubumbashi and Shuturu—Leopoldville.

**PERU**—The Toquepala copper project being developed by the Southern Peru Copper Corporation began full operations in January, five months ahead of schedule. Some U.S.\$230 million was invested in the

development of the huge deposits at Toquepala in southern Peru. The concentrator at the plant will handle up to 30,000 tons of ore a day and the operation is expected to produce more than 100,000 tons of blister copper a year. A trial shipment of 721 tons of copper bars went to the United States in late December 1959.

Peru's production of copper totalled 57,000 tons in 1957 and 54,000 in 1958, and including the Toquepala output it should now reach about 200,000 tons a year. This would make Peru the world's eighth biggest copper producer after the United States, Russia, Chile, Rhodesia, Canada, Germany, and the Belgian Congo—Lima.

### Electrical Equipment

COLOMBIA—A U.S.\$200,000 plant to produce electrical wire, insulators and switches has been opened at Cali; as a result, imports of electrical wire are expected to decrease sharply. The plant, owned by the firm Facomec of Cali, will use technical assistance from Phelps Dodge Company of New York—Bogotá.

### Fishmeal

PERU—A decree of October 9 cancels a prohibition in force since 1956 forbidding the installation of new plants for the production of fishmeal. Licences for installing them will now be granted to owners of fish-processing plants, provided that the capacity of the new plant does not exceed that of existing ones—Lima.

### Furs

NORWAY—The first Oslo fur auction this season held early in December was attended by a large number of foreign buyers, (mainly from the United States, the United Kingdom, Italy, Germany, France and Canada). About 160,000 mink pelts and 23,000 Norwegian blue fox skins were offered for sale, of which practically 100 per cent were sold. Average and maximum prices respectively for males were as follows: dark mink, kroner 198 and 450; pastels, kroner 197 and 270; silverblues, kroner 141 and 215; sapphires, kroner 185 and 320; dawn pastels, kroner 212 and 270; white mink, kroner 211 and 340; palominos, kroner 213 and 320, topaz, kroner 201 and 255; saga blue fox, kroner 245 and 420. For ordinary blue fox the average price was kroner 178. Prices for females were on the whole about 47 per cent lower than for males—Oslo.

### Match Splints

AUSTRALIA—An Australian subsidiary of the British Match Corporation has announced plans to grow popular trees in New South Wales for matchwood to eliminate dependence on imports. Cuttings will be planted

in 1960 and eventually are expected to save \$300,000 in foreign exchange, or about half the value of match splints imported in 1958-59—Sydney.

### Mobile Cranes

COMMUNIST CHINA—The Peking Government has ordered some Can.\$850,000 worth of mobile cranes from a British firm. This order, believed to be the biggest on record for such machinery from non-Communist sources, consisted of fourteen 15-ton and twenty 6-ton mobile cranes—Hong Kong.

### Pasteboard

—BELGIAN CONGO—A Belgian industry group has just formed a Congolese company with a capital of 40 million Belgian francs to set up a modern pasteboard factory in Leopoldville. Production is scheduled to commence in the second quarter of this year and the plant initially will manufacture corrugated containers. Subsequently, compact cardboard cartons, boxes and fibre drums will also be made. A special division will manufacture industrial paper bags—Leopoldville.

### Rims and Wheels

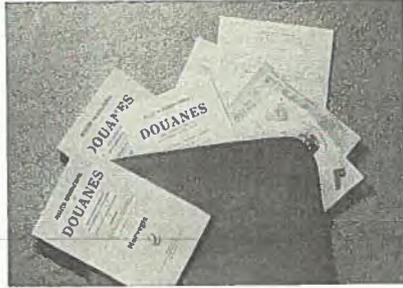
INDIA—The Dunlop Rubber Company of the United Kingdom will co-operate with an Indian firm in establishing a rim and wheel factory in India. Initial production is expected to be over 200 thousand tractor wheels a year—Bombay.

### Tobacco

SWEDEN—On January 1, 1960, the Swedish tobaccoists' monopoly on the sale and import of tobacco was annulled. This will allow anyone to import tobacco without having to apply for an import licence. The State Tobacco Monopoly, however, will still set the norm for retail prices. It already holds the agencies for most well-known makes of tobacco and cigarettes—Stockholm.

### Wallboard

FINLAND—A new type of decorative wallboard with a more compact and durable surface is being manufactured by Sammon Rulla Oy. The board, available in ceiling tiles and in long panels for walls, is produced by pressing onto porous  $\frac{1}{2}$ -inch board a durable decorative pattern. Strong white kraft paper that lends itself perfectly to painting or to covering with aluminum foil or a textile fabric is attached to the surface by means of a plastic adhesive. The texture of the paper surface takes paint well and if the customer so desires, the fabric or aluminum-surfaced type can be protected by a coating of diluted zapon lacquer or spirit varnish—Stockholm.



## Trade and Tariff Regulations

### Benelux

**NEW LIBERALIZATION**—The Governments of Belgium, Luxembourg and the Netherlands have announced the liberalization of a few products formerly restricted through import quotas. Import licences are no longer required for the following: hydrochloric acid and hydrochloric acid salts; soft soaps; articles of blown or pressed glass; screws for wood other than split head; casks, tubs, barrels, buckets and other coopers' wares and finished parts thereof. Once imported into any one country in the Benelux Union, liberalized imports may move freely within the entire territory of the Union.

Some restricted commodities are again being admitted under global quotas during 1960. They include penicillin and its preparations, fishing nets, wooden packing cases, certain fatty acids and passenger automobiles.

### Federation of Nigeria

**CUSTOMS TARIFF**—The Nigerian Customs Tariff has been amended by the addition of the following new tariff item to the First Schedule of the tariff.

Aluminum and aluminum alloy products, namely: flats, plates or sheets, whether cut to shape or not and whether imported in the coil or not; angles and sections, wrought . . . ad valorem 10 per cent.

The addition of "aluminum and aluminum alloys, unwrought", to the Second Schedule of the tariff exempts these goods from import tariffs.

Both changes were made effective September 10, 1959.

### Mauritius

**DOLLAR LIBERALIZATION**—The Mauritius authorities have announced that, effective December 21, 1959, until further notice all goods are liberalized for import from the dollar area, including Canada. Specific licences will be freely available for the liberalized items which are not already on Open General Licence.

The items which may now be freely imported include motor vehicles, industrial and civil engineering machinery, oil-refining plant, air-conditioners and non-domestic refrigeration equipment. The effect of the notice is to permit entry of all goods from the dollar area, including Canada, into Mauritius.

### Turkey

**FOURTH QUOTA IMPORTS ANNOUNCED**—According to a cablegram from the Commercial Counselor, Athens, fourth quota imports for Turkey were announced on February 16. The quota has an over-all value of U.S.\$251 million, composed of \$121 million for liberalized and automatic licence imports, \$30 million for imports from bilateral trade agreement countries (details not yet released), and \$100 million for imports from European Monetary Area, dollar and free exchange countries, on a global quota basis. The deadline for import licence applications against global quota is March 15, except for newly liberalized items, which is March 1. Importers must put up 10 per cent countervalue with applications against each list, except manufacturers for raw material requirements which are under automatic list if authorized by Chambers of Industry and for which no deposits are necessary. Import licences will be valid for six months instead of four months as before. C.a.d. terms are permitted but such imports are restricted by the requirement of 50 per cent additional countervalue deposit under liberalized and automatic lists with applications, as well as the standard 10 per cent.

Specific allocations of interest under global quota include:

Oil exploration equipment \$1½ million; passenger cars \$3 million; trucks, buses, station wagons and vans \$14.2 million; tractors \$1 million; diesel, gasoline, etc., engines \$2.55 million; electric motors, generators, etc., \$457,000; pumps \$450,000; antibiotics and pharmaceutical specialties \$1.325 million; rubber \$2½ million; plastic raw materials \$2 million; wood pulp \$200,000; hides \$4½ million; synthetic yarns \$1.45 million; printing, cigarette, etc., papers \$975,000; drawing, etc., papers \$225,000; carbon black \$250,000; asbestos \$125,000; various chemicals \$1.57 million; cellulose paints and varnishes \$200,000; various types of glass and products \$515,000; various rubber products \$495,000; non-ferrous metals \$2 million; iron and steel sheets, bars, etc., \$9.6 million; various types of agricultural machinery \$1.05 million; and capital equipment \$30 million, to be decided by the Economic Co-ordinating Committee.

The lists of liberalized and automatic licence imports are extended to include approximately 45 per cent of total imports (base period not stated), including the following of interest to Canadian exporters:

Vehicle tires and tubes; more chemicals and pharmaceuticals; special steels; various seeds; tinplate; mining lamps; iron and steel strip; nylon fishnet yarns; various non-ferrous metals; marine engines for fishing industry; parts and materials for assembly and/or manufacture of commercial vehicles, tractors, refrigerators, washing machines, sewing machines, radios.

The tobacco premium is raised to 6.2 from the 15th of February.

*Full details will be available from the International Trade Relations Branch when the complete text of the new fourth quota is received.*

## United States

**TARIFF COMMISSION INVESTIGATION OF SHRIMP IMPORTS**—In response to a resolution of the House of Representatives adopted on February 9, 1960, the Tariff Commission has instituted an investigation, pursuant to Section 332 of the Tariff Act, to determine whether shrimp, as a result of the existing duty-free tariff treatment, are being imported into the United States in such quantities as to cause serious injury to the domestic shrimp industry. The Commission is required to make its report to the Committee on Ways and Means of the House of Representatives within three months.

A public hearing will be held by the Tariff Commission on March 16, 1960.

*Under tariff paragraph 1761, shrimp, fresh or frozen, or prepared or preserved in any manner, enter free of duty. This free rate is not bound in any trade agreement.*

**AMENDMENT TO REGULATIONS GOVERNING USE OF FOOD ADDITIVES**—The Food and Drug Administration has introduced a Food Additives Amendment to the Federal Food Drug and Cosmetic Act which becomes effective March 6, 1960, and is designed to prohibit the use in food of additives that have not been adequately tested to establish their safety. The FDA has published lists of substances whose use as food additives is considered safe within prescribed tolerances, and of substances which may be employed in the manufacture of food-packaging materials. Additional substances will be listed as their safety is proved. The new Food Additives Amendment is not expected to pose any particular problem for Canadian food manufacturers whose products are exported to the United States, because most of the substances listed as safe had been given prior sanction. To avoid difficulties in the future, however, all food manufacturers should familiarize themselves with the details of the amendment. Interested parties may write to the Department of Trade and Commerce for additional information.

MARCH 12, 1960

## Zanzibar

**DOLLAR LIBERALIZATION**—The Imports Controller, Zanzibar, has announced that effective December 29, 1959, all goods from the dollar area, including Canada, may be imported without any restriction under Open General Licence. Among the few items which had previously been under import control were motor vehicles and spares, air-conditioning equipment, non-domestic refrigeration equipment, and certain other industrial machinery and equipment. All these items may now be imported freely under Open General Licence.

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## Latin American Free Trade Area

*The Canadian Commercial Counsellor in Montevideo, Uruguay, reports that the Treaty of Montevideo, establishing the Latin American Free Trade Association, was signed on February 18 by the representatives of Argentina, Brazil, Chile, Peru, Paraguay, Mexico and Uruguay.*

*The Treaty calls for the gradual elimination of customs tariffs and all other barriers that prevent or curtail commercial interchange between the member countries. The seven member countries contain 70 per cent of Latin America's population of 200 million and cover an area of over 6½ million square miles.*

## Address of Vancouver Office

*The Vancouver office of the Trade Commissioner Service moved into new quarters recently. The address is:*

*Western Representative  
Department of Trade and Commerce  
405 Federal Building  
325 Granville Street  
Vancouver 2, B.C.*

## Index to Foreign Trade.

*The index to Volume 112 of Foreign Trade, covering the issues from July 4, 1959, to December 19, 1959, has now been printed. Readers who wish to have copies should write to the Editor.*

## Photo Credits

*Page 15, Arabian American Oil Company; pages 17 and 21, United Nations; page 26, USOM, Lebanon.*

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 1.0519395.

## Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 29	Units per Canadian dollar	Notes (See below)
Argentina .....	Peso .....	Free .....	.01152	86.80	(1)
Austria .....	Schilling .....	.....	.03660	27.32	
Australia .....	Pound .....	.....	2.1325	.4689	
Bahamas .....	Pound .....	.....	2.6656	.3751	
Belgium, Belgian Congo and Luxembourg .....	Franc .....	.....	.01906	52.46	
Bermuda .....	Pound .....	.....	2.6656	.3751	
Bolivia .....	Boliviano .....	Free .....	.00008321	12,017.79	
British Guiana .....	Dollar .....	.....	.5553	1.80	
British Honduras .....	Dollar .....	.....	.6664	1.50	
Brazil .....	Cruzeiro .....	General Category* .....	.004396	227.46	*Feb. 9 (2)
		Special Category .....	.001904	525.09	
		Official selling .....	.05025	19.90	(3)
Burma .....	Kyat .....	.....	.1996	5.01	
Ceylon .....	Rupee .....	.....	.1999	5.00	
Chile .....	Escudo .....	Free .....	.9097	1.10	(4)
Colombia .....	Peso .....	Certificate .....	.1485	6.73	
Costa Rica .....	Colon .....	Official .....	.1693	5.91	
		Controlled free .....	.1431	6.99	
Cuba .....	Peso .....	.....	.9506	1.05197	tax 2%
Czechoslovakia .....	Koruna .....	.....	.1320	7.57	
Denmark .....	Krone .....	.....	.1378	7.26	
Dominican Republic .....	Peso .....	.....	.9506	1.05197	
Ecuador .....	Sucre .....	Official .....	.06338	15.78	
		Free .....	.05585	17.90	
Egyptian Region, United Arab Rep. .....	Pound .....	Official .....	2.7298	.3663	
		Export account selling .....	2.3775	.4206	
El Salvador .....	Colon .....	.....	.3803	2.63	
Fiji .....	Pound .....	.....	2.4014	.4164	
Finland .....	Markka .....	.....	.002971	336.59	
France, Monaco, etc. ....	New Franc .....	.....	.1937	5.16	(5)
French colonies .....	Franc .....	.....	.003874	258.13	(6)
French Pacific .....	Franc .....	.....	.01065	93.89	(7)
Germany .....	D Mark .....	.....	.2280	4.38	
Ghana .....	Pound .....	.....	2.6656	.3751	
Greece .....	Drachma .....	.....	.03168	31.56	
Guatemala .....	Quetzal .....	.....	.9506	1.05197	
Haiti .....	Gourde .....	.....	.1901	5.26	
Honduras .....	Lempira .....	.....	.4753	2.10	
Hong Kong .....	Dollar .....	Free* .....	.1661	6.02	*Feb. 19
		Official .....	.1666	6.00	
Iceland .....	Krona .....	Official .....	.02502	39.97	(8)
India .....	Rupee .....	.....	.1999	5.00	
Indonesia .....	Rupiah .....	Official rate .....	.02112	47.34	(8)
Iran .....	Rial .....	.....	.01255	79.68	
Iraq .....	Dinar .....	.....	2.6618	.3756	

\*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 29	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6656	.3751	
Israel	Pound		.5281	1.89	
Italy	Lira		.001531	653.17	
Japan	Yen		.002641	378.64	
Lebanon	Pound	Free	.2986	3.35	
Mexico	Peso		.07605	13.15	
Netherlands	Florin		.2522	3.96	
Netherlands Antilles	Florin		.5082	1.97	
New Zealand	Pound		2.6656	.3751	
Nicaragua	Cordoba	Effective buying	.1440	6.94	
		Official selling	.1348	7.42	
Norway	Krone		.1330	7.52	
Pakistan	Rupee		.1999	5.00	
Panama	Balboa		.9506	1.05197	
Paraguay	Guarani	Official	.007792	128.34	
Peru	Sol	Certificate	.03432	29.14	
Philippines	Peso		.4753	2.10	
Portugal & Colonies	Escudo		.03318	30.14	(9)
Singapore and Malaya	Straits Dollar		.3110	3.21	
Spain and Dependencies	Peseta		.01584	63.11	
Sweden	Krona		.1837	5.44	
Switzerland	Franc		.2192	4.56	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04522	22.11	(8)
Turkey	Lira		.1056	9.47	(8)
Union of South Africa	Pound		2.6656	.3751	
United Kingdom	Pound		2.6656	.3751	
United States	Dollar		.950625	1.0519395	
Uruguay	Peso	Free	.08431	11.86	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2838	3.52	
West Indies Fed.	Dollar		.5553	1.80	(10)
	Pound		2.6656	.3751	(11)
Yugoslavia	Dinar	Official	.003168	315.65	(8)
		Settlement rate	.001504	664.82	

\*Latest available quotation date.

## Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.\$18.36 plus (a) an exchange premium of Cr.\$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.\$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.\$18.92 per U.S. dollar plus a surcharge of Cr.\$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.



## Businessman's Bookshelf

### International Trade

By Kramer, d'Arlin and Root. 678 pages. \$7.25.

THIS new publication in textbook form is intended for United States businessmen and also for university students of economics. Written by three professors of the Wharton School of Finance and Commerce, University of Pennsylvania, it has three main divisions: theory, policy and practice.

The first part deals with the theoretical aspect of international trade and follows somewhat the old Classical and Ricardian comparative-cost approach. However, the more modern approach based on the mutual interdependence theory of prices is also well exploited. Although this section is mostly intended for and written in the language of the student of economics, it should be useful to anybody who wishes to understand the intricate mechanism of international transactions.

The second part, on policy, emphasizes United States commercial policies and trading laws and the business approach of larger U.S. firms in the international market. Of special interest to the Canadian reader may be the explanation of the working of U.S. foreign aid funds and the opportunities they open to foreign suppliers. In any event, our close affiliation with the United States makes a knowledge of its trade policy useful to the Canadian exporter.

The third part covers North American practices in foreign trading. Chapters treating the surveying of foreign markets, international trading channels, communications, shipping and insurance, and foreign credit and collections are of primary importance to the export-minded businessman. Some attention is given to the possible effects of the formation of new economic blocs, namely the European Common Market and the more recent European Free Trade Area.

Chapter 27 deals specially with international sales promotion and in this field, Canadians have a lot to learn from U.S. experience. The authors discuss, for example, the advantages and disadvantages of centralization of international advertising policy and also the arguments for decentralization. They also stress exchanges of advertising knowledge and co-ordination of techniques with the foreign distributors. Another method used more and more is the training of foreign

dealers in the exporter's plant where the manufacturing is done. Advertising abroad may also be carried out co-operatively, with the distributor setting aside a percentage of his profits for this purpose.

This book should be helpful to the exporter and might well find a place on his office bookshelf.

Published by: W. J. Gage Limited, Scarborough, Ontario.

### Economic Survey of Nigeria 1959

National Economic Council of Nigeria. 132 pages, 4 loose maps. \$1.25.

IN October, Nigeria will join the lengthening list of former colonies that have become self-governing nations within the Commonwealth. In preparation for this new status, the National Economic Council was set up in 1955 to plan the new Dominion's economic development. The first requirement was to take stock of the present economic situation, and in 1958 the Council charged a committee with the preparation of a complete survey. The results were published in August.

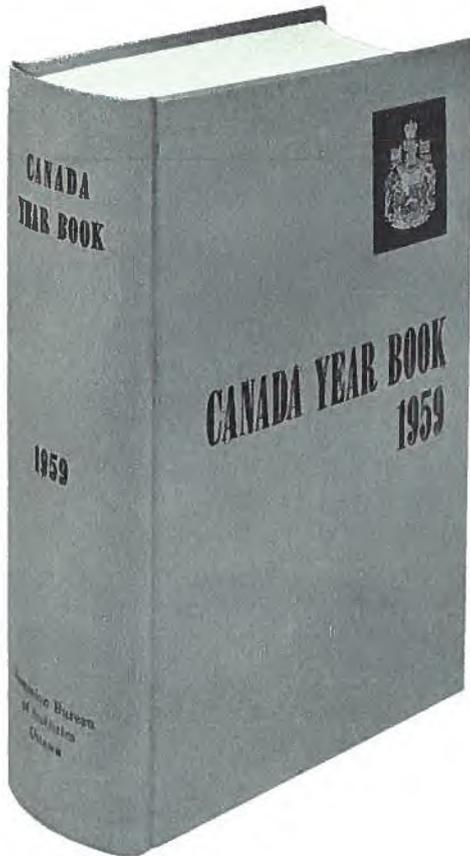
The survey, with its 43 tables and five maps, will no doubt be the standing authority on the Nigerian economy for some time. It describes the country's population, finances, agriculture, industry, national resources, transportation, trade, energy resources—in short, every aspect of the economic structure. Also included is an outline of government development plans and the proposed financing of these.

Nigeria's steadily-rising population was well over 34.5 million in mid-1958, making it the continent's most highly populated area; no major African country has more people per square mile. Although the standard of living is well down among African states, imports of consumer goods are rising quickly: in 1958 they were nearly double those of the preceding year.

This book should prove a valuable reference to businessmen who wish to explore the new African market.

Order from: Crown Agents Representative, 1800 K Street, N.W., Washington 6, D.C.





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