APRIL 23, 1960

foreign trade

CANADA

SOUTHERN AFRICA

THE RECORD IN 1959, THE OUTLOOK FOR 1960

Established in 1904

foreign trade

OTTAWA, APRIL 23, 1960 Vol. 113, No. 9

cover (Left) Diamonds continue to play an important role in exports from South Africa; reached a record $106 million in 1959. Here a De Beers expert, qualified by years of training, sorts and classifies one day's output from the Kimberley mines. (Right) A Rhodesian landowner examines sturdy tobacco plants growing on his farm; tobacco has become Southern Rhodesia's leading export. For reports on these two Southern African countries and on their neighbour, Mozambique, turn to page three.

CANADA

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

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

Union of South Africa
Rhodesia and Nyasaland
Mozambique

SOUTHERN AFRICA

Business in '59
Prospects in '60
Trade with Canada

Union of South Africa

Steady rise in exchange reserves and record trade surplus marked 1959. Canada's sales to Union rose 2 per cent despite stringent import controls; no spectacular increase in trade forecast for this year.

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

THE late spring of 1959 brought a change in the climate of business opinion in South Africa. Depression following the severe credit restrictions imposed by the Government in 1958 because of a mounting trade deficit changed into a mood of cautious optimism. This was encouraged by buoyant conditions overseas that resulted in improved prices for agricultural and mineral products, and by constantly rising production of gold, backed by large-scale prospecting in new areas. By the third quarter of last year the moderate recession was considered over. Recovery may be long-drawn-out, however, compared with North America and Europe.

Industrialists and traders have been guarded in their forecasts for the first half of 1960. Improvement has not proceeded as rapidly as many hoped, mainly because the recovery in world commodity prices has been slower than expected and the public has been cautious about spending. The banks and building societies have plenty of money to lend, but few businesses or individuals showed much interest in loans until early in the new year, when some pick-up took place.

Financial Position Strong

The outstanding feature of the Union's economy during 1959 was the striking improvement in external finances as the year progressed. From a low of $200 million* in mid-1958 and $313 million at the end of 1958, the Union's gold and foreign exchange reserves have risen steadily and now total about $425 million.

The balance-of-trade figures for 1959, read in conjunction with figures of foreign exchange reserves, reveal a substantial outflow of funds during the year. The 1959 favourable balance of trade reached approximately $504 million and current invisibles probably accounted for some $327 million; this meant a net surplus on current account of about $177 million. As the gold and foreign exchange reserves rose by $112 million during the year, this indicates a net capital outflow of nearly $65 million. Because South Africans were large net buyers of gold shares in foreign countries during 1959, it appears that stock-exchange transactions showed a large net debit—offset to some extent by an inflow of capital on private and government account.

In presenting the budget last month, the Minister of Finance explained that the capital account now had a deficit of some $84 million. Of this, $42 million represented net payments of long and short-term debt on official account; the balance of $42 million represented a net outflow of private capital. (The biggest factor was the purchase of South African shares from foreign holders plus the payment of foreign loans on private account, about $8 million net.) On this premise, the calculation is that considerably more than $34 million in new private capital entered the Union last year. Net borrowings by the Government and the banks from the World Bank, International Monetary Fund and other overseas sources totalled about $48 million.

The surplus in balance of payments resulted in a substantial net entry of funds and because this coincided with some slackness in several sectors, unused financial resources in the Union grew steadily for most of the year. As a consequence, the Reserve Bank removed all restrictions on the supplementary reserve requirements for the commercial banks and dropped its admonition to "exercise caution in extending credits to finance imports". With plentiful resources, the commercial banks and other financial institutions have been in an excellent position to finance expansion for some months past.

Mineral Production

Production by Union mines during 1959 set a new record of over 20 million fine ounces with a total declared value of over $700 million —an increase of 14 per cent over 1958. Exports of diamonds from South Africa during 1959 totalled $106 million—also a record and some 23 per cent greater than in 1958.

Among the other mineral products, exports of antimony concentrates and copper block and ingot also increased in value; shipments of asbestos, chrome ore, coal, manganese ore and zinc decreased.

Outlook for Farmers

For the first half of 1959 there were few signs that depressed prices for agricultural commodities were again rising and producers expected a decline in gross receipts. However, prices did improve even though the rise, taken over-all, was small, and farming incomes went up slightly. This encouraged the rural areas to think again in terms of the prosperity they enjoyed some years ago.

Current reports indicate that farming conditions are generally favourable except in a few drought-stricken areas and good crops are

Note—Figures quoted are approximate. Conversion rate S.A.£1=2.80.

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forecast. The wheat crop is considerably larger than last year; sugar and wattle are yielding well; a relatively good harvest of deciduous fruit is being picked; wool prices are firm; citrus orchards are being extended, and there is every prospect of a good maize crop. Average production costs may, however, tend to restrict a general rise in profits because the prices of most farming requisites continue to increase.

Fishing Season Satisfactory

When annual quotas were reached, fishing operations in South African waters ended. Catches of rock lobster, however, continue steadily and shipments of frozen tails have again gone forward to the United States. A market for canned fish from the Union has developed in the Far East as a result of difficulties experienced by packers in California. Large bulk sales have been concluded at satisfactory prices and it is unlikely that any substantial stocks will be carried forward. Considerable stocks of fishmeal and oil in store are awaiting shipment against firm contracts.

Industry Is Hesitant

For most manufacturers, 1959 meant marking time. Many factories experienced the first slowing down in activity for a decade and a recent survey indicates that most industries in the Union have had to accept smaller profit margins. Parts of the business community are exercising caution in appraising plans for the future.

The Government is seeking to encourage the growth of South African industry. Tariff protection and preferential treatment for South African industry on government tenders play a large part in its economic planning. The Board of Trade is compiling a list of industries that could be developed to advantage in the Union. The proposal is to give entrepreneurs advance assurance of adequate tariff protection if they will set up plants in the fields nominated, subject to prior discussion of their plans with the Board. A recent announcement also disclosed that such planning for protection can cover expansion in an existing industry and also the establishment of new industries other than those listed, subject to consultation with the Board.

Exports Soar, Imports Plunge

A sharp increase in sales of gold abroad, large merchandise exports, and stringent import controls all contributed to the growth in the Union's foreign exchange reserves.

From approximately $160 million in 1958, the Union's favourable visible balance of trade soared to a record of just over $504 million in 1959. Imports fell by some $190 million (about 12 per cent) compared with 1958, to reach their lowest point since 1955. Exports (excluding gold) increased in value by about $100 million (approximately 9 per cent) over 1958 and sales of gold bullion in 1959 set a new record at $677 million, an increase of $56 million over the previous year.

The Union now exports to some 60 countries. Just under 33⅓ per cent of shipments go to countries of the African continent, 27 per cent to Western Europe, 14 per cent to the Far East, and about 11 per cent to South America. The United Kingdom is by far the Union's best customer, followed by the Federation of Rhodesia and Nyasaland, the United States, Belgium, West Germany, France, Italy, Japan, the Netherlands, Mozambique, Communist China and Hong Kong, in that order. The principal products exported can be classified by groups and the approximate value of exports is indicated after each in the accompanying table.

PRINCIPAL SOUTH AFRICAN EXPORTS, 1959

	(in millions of dollars)
Metals, metal goods, machinery and vehicles	350
Animals, agricultural and pastoral products	249
Foodstuffs	199
Minerals, earthenware and glassware	118
Jewellery, timepieces, fancy goods and musical instruments	34
Fibres, yarns, textiles and apparel	22
Leather and rubber goods	17
Ales, spirits, wines and beverages	8

Compared with 1958, the principal contributors to the increased value of exports were: wool, up $25 million; diamonds, up $20 million; hides and skins, up $6 million; copper, up $6 million; and gold, up $56 million. Products that dropped in value included maize, down $28 million; uranium oxide, down $14 million; fruit, down $13 million, and manganese ore, down $4 million.

A cutback of some $70 million in government purchases overseas during 1959 contributed substantially to the drop in the Union's imports compared with 1958. Purchases in the two most important import categories—textiles, apparel, yarns and fibres and metals, metal manufactures, machinery and vehicles—also declined considerably. The United Kingdom is not only the Union's principal customer but also its main supplier. Last year British exports to the Union almost doubled in value those of the next largest supplier, the United States. Next in order of importance as suppliers were West Germany, Canada, Iraq, Japan, the Netherlands, the Federation of Rhodesia and Nyasaland, Italy, the Belgian Congo, France, Switzerland and Pakistan.

Import Controls

There has been no recent change in the general outline of South African import controls. Where licences are required, they are granted without discrimination as to country of origin. Separate regulations apply to each of four main classes of goods.

1. Goods which may be imported without licence. Included in this category are raw coffee, tea, certain textiles, yarns and threads, knitting and sewing machine needles, non-industrial sewing machines with an f.o.b. value not exceeding £12.10s.

each, domestic sewing machine parts, petroleum products, and certain books.

2. Goods for which licences will be issued to registered importers on receipt of a written application. This group includes industrial, agricultural and scientific and medical requirements, motor vehicle spares, artists' materials and liquor. It is intended that industry be permitted to obtain its full reasonable requirements of imported machinery and raw materials, but with due regard to the availability of such materials from local sources.

3. Goods for which licences are issued on the basis of sales replacement. This group comprises parts for the assembly of cars and trucks; built-up cars, new or used, not exceeding £800 in value when new; trucks; motorcycles; scooters and bicycle auxiliary engines.

4. Goods subject to quota restrictions. This group includes consumer goods, lumber, office equipment, outboard motors, motor cars exceeding £800 in value when new, and all other goods.

Canada Maintains Position

A review of the latest figures on Canada's trade with the Union reveals that, contrary to the general trend, the value of our sales for 1959, at just over $51 million, was some 2 per cent above the figure for 1958 and our imports from the Union also are slightly larger. The value of our exports has been maintained because of substantial South African purchases of Canadian wheat. By contrast, a wide variety of our exports decreased in value: figures for 11 months show lumber down by 33⅓ per cent, automobiles and parts by 50 per cent, and railway rails (with other steel products) by some 60 per cent. Exports of tallow, surgical and sanitary cotton, agricultural implements, locomotives and parts, copper products, mining machinery and fire-brick also declined. In the pulp and paper group, sales of book printing, wrapping and other papers decreased but newsprint increased. Among the principal commodities registering increases were hops, leather, wood pulp, cotton fabrics, rubber products, aluminum in primary form, bookkeeping and calculating machines, sparkplugs, some drugs and chemicals, and aircraft. Two new items appearing for the first time in modest amounts are razors and razor blades and cotton thread and yarn.

Of the products imported into Canada from the Union the main ones, wool and diamond bort, show no appreciable change in value, according to the most recent statistics. However, shipments of apricots, onions, peanut oil, sulphite pulp, tungsten carbide inserts and unset diamonds increased; there were moderate decreases in green peanuts, rock-drill bits, electric precision instruments and manganese ore.

Steady Improvement

With no resources development project in prospect to provide the impetus for a major economic advance, recovery in the domestic field is expected to be slow but steady. A recent survey predicts an increase in national income of from 3 to 6 per cent, depending on the Government's industrial development policy, the rate that capital flows into the Union, the possible revaluation of gold, and the effects, if any, of the threatened boycott of South African exports. Businessmen in general are still cautious and no marked increase in capital expenditure, either on private or government account, is indicated. Consumer demand exhibits no expansion and employment is likely to remain stable.

Export earnings will probably remain about the same as in 1959. However, the growing competition facing Union goods, principally foodstuffs, in the United Kingdom market is causing some concern; so is the proposed boycott of South African exports in various countries, and the renegotiation of the trade agreement with the Federation of Rhodesia and Nyasaland, the Union's principal customer for manufactured goods. South Africa's contracts for supplying uranium to the United States and Britain are also under review at the present time. On the promotion side, the Government has expanded its assistance to exporters and is opening new offices abroad. Reports indicate that the export credits insurance scheme completed its first year of operation successfully and its usefulness is expected to increase.

Any dramatic opening-up of the South African market to imports during the year seems unlikely. Stated government policy is to proceed gradually with the relaxation of import controls.

Present indications are that the dollar value of Canadian exports to this market during 1960 will probably not top the customary $50 million. No product or group of products holds promise of a major increase at the present time. The best prospects for Canadian exporters will continue to be in supplies for the Union's growing industries—raw and semi-processed materials and industrial equipment. Opportunities in other fields depend largely on whether or not a similar product is made domestically. There is much interest in official and business circles in the Canadian manufacturer who wants to open a branch plant, have his products made on a royalty basis, or invest in a local industry.

Loan for Rhodesian Farmers

The World Bank on April 1 granted a $5.6 million loan for the development of African farming in Southern Rhodesia. The money will help African farmers to boost output of crops and livestock.

Southern Rhodesia's land development plan is designed to overcome problems resulting from the tribal system of land tenure; soils are seriously depleted by over-cultivation and heavy grazing and have lost their fertility. The program was begun in 1956 and extends over seven years. The Bank loan will help cover foreign exchange requirements and the remaining costs will be met by the Government and the Native Development Fund.

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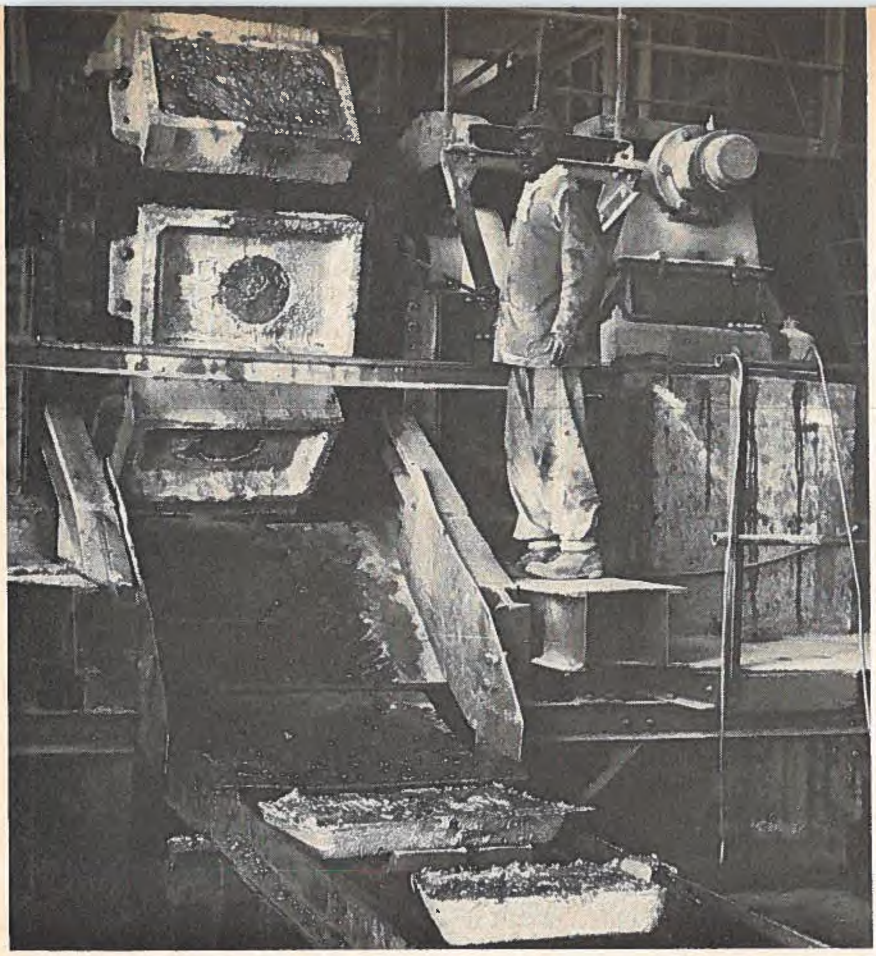

Ingots from the Copperbelt mines, cooled in moulds, emerge onto an endless belt.

Rhodesia and Nyasaland

Spectacular recovery in copper prices, record tobacco sales, a good inflow of foreign capital made possible the Federation's 1959 economic comeback. Removal of nearly all import restrictions brightens prospects for Canadian traders.

L. S. GLASS, *Trade Commissioner, Salisbury.*

AS 1959 began, the Federation of Rhodesia and Nyasaland was still suffering from a recession. It soon became obvious, however, that recovery was imminent and by the end of the year the economy was largely back to normal. The credit squeeze was a thing of the past, restrictions on instalment buying were removed, and controls on dollar imports were progressively lifted until, as the year ended, the removal of controls on imports of all but five items from the dollar countries was announced. A very few other items remain restricted regardless of their source, but most goods can now be freely imported from any country.

Even though the depression has virtually disappeared the response, particularly from the European population, has been slow, mainly because of uncertainties about the political future of the Federation. This is more of an individual than a community feeling and should not in the long run affect the prosperity and development of the country.

The statement made above is borne out by the confidence shown by overseas investors. During 1959 a number of branch plants of overseas companies were started or completed. Among these were Dunlop Tire and Rubber Company, Nestlés, British Motor Corporation, and African Explosives (a subsidiary of ICI), not to mention companies coming in from the Union of South Africa.

External loans have been successfully floated and a satisfactory inflow of capital from abroad has continued. In 1957 the net intake of capital was £29.2 million, in 1958 it reached £59.8 million, and for 1959 it totalled £39.7 million.

Steps were taken during the year to improve the climate for overseas and particularly dollar investment. For some years free movement of foreign capital was restricted and only in certain types of investment could capital and/or profits be repatriated. For example, the capital brought in to build the Kariba Dam and the profits derived from its construction were free to move out of the country, but investment in, say, a retail business was frozen. Now all capital and proceeds from retail operations may be repatriated.

Business Facts

Last October the Government Statistics Branch inaugurated an index of production for manufactured goods, with October as the base year. The index is too new to give any long-term comparisons but it does show the trend. The Federation, particularly Southern Rhodesia, is definitely progressing along the road to industrialization. For only three items in the table—chemical products, bricks and cement, and miscellaneous—did production fall. The greatest decrease was in bricks and cement, which went down to 70, reflecting the slow-up in building in 1959. The other groups and their index numbers are: foodstuffs 104; drink and tobacco 105; textiles, clothing and footwear 109; paper, paper products and printing 108; metal and metal products 105, and all groups 101.

The number of insolvencies in both Southern and Northern Rhodesia increased last year; the companies affected were probably under-capitalized. During the boom years they could get by on borrowed capital but when the credit squeeze was introduced, they were forced out of business. It is also significant that 145 local companies increased their capital in 1959 by over £55 million, the highest ever.

The nominal capital of new companies registered in 1959 was greater than in previous years. In 1959 there were 1,263 new registrations capitalized at just over £13 million, compared with 1,606 capitalized at £17 million in 1957, an average increase of about 5 per cent.

Although bank clearances in Northern Rhodesia fell off slightly, both Southern Rhodesia and Nyasaland showed increases to make 1959 an all-time record (£1,790.8 million). Currency in the hands of the public expanded from £19.4 million in 1958 to £20.4 million in 1959. The Post Office reports an increase in both the Post Office Savings Bank deposits and in the purchase of Post Office savings certificates.

Developments in Trade

The balance of trade has displayed a marked improvement. In 1957 the deficit in the trading balance reached £14 million and in 1958, £15 million. Last year, the deficit was transformed into a surplus of nearly £44 million, a record for the Federation. Copper exports that almost equalled the record year of 1956 and record tobacco sales made this achievement possible. A decrease in imports also helped.

The value of imports for 1959 is estimated at £150 million, a decrease of nearly £7 million from 1958. The United Kingdom continued to be the chief supplier, closely followed by the Union of South Africa. In fact, of total imports valued at £136.9 million for the first eleven months of the year, the Union supplied 70 per cent. That the United States was in third place with sales of £5.6 million shows how thinly the market is spread among the other exporting countries. Canada's share totalled £1.4 million.

Two developments may mean an expansion in Canada's exports—the removal of restrictions on dollar goods and the termination of the trade agreement with the Union of South Africa. The agreement now in force gives the Union a large number of exclusive preferences. For example, sanitary earthenware and porcelainware imported from most-favoured-nation countries and Canada are dutiable at 15 per cent and from the United Kingdom at 5 per cent. The Union, however, enjoys the 5 per cent tariff less one-tenth. Any new agreement will certainly do away with many of these special preferences and place Canada on a more competitive basis with South Africa.

CANADIAN EXPORTS TO RHODESIA AND NYASALAND

	1959	1958
Total exports of which:	**$2,910,106**	**$3,915,027**
Planks boards hemlock	378,836	350,740
Planks boards Douglas fir	321,219	386,470
Newsprint paper	305,784	334,845
Autos, passenger new over 1,000 dollars	283,479	255,980
Drugs and chemicals, n.o.p.	186,676	29,648
Malt	121,040	
Mining machinery and parts	108,712	92,181
Wrapping paper kraft, n.o.p.	86,334	160,314
Automobile parts	81,267	168,372

CANADIAN IMPORTS FROM RHODESIA AND NYASALAND

	1959	1958
Total imports of which:	**$ 908,437**	**$1,349,274**
Mineral substances, n.o.p.	304,696	284,759
Chrome ore	301,809	32,776
Peanuts green, shelled or not	105,713	144,348
Tobacco n.o.p., stemmed	89,848	307,116
Alloys n.o.p., for manufacture of steel	42,605	265,403
Tobacco, flue-cured unstemmed	32,819	72,258
Lemon oil and orange oil	2,299	1,683

Exports from the Federation were valued at £168.5 million for the first eleven months of 1959, as against £119.9 million for the same period of 1958, with metals and tobacco accounting for £148 million. The United Kingdom was by far the best customer, taking over 40 per cent of the total (£79 million). Germany was in second place with £16 million; she has almost doubled her purchases from the Federation in a year (£8.2 million in 1958). Exports to the United States rose slightly to £9.1 million; £6.6 million represented sales of copper and chrome. Canadian imports totalled only £141 thousand, just half the 1958 figure.

Exports to Japan have increased to a remarkable degree: in 1958 they totalled only £268,000 but in 1959 rose to just over £4 million. Imports into the Federation from Japan are strictly controlled and for that reason Japan approached the Federal Government to ask for a more generous share of the market. A few Japanese products are already on Open General Licence. It is expected that the easing of controls on Japanese goods will not seriously affect Canadian exports for, with the exception of canned salmon, they are products of little interest to Canadian exporters.

Outlook Is Good

The general view of 1959 is twelve months of steady progress and there is no reason to expect any slowing up this year. Retail business has improved, although there was not the usual Christmas shopping rush. Instead business proved good during the last quarter and a general increase of over 7 per cent in retail sales was reported for the full year. It is unlikely that prices for metals will increase, but at the same time they are not likely to fall. Production is continuing to rise and prospecting, mostly by small syndicates, is turning up new deposits. In Southern Rhodesia copper deposits have been found and it has been said that they may rival those in the Copperbelt of Northern Rhodesia. ●

Mozambique

An import bill that exceeded export returns plus invisible earnings led this small province of Portugal to restrict purchases of foreign consumer goods last September.

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

MOZAMBIQUE, a country of some 298,000 square miles with about six million people, lies on the east coast of Africa and borders on the Union of South Africa, the Federation of Rhodesia and Nyasaland, and Tanganyika. In 1954, it became a Province of Metropolitan Portugal. It has three main ports—Lourenço Marques, Beira, and Mozambique.

Agriculture sustains the economy—particularly the growing of cotton, sisal, sugar, maize and tea. Last year saw the harvesting of a record cotton crop with a seed of excellent oil content. Production of tea, sugar, oilseeds, copra and sisal was also satisfactory. However, the cashew nut crop was a failure, particularly in the southern part of the province, and exports totalled only half those of the previous year.

Industry is expanding slowly, principally in the Beira area where a hydro-electric generating plant can now provide power readily. New factories will turn out textiles and jute bags, paper, electric cables and conductors. A plant for handling industrial gases, a cold storage plant and a brewery have also been established. Near the capital, Lourenço Marques, in the south, new ventures include the making of commercial vehicle bodies, plastics, plywoods and veneers, mattresses, and biscuits. Work on an oil refinery has begun.

Lourenço Marques, one of the main ports on Africa's east coast, seen from the air.

A substantial portion of Mozambique's revenue comes from transit trade because the ports of Lourenço Marques and Beira serve both the export and import trade of the northern part of the Union and the Federation of Rhodesia and Nyasaland. Early in the year traffic was down, but it picked up in the second half and by the end of the year both ports were working nearly at full capacity. Two additional wharves are being constructed at Beira and plans are proceeding for the development of a new deep-sea port at Nacala, in the north, to serve Tanganyika and Nyasaland eventually, when internal railway links are established.

Imports Exceed Exports

The latest available official statistics of imports and exports are for 1958. These show the principal suppliers as Portugal 28 per cent, United Kingdom 15 per cent, Union of South Africa 10 per cent, Germany 10 per cent, and the United States 7 per cent. The leading customers were: Portugal 45 per cent, India 9 per cent, U.K. 8 per cent, U.S. 5 per cent, Norway 3 per cent, Federation of Rhodesia and Nyasaland 3 per cent, France 3 per cent, Union of South Africa 3 per cent, and Germany 2½ per cent. The principal exports are cotton, sugar, cashew nuts, tea, vegetable oils, sisal and copra.

Mozambique's trade account has consistently shown a large import balance but the province has offset the deficit by substantial earnings from the transit shipping trade, remittances from the native emigrant labour supplied principally to the mines in the Transvaal, and by the tourist trade. However, the excess of imports increased during 1959 and these invisible earnings failed to meet the deficit. In September the authorities prohibited the import of a long list of consumer goods unless it could be shown that adequate supplies could not be obtained from producers in Portugal or the Portuguese overseas territories.

Second Development Plan

This widening gap between exports and imports resulted mainly from the growing imports in recent years of capital goods under the Economic Development Plans. The Second Plan runs from 1959 to 1964 and includes programs for hydro-electric power, transportation, agriculture, health and education. Unfortunately, it does not offer equal opportunity for foreign firms because the authorities seldom provide licences for dollar imports unless it is demonstrated that the goods or services cannot be obtained from European suppliers.

Canada's trade with Mozambique, although it appears from statistics to approximate $1.5 million a year, is actually much smaller. The main commodities in this trade, lumber and newsprint, are stocks held in storage in Mozambique for subsequent shipment to the Union or to the Federation, and only a small part is consumed locally. The wheat imported is, of course, for local use. No appreciable change in either the volume or pattern of Canada's trade with this small country is in prospect for the next year. ●

Angola Exploits Its Oil

EXPLOITATION of asphalt deposits in Angola first noted almost two centuries ago began in 1952, after the Government granted an exclusive concession to Petrofina. The company initially made a geological study of the Angolan sedimentary basin that extends on either side of Luanda for about 300 kilometres. (The basin has a maximum width of 140 kilometres to the north and south but along the coast extends in a narrow band only a few kilometres wide.) Gravimetric and seismic surveys followed.

Over 3,000 square kilometres were examined in detail, using gravimetric reconnaissance. Possible oil-bearing structures were indicated, where seismic methods had yielded no definite results. The coastline was fully surveyed and some 1,200 kilometres of lines run over coastal waters indicated many underwater structures.

Where seismic techniques were appropriate, they have given good results. An area of 10,000 square kilometres has been covered to date and 90 per cent of the wells drilled have been located by this method.

Finally, an aeromagnetic survey explored the basins of the Cuanza and Congo Rivers and Cabinda, about 20,000 square kilometres.

Four Producing Fields

Drilling began in December 1952 and proved the presence of oil in four places: Benefica, Luanda, Cacuaco and Galinda. Unsuccessful wells were sunk in four places.

1. *Benefica*—In April 1955 Benefica Well 2 reached the Binga Benefica limestone at a depth of 2,500 meters. After further extensive drilling, this field came into regular production late in 1958. Reserves calculated at the beginning of 1958 were: proved, 475,000 cubic metres, and possible, 1,000,000 cubic metres.

2. *Luanda*—Near the end of 1956, the successful drilling of Well 2 uncovered the Luanda field, which has since been actively developed. The pool is in Cabo Ledo limestone, broken by the proximity of a zone of faults, found at a depth of 1,650 metres. Certain drills also reached the oil-bearing Cunga-Gratidâo level 600 metres deeper. Reserves are estimated at about 200,000 cubic metres for the Cabo Ledo stratum.

3. *Cacuaco*—Two wells, Cacuaco 2 and Cacuaco 4, reached the Cuvo pool at 2,482 metres in May 1958. Well 2 went into production in August 1958 at 31 cubic metres per day. The Cuvo pool is composed of porous sandstone. Other wells are being drilled to assess the magnitude of the field.

4. *Galinda*—Drilling actually in progress has encountered oil in the Binga zone. Drilling is continuing. Production in mid-1959 was running at 200 cubic metres a day but it was expected to increase the rate significantly by the year's end.

Refining Capacity

After a short trial period, a refinery to produce gasoline, light oils and fuel oil went into operation on May 3, 1958, at Luanda. Annual capacity is 100,000 tons. Production in 1958 reached

56,900 metric tons and included: gasoline 8,550 tons, gas oil 9,250 and fuel oil 38,100.

The chief sources of these products were the Luanda and Benefica fields, with 58,463 metric tons of crude. During 1959 a start was made on increasing refinery capacity to 220,000 tons per year. According to the terms of its concession, the Companhia de Petroleos de Angola (Petrongol) must, when oil production reaches 300,000 tons a year, increase refinery capacity to one million tons a year—about 3,500 cubic metres a day.

Thus far, about Can.$23 million has been spent directly on the discovery of oil—24 per cent on materiel, 9 per cent on supplies, and 67 per cent on salaries, wages, fees, etc. Development costs total over Can.$5 million, not including the value of the concession.

Though this development is still in the early stages, Angolan import statistics already show the effect, as the figures in the following paragraph demonstrate.

Imports of gasoline into Angola dropped from 52,536 tons in 1957 to 29,859 in 1958; fuel oil from 29,303 tons to 27,039; gas oil from 57,464 tons to 50,235, and lubricating oils from 7,047 tons to 6,852. So far, no petroleum products have been exported.

—R. A. BULL,
Assistant Trade Commissioner, Leopoldville.

SHIPPING SERVICES FROM CANADA TO SOUTHERN AFRICA

TO	FROM Pacific Coast	FROM Great Lakes	FROM St. Lawrence and Atlantic
Angola			Belgian African Line Farrell Lines
Federation of Rhodesia and Nyasaland	*via Beira or Lourenço Marques:* Kawasaki-Africa Line Nedlloyd Line	*via Beira or Lourenço Marques:* Christensen Canadian African Lines (subject to inducement)	*via Beira, Lourenço Marques, or Lobito:* Christensen Canadian African Lines Farrell Lines
Mozambique	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines
Union of South Africa	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines

Steamship Lines	Agents
Belgian African Line	*Pickford & Black Ltd., Halifax*
Christensen Canadian African Lines	*Kerr Steamships Limited, Montreal*
Farrell Lines	*Furness, Withy & Co. Ltd., Montreal*
Kawasaki-Africa Line	*Johnson, Walton Steamship Ltd., Vancouver*
Nedlloyd Line	*Dingwall Cotts & Co. Ltd., Vancouver*

Will Canada-Midwest Trade Expand?

At the beginning of the "Soaring Sixties", our author takes a look at developments in the U.S. Midwest; sees increased opportunities for Canadian suppliers and strengthened north-south trade ties in future.

GERALD A. NEWMAN, *Consul General, Chicago.*

CANADIAN businessmen whose trade with the eleven Midwest states bulks large will be interested in a brief run-down of business trends in this rapidly developing area.

During the past five years, the most obvious development in the United States Midwest has been the rise in population, with the resulting demand for more school and university buildings and more homes. By 1969 the population of the United States is expected to total between 210 and 215 million, a 17 to 19 per cent increase. This will expand enormously the market for all types of consumer goods.

But within the general population rise are two changes significant for the Midwest. The first is the trend for the center of population and industry to move westward, until it is now just below the Great Lakes. Here are markets of growing attraction for Canadian suppliers—markets enhanced by an improving network of highways, superhighways, railroads, and now the St. Lawrence Seaway.

The second development is greater farm mechanization, declining farm population, and the consequent growth of the cities. The flow of people from the northern and western farm states has thus greatly boosted the economic significance of the major cities of the Midwest—Louisville, Indianapolis, St. Louis, Kansas City, Rapid City, Minneapolis, and above all Chicago.

At present the movement from the farms in the Midwest receives extra impetus from the difficult conditions of over-supply in feeds and high livestock production, tending to weaken prices. This is further aggravated by rising costs of farm equipment, labour and transportation.

From the point of view of Canadian trade, these trends suggest on the one hand a weakening of the market in the Midwest for agricultural products and on the other, more emphasis on industrial and construction materials and a limited range of manufactured goods.

Businessmen Predict . . .

It is against the background of shifting emphasis in Midwest activity that I have examined a forecast of prospects for 1960, prepared by a panel of prominent businessmen and sponsored by Chicago's leading bank.

This year the panel was almost unanimous in expecting an increase in business ranging from 5 to 8 per cent in all fields except agriculture and residential construction.

The panel noted repeatedly that residential construction, accounting for just over one-third of all new building (public and private), would probably decline as much as 20 per cent in the first six months, and commercial and industrial building would rise.

On the positive side, the experts predicted a 7 per cent boost in kilowatt-hour output during 1960 and a 6 per cent rise in gas sales. Steel ingot output should climb to about 130 million tons compared with an estimated 92 million in 1959. Production of durable goods, including automobiles, is expected to show an 8 to 10 per cent increase and non-durable goods about 5 per cent. During the first half of 1960, foods (which regularly take 15 to 16 per cent of the disposable personal income) were expected to do even better with the rise in income in 1960—about 5 per cent better, in fact, than total sales over the same period in 1959. Gains in the output of construction machinery and of petroleum are also expected. The railroads, hampered by the shortage of freight cars, are still likely to carry some 5 to 7 per cent more traffic in the first half of 1960 compared with the same period in 1959.

From these developments emerge some definite long-term forecasts for Canadian trade in the Midwest. The first is that the Midwest, and particularly the area around the foot of the Great Lakes with Chicago as the hub, will probably continue to provide a growing market for Western Canadian products. In recent years, carloadings from Western Canada have climbed steadily. This trade is likely to be supplemented by pipeline products such as gas, oil and derivatives, which in turn strengthen the Midwest industrial complex. At the same time, these states continue to offer significant market opportunities to Eastern Canada, especially in the Great Lakes region with its abundant transport facilities.

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The build-up of the Midwest economy and its trade with Canada is reflected in the increased movement in recent years of newsprint, lumber and wood products, industrial materials, ores, non-ferrous metals, non-metallic minerals, fertilizer, agricultural machinery and a wide range of other goods (some manufactured) in lesser volume. It is also evident that Chicago is becoming more and more a testing-ground for Canadian products from both Eastern and Western Canada. Since 1955, the value of annual vertical shows in Chicago for the promotion of building products, footwear, machinery and metals, sporting goods and foodstuffs has been demonstrated repeatedly. At present, trade-show participation is one of the most important means of trade promotion—as well it might be, with 1,000 conventions and trade shows in the city each year.

An interesting corollary to the increasingly close trade relations between Canada and the U.S. Midwest is that as Canada is the biggest foreign market for products made in the Midwest, the area is a recognized source of branch plants for Canada. This is reflected in the fact that in the past five years, three Canadian banks have established representation in Chicago in addition to the two already here. One Canadian province maintains a full-time industrial representative in Chicago to serve the Midwest.

This close relationship is also recognized by the Chicago Association of Commerce and Industry, which in the past five years has organized the Canadian-American Trade and Industry Committee and through it sponsored two conferences on Canada-United States trade and industry.

Although in U.S. coastal cities international trade is very diversified, in Chicago Canadian trade predominates. And though the St. Lawrence Seaway provides the prospect of greater diversification, given the basic conditions in the Midwest and Canada, the direction of trade is likely to remain north and south. ●

The U.S. Lumber Market in '60

Signs point to lumber sales equal to those of last year, with purchases by other wood-consuming industries offsetting any drop in demand by home builders.

BRUCE I. RANKIN, *Deputy Consul General (Commercial), New York.*

DURING 1959 the near-record level of residential construction and a high level of industrial activity resulted in a greater demand for lumber in all major lumber-consuming industries. Lumber production in the United States last year was estimated at 36 billion board feet, or 6 per cent above 1958. In addition, over 4.2 billion board feet of lumber was imported, practically all from Canada.

The outlook for the lumber industry in 1960 is favourable. Production and consumption will probably be sustained at or near the 1959 level. Although a decline in housing starts is projected, greater activity in other wood-consuming industries is expected. According to a U.S. Department of Commerce forecast, new construction expenditures in 1960 may reach a record $55.3 billion, an increase of 2 per cent over 1959. However, because of rising construction costs, total dollar outlays will represent about the same physical volume of work as in 1959.

Housing

Although residential building was the mainspring of total new construction gains in 1959, increases in non-residential categories will be responsible for the rise this year. Some estimates of private non-farm housing starts in 1960 go as high as about 1,250,000 units—about 125,000 less than in 1959. Actually, the 1960 trend in home-building began at a fast tempo, then slackened off as the year drew to a close. For 1960 the outlook is for a relatively slow beginning with a sharp pickup during the second half. There is evidence of some easing in the stringent mortgage market which should encourage a stepped-up rate of housing starts. Most other types of private construction—including commercial and religious buildings, schools and recreation facilities and public utilities—should increase. Industrial building is expected to show the greatest gain from the standpoint of new contract awards and work put in place. Contract awards may increase 20 per cent over 1959 and the rise in actual construction could approximate 30 per cent. Commercial building outlays are also likely to continue their expansion this year, rising as much as 20 per cent above 1959, mainly because of increased office building and suburban shopping-centre activity. Expenditures on farm construction will probably decrease.

Public construction is expected to go up slightly—from $16.2 billion in 1959 to $16.5 billion in 1960. Highway construction (which uses only a small volume of lumber in any event, but which is the largest single segment of public construction) may decline slightly. Public housing starts are estimated at 35,000 units compared with 40,000 in 1959.

The use of lumber in residential construction will be affected to some extent by the relatively larger proportion of multiple family units compared with single dwellings; multiple family units usually require less lumber per unit. On the other hand, this loss will be partly offset by a gain in the consumption of lumber for alterations and repairs and particularly in the addition or conversion of rooms of existing dwellings and the addition of second garages.

Wooden Pallets

Production of wooden pallets (warehouse, storage and shipping devices) in 1959 reached an all-time high of more than 50 million units, surpassing the previous record of 49.7 million in 1956 and substantially above the 44.4 million of 1958. Lumber consumed in pallets in 1959 is estimated to have exceeded 1.25 billion board feet. The increase in wooden pallet production is expected to continue in 1960 with a probable rise of at least 5 per cent.

Wirebound Boxes and Crates

Total shipments of wirebound boxes and crates gained about 8½ per cent in dollar volume in 1959 over 1958, with industrial boxes up nearly 10 per cent and fresh fruit and vegetable containers up nearly 3 per cent. Production of wooden boxes (nailed and wirebound), which use substantial amounts of lumber, increased about 5 per cent compared with 1958 but was still below 1957. The gain was principally in boxes for use in shipping industrial products. In 1960 it is expected wooden-box production will show a modest increase over 1959.

Lumber for Railroads

Expenditures by railroads for plant and equipment, maintenance and repair in 1959 reached $855 million, or 15.8 per cent above the $738 million of 1958. The estimated consumption of lumber last year for all purposes, including ties, was one billion board feet. As of October 1, 1959, Class One railroads reported 147,242 freight cars of all types undergoing or awaiting repairs. The Class One serviceable fleet at that time included 656,278 boxcars, down somewhat from the same date of the previous year.

The outlook for lumber consumption by the railroads in 1960 is encouraging. Carloadings are expected to expand and the railroads will benefit in 1960 from government-guaranteed loans of over $50 million authorized in 1959. Production of 55,000 railroad cars is expected this year, 60 per cent more than in 1959. Consumption of lumber by railroads is thus estimated at approximately 1.3 billion board feet, an increase of about 33 per cent over last year.

Furniture

Manufacturers' shipments of household furniture in 1959, estimated at $2.9 billion, increased 14 per cent over 1958, thus reversing the down-trend of the two previous years and surpassing 1956 as the peak year for the industry. Shipments of wooden (not upholstered) furniture, which accounted for 50 per cent of total shipments, increased 23 per cent.

Though there are some indications of tempering influences on a 1960 upswing in furniture production, on balance a gain of 7 per cent over 1959 is indicated for the industry this year. Estimates of new residential housing starts indicate a drop of about 125,000 units and this could mean a decline in purchases of furniture for both replacement and enlarged quarters. However, any fall in demand for furniture as a result of fewer housing starts is expected to be more than offset by the demand resulting from a rise in construction of motels, college dormitories and large hotels. The general trend of prices is expected to be up.

Outlook

In summary, therefore, Canadian lumber exporters can look for a market in the United States in 1960 of about the same size as in 1959. The continuing use of metal and other competing materials, particularly in housing, has been causing concern in the lumber industry. However, Canadian lumber exporters should benefit from a $1.3 million nation-wide advertising and promotion program that the U.S. lumber industry is financing this year. This program got into full swing during 1959 and appears to have stimulated the use of wood. •

Australian Trade Mission

The Australian Trade Commissioner in Montreal has announced the itinerary for the 40-man Australian trade mission that is to visit Eastern Canada in May and June. The group will be in Toronto from the evening of May 18 to May 28, in Montreal from the evening of May 28 to June 5, in Ottawa from June 5 to 7.

Members of the trade team, headed by Sir Douglas Copland, former Australian High Commissioner to Canada, include Australian export merchants in a wide field: foods, wines, metal products, textiles, clothing, banking, investment and the tourist trade. Canadian businessmen who would like to meet members of the mission should contact the Boards of Trade in Montreal, Toronto and Ottawa.

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Businessman's Bookshelf

Canada Year Book 1959

Dominion Bureau of Statistics. 1,259 pages. $5.00.

HERE is Canada's "blue book" again, the official statistical annual of our resources, trade, history, institutions, and social and economic conditions. As in the past, the yearbook features new articles in each edition. This one includes essays written by well-known authorities on the Atlas of Canada, the Climate of Canada, the International Geophysical Year, Canada's Mineral Industry, the Fisheries Research Board, Steel in Canada, and the History of Canadian Journalism.

In addition to the mass of data in tables, graphs, maps and text that are extensively revised every year, the book maintains its usefulness by including a complete list of material that has appeared in former editions. Another of its handy features is a 30-page directory of sources of official information, arranged by subject. In all, an indispensable reference work for the business library.

Order from: The Queen's Printer, Ottawa.

The Middle East 1959

Europa Publications Ltd. 491 pages. $13.50.

THIS seventh edition more than lives up to the standard of excellence set by its predecessors. Between an initial note on the transcription of Arabic names and a final bibliography of periodicals dealing with the area, this book contains a wealth of information about the countries in the Middle East—their geography, history, religion, systems of government, laws, education and the vital statistics of their economic life.

The practical value of this volume is further enhanced by the addition of a great amount of factual data, including names of members of the Government and Diplomatic Corps of each country, leaders of political parties and religious bodies, lists of newspapers, press agencies, banks, trade and industrial organizations, libraries, universities, etc., with addresses, names of principal officials and other pertinent facts.

All this information is arranged in compact, easily available form to facilitate speedy reference. The countries are arranged in alphabetical order and the information for each country follows a standard pattern. All in all, it is a must for anyone seriously interested in the area.

Order from: Europa Publications Ltd., 18 Bedford Square, London, W.C.1, England.

Opportunity for Investment in Tropical Hardwoods

United Kingdom Board of Trade. 4 pages. Free.

FIRMS interested in the exploitation and processing of hardwoods in British Honduras will want to obtain a copy of this pamphlet outlining details of the proposals. The region to be opened for cutting is the 180-square-mile Cockscomb Basin, most of which is covered with high forest. Tenders are invited for a long-term forest licence whereby, as the brochure states, "the licensee holds a right in perpetuity to exploit provided that certain conditions are observed, notably the development of the area."

Businessmen interested in learning more of the forest management licence system or in receiving any technical data should write to the Conservator of Forests, Box 181, Belize, British Honduras. Applications should be posted to the Conservator by registered mail before noon on May 28, 1960.

Order from: United Kingdom Senior Trade Commissioner, 56 Sparks Street, Ottawa.

International Marketing Research News

Quarterly newsletter of the International Market Analysis Contact Group, American Marketing Association. Free.

BUSINESSMEN who are hazy on the progress being made in marketing research will find this new bulletin helpful in keeping them up-to-date on techniques, and in providing them with other sources of related information.

The publisher is the International Marketing Association Contact Group, formed recently within the American Marketing Association. The group was set up for the exchange of ideas between persons in industry, government, research institutes or universities who are doing world-wide market analyses. It plans to gather lists of people interested in international marketing and publish the names first in the bulletin and later in a directory. Readers are invited to submit comments and suggestions, plus data on meetings, papers and books of interest, and additional sources of information for possible publication in the newsletter. It is not necessary, the editors add, to be a member of the AMA in order to co-operate with the Contact Group.

Order from: Mr. Arthur Morgan, Erdos & Morgan, 1181 Broadway, New York 1, N.Y.

1959 Hong Kong Commerce, Industry, Finance Directory

Hong Kong Commerce and Industry Department. 114 pages. Free.

THIS directory, published every year by the Hong Kong Government for the overseas businessman, provides up-to-date trade information for the long-time exporter and a valuable briefing for the beginner. Canadians, according to the January 30 issue of *Foreign Trade,* can sell as successfully in Hong Kong as anyone—provided they can meet stiff foreign competition. As the directory says: "The goods of the whole world compete in the Hong Kong market on a free and equal basis; no better testing ground can be found."

Unlike many directories, this one has managed to be attractive as well as practical and its text interesting as well as informative. Statistical tables on imports, exports, banking, shipping companies, port facilities, industrial production, commodity and exchange controls, and lists of Hong Kong products, brand names, tariffs and cable addresses round out the picture. Some superb large-size photographs, many in full colour, give added attraction and convey much of the atmosphere of the Colony.

Order from: Commerce and Industry Department, Fire Brigade Building, Hong Kong.

International Marketing

By Roland L. Kramer. 646 pages. $7.25.

DR. KRAMER, who is Professor of Commerce and Transportation at the Wharton School of Finance and Commerce, University of Pennsylvania, and Executive Secretary of the Foreign Traders Association of Philadelphia, Inc., is well qualified to explore the field of international marketing. He has behind him 35 years of experience as a lecturer on foreign trade and 25 years of association with Philadelphia businessmen.

This book, like its companion *International Trade,* is intended to be used by students of commerce and economics and by businessmen interested in foreign trade. It is divided into three parts: the *why* of international marketing, the specific ways in which to participate in international business, and the technical and financial features of doing business abroad. In chapter three, the exporter will learn how costly mistakes can often be avoided by conducting market surveys. In part two he will learn how to set up foreign trading machinery: either by an allied company arrangement, an export manager in the firm, a separate export department, or an international marketing subsidiary. Part three covers pricing, packing, shipping and insuring; credits, collections and guarantees; foreign exchange; international banking facilities; letters of credit, and foreign commercial law.

The book is well laid out and is set in large, easy-to-read type. It includes useful summaries and bibliographies at the end of each chapter, plus an excellent six-page index.

Order from: W. J. Gage Limited, Box 550, 1500 Birchmount Road, Scarborough, Ontario.

The Commonwealth Year Book, 3rd Edition

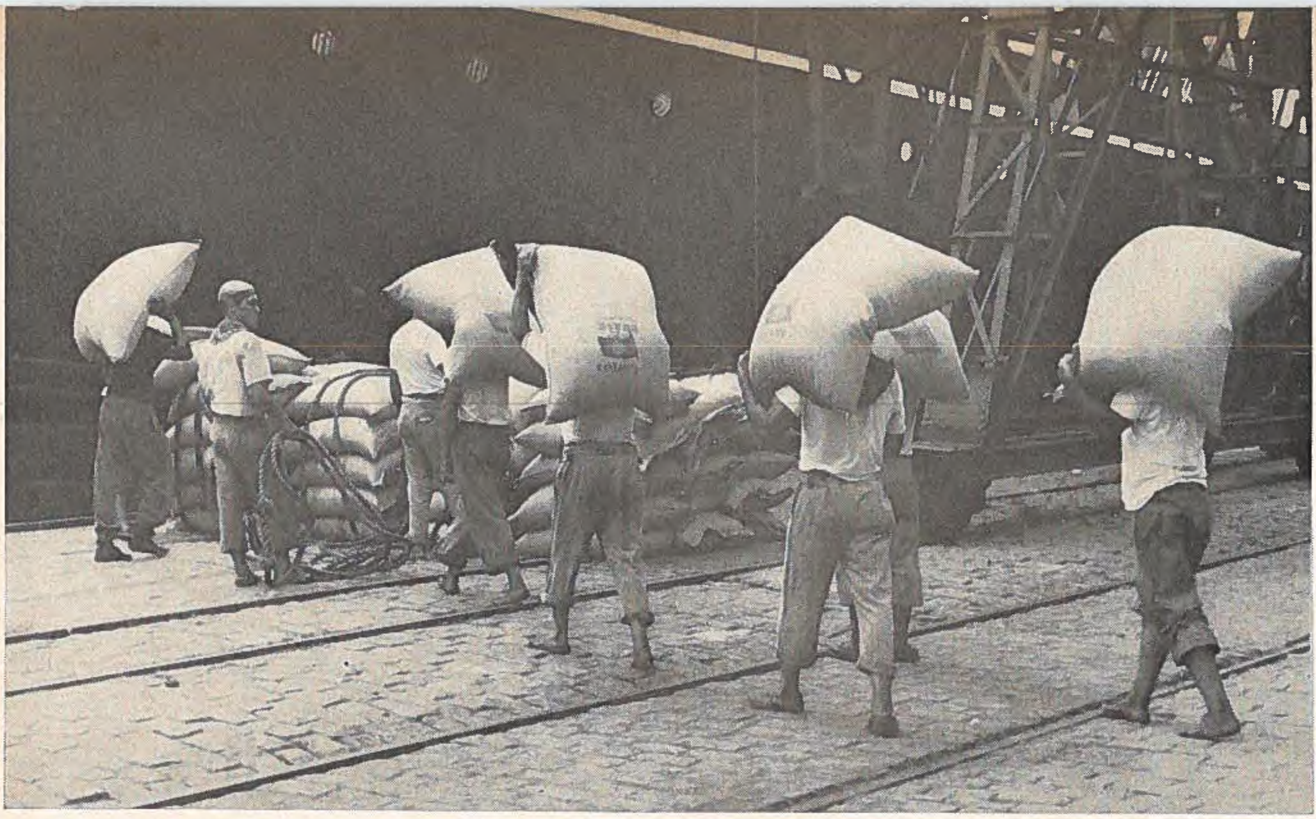
Europa Publications Ltd. 1,145 pages. $20.

THE businessman who wants to keep abreast of the growth in and the changing status of Commonwealth members should invest in this comprehensive reference book. The indispensable data, both political and economic, on the big Dominions, the new Republics or Federations, and even the tiny island groups are all there. If he has business interests in India, for example, the exporter will find figures on Indian external trade and production for 1958; agricultural output for 1957-58; the government budget for 1959-60; expenditures on the First and Second Five Year Plans; lists of shipping lines that maintain offices in Indian cities; a directory of Indian newspapers and periodicals, of universities and research institutes, and so on.

This edition contains a new feature—a section on "Commonwealth Institutions", put in, the foreword says, "to record the primary facts about these institutions . . . through which to maintain, upon a basis of equality, the old colonial closeness of contacts and co-operation." The section carries a useful summary of Colombo Plan contributions and expenditures and also a report on the Commonwealth Education Conference held at Oxford last summer.

Most of the information included is as current as late 1959, and even the statistics are for 1958, with certain exceptions. Into one volume the *Year Book* packs an amazing amount of material.

Order from: Europa Publications Ltd., 18 Bedford Square, London, W.C. 1, England.


Bags of coffee begin their journey to export markets on the shoulders of sturdy stevedores at Brazil's coffee port, Santos.

Brazil Has Too Much Coffee

R. C. ANDERSON, *Vice Consul and Assistant Trade Commissioner, São Paulo.*

As coffee piles up in Brazilian warehouses, waiting for buyers, foreign exchange earnings shrink. This gives the coffee problem importance far beyond Brazil's borders.

THE decline in world coffee prices from 1956 on has cut down Brazil's export earnings drastically. Prices in 1957 fell 14 per cent below 1956 and in 1958 dropped another 10 per cent. Brazil's returns from sales of coffee abroad reached only U.S. $680 million in 1958—19 per cent less than in 1957 and 33 per cent less than in 1956. In 1958, they went up, it is estimated, about 10 per cent to U.S.$750 million. Total earnings from Brazilian exports reached $1,243 million in 1958, a drop from $1,392 million in 1957 and $1,482 million in 1956. Coffee provides over half these export earnings.

Brazil has also seen her position as the world's foremost coffee supplier weakened. Time was when she supplied 75 per cent of the coffee on the world market; in 1935-39, the figure fell to just over 55 per cent, and by 1958 to 35.5 per cent.

A number of developments have brought about this deterioration in the Brazilian position. The first is that the rise in world coffee production has outstripped the growth in coffee consumption. Another is the fact that the other Latin American countries have retained their share of the world coffee market. They produce and sell abroad mainly mild coffee and a narrowing of the price margin between the mild and the strong (or Brazilian) coffee resulted from the price-support policy practised by the Brazilian Coffee Institute. This intensified competition between Brazil and the other Latin American producers.

A third development is the rise of coffee output in Africa. African coffee—principally the Robusta type—has proved popular in the making of soluble coffee. Brazil's exports of medium Arabica types of coffee have felt the competition. A few figures will demonstrate how African producers have increased their share of the international market.

Per Cent of World Market

	1935-39	1957
Angola	1	3.5
French African territories	0.7	5.85
Uganda	0.7	3.6

Late last September, a new International Coffee Agreement was signed in Washington by countries producing 85 per cent of the world's coffee. Under this agreement, the signatory countries undertook to limit their exports to fixed quotas, based either on 90 per cent of the amount exported in the most favourable of the last ten years or on 88 per cent of their exportable 1959-60 production as estimated by the U.S. Department of Agriculture. The objective is to bring supplies into balance with demand and thus to keep prices firm. The British and Belgian territories in Africa were not included in the agreement but the British and Belgian Governments, acting on behalf of their African colonies, expressed their intention to co-operate with the agreement countries in limiting coffee exports.

Suggested Solutions

The agreement does not, of course, eliminate Brazil's coffee problem. Two possible solutions are suggested. One is to cut coffee prices, which Brazil could do because she held back tremendous quantities of coffee in 1957, 1958 and 1959. But if she reduced prices to under-sell her African competitors, would this make up for the deficit in the balance of payments when returns from coffee slumped? The world supply of coffee for export is now estimated at 55 million bags a year and the demand in importing countries at between 39 and 42 million bags. A price war with African producers would, it appears, only aggravate the situation. The real reason for the coffee crisis is apparently over-production and until consumption comes more or less into balance with output, the problem will persist.

Some Brazilian experts feel that production costs in Brazil could be lowered and this would make Brazilian coffee more competitive with African. Another proposed solution is to step up world consumption. The Brazilian Coffee Institute is pursuing this line of attack aggressively and its "hard-sell" technique should bring results. The Institute is attempting particularly to encourage U.S. consumers to use more coffee by persuading them that they should reduce the ratio of cups per pound from 64 to 50 or under.

Canada reached a new high in coffee consumption in 1958—8.05 pounds per person against only 7.88 in 1957. Soluble coffee has become more popular in Canada than in any other country and accounted in 1958 for 30 per cent of total consumption. Imports of coffee into Canada have gone up in volume but down in value as prices have fallen.

IMPORTS OF COFFEE INTO CANADA

	Volume	Value
1956	109.6 million lb.	$62.7 million
1957	110.5 million lb.	$59.1 million
1958	118.3 million lb.	$55.3 million

Although the Washington Agreement limits Brazil to exports of 17.4 million bags for the coffee year beginning October 1, 1959, it exempts sales to new markets, including Russia and several of the Communist Bloc countries in Europe, Japan, Korea, Communist China, Taiwan, etc. The Brazilian Coffee Institute and the Economic Department of Brazil's Foreign Office are trying now to sell coffee to the Communist countries.

In the 1958-59 coffee season, Brazil produced 26.5 million bags and exported only 14.6 million, securing only 32 per cent of the world market. This surplus, added to holdovers from previous seasons in the Coffee Institute's warehouses, makes a total of nearly 22 million bags that remain unsold but for which the farmers have been paid. By the end of June 1960, the carryover could reach 34 million bags; the 1959 harvest is estimated at 30 million.

In the past year, Brazil's coffee exports have proved better than expectations (17.7 million bags compared with 12.9 million in 1958), and foreign exchange earnings from coffee were up 10 per cent in value over the same period of the previous year. None the less, the problem continues to be formidable.

The reason is simple—there's just too much coffee. ●

Israel Builds a Port

SETTLEMENT of Israel's barren Negev desert will depend to a large degree on improvement of existing transportation and port facilities and industrial development in the area south of Tel Aviv. With this in mind, a group of Israeli and United States investors formed the Ashdod Company three years ago to construct a modern port and to promote urban and industrial development at Ashdod-Yam, on the eastern Mediterranean coast some 20 miles south of Tel Aviv.

The Israeli Government made a special grant of approximately $1.8 million for a basic study of the port project. A technical survey was carried out early last year by the French Laboratoire Hydraulique Centrale. On the strength of this, the New York firm of Frederic Harris and Company was given a $1.5 million two-year contract for design and planning, including models, in September of last year.

Negotiations for long-term financing of the port project appear to be under way, and Belgian and French groups have been approached on construction and financing. Offers have reportedly been received covering 70 per cent of the first-stage cost on a long-term payment basis (16 to 17 years). It is expected that international tenders for the first stage—including construction of a breakwater—at an estimated cost of $32-$35 million will be called for later this year. Completion of this first stage should provide an annual handling capacity of 1.6 million tons by 1965.

Second and third-stage development of the port, to a total cost of $60 million, should raise capacity to 3.6 million tons a year. This would make Ashdod port nearly 50 per cent larger than Haifa, which should by that time have an annual capacity of 2.4 million tons. It is rumoured in Israel that the World Bank may finance the first stage of the Ashdod project.

To date only one factory of note has been established at Ashdod (Rogosin, of the U.S.) but it is reported that negotiations are under way with several foreign firms, including the Revlon Company of the U.S.

—L. D. R. DYKE,
Assistant Trade Commissioner, Athens.

Advertising Abroad

In the Netherlands, the safest way for advertisers to cater to the special tastes and preferences of the Dutch is through an agency; advertising must be fully adapted to Netherlands customs and traditions.

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

ADVERTISING in the Netherlands is becoming a highly specialized art. This market has its idiosyncrasies, taboos, customs and advertising problems—and Dutch advertising experts are in the best position to interpret them.

Practically all the advertising media used in North America are available to Canadian exporters interested in developing or expanding markets in the Netherlands, with two notable exceptions: radio and television. Commercial advertising on radio or TV is at the moment not permitted. Some advertisers use Radio Luxembourg and some German TV stations, but coverage from these points is limited. Netherlands advertising experts are making increasing use of market research, marketing surveys and merchandising studies before they recommend specific media to clients.

Because there are virtually no import or payment restrictions on goods coming into the Netherlands, manufacturers face keen competition from Western Europe, Japan and North America. Planned advertising therefore becomes a must to compete in this market.

Advertising Is Controlled

Holland is a small country (only about 13,000 square miles), but it has a population of more than eleven million with a relatively high and improving standard of living. Prejudices and taboos governing advertising are plentiful. The Dutch are a conservative and religious people and their inherent individualism is exemplified in the number of religions and religious sects. All this has an important bearing on everyday political and economic life and must be studied when advertising programs are being considered.

As world traders, the Dutch have perhaps fewer prejudices against imported goods than many countries, but for all products, imported or otherwise, there are strict regulations covering indecent advertising and direct attacks on competitors. Advertisements for medicinal products, including popular remedies, health courses and the like, must be presented to a special Medical Board before release. Some newspapers and periodicals do not accept pictorial advertisements of garments if they have too much "cheese-cake" in them. When showing home life and domestic scenes, an advertisement may portray a large family in the predominantly Roman Catholic south, but not in the rest of the country. The guiding theme of most current advertising in the Netherlands is conservatism, with little or no sensational or exaggerated claims for particular products or services.

There is a wide choice of media for the would-be-advertiser—from newspapers and periodicals to sky-writing and banner-towing; the one used will depend upon the product. There are about 170 daily newspapers, including 60 regional editions of national papers. Newspaper circulation totals 3 million, 95 per cent by subscription. Other advertising outlets include magazines, trade journals, directories and yearbooks, films, film slides and shorts. For direct-mail advertising, letters, folders, circulars, newsletters, catalogues and calendars are in demand. Outdoor advertising on posters, billboards, electric signs and streamers is popular, as is the use of streetcar and bus space. Counter and window showcards, dealer signs, dispensers, displays, samples and premiums are all used, though premiums are regulated by law.

Outdoor poster sizes are standardized at 83 x 116 centimetres. The Netherlands Railways offers adequate billboard facilities at stations throughout the country; as a rule, billboards and posters are prohibited on highways. It is not possible to advertise on trains, although the Netherlands Railways accepts advertisements in its monthly magazine *Tussen de Rails,* which is popular with advertisers. Supplies of this magazine, issued by the company's public relations section, are placed on all trains.

Press advertising is ruled by a convention signed by representative organizations of advertisers, daily newspapers, periodicals and recognized advertising agencies. Columns for advertisements in the newspapers are standardized at 40 millimetres. Most newspapers have nine columns; some have eight or ten.

In national dailies the price for a contract of 5,000 millimetres varies between fl.0.40 per mm. to fl.1.70. About 30 dailies accept printing in more than one colour for a surcharge of fl.100 to fl.300 per colour.

There are an estimated 3,000 periodicals published in the Netherlands, including weekly family magazines, political weeklies, women's magazines, and radio, TV, fashion, trade, sport and recreation publications. Cinemas in the Netherlands number about 500 and an estimated 5,000 cinema posters with space for 30,000 ads are placed about the country.

Consult an Agency

The Netherlands has a large number of agencies that plan advertising, write copy and insert advertisements. Many international advertisers and the majority of the agencies in the Netherlands know that most advertising used in other countries must be adapted to Netherlands customs and conditions. Brand names, general themes and part of the illustrations may be applicable, but the layout, copy and over-all effect of the advertisement may often have to be changed to conform with Dutch advertising practices and to appeal to the Dutch public.

Most leading advertising agencies in Holland have reciprocal arrangements with United States agencies and, to a lesser degree, with Canadian. There are a number of Dutch agencies with departments specializing in marketing, merchandising and market research. These departments have, generally speaking, been set up recently to meet customer demand. Services of advertising agencies are covered by a commission of about 15 per cent. Artwork and production costs, plus special services such as market research, are charged separately.

The leading advertising agencies in the Netherlands can translate English, French or German copy. Many Dutch people speak more than two or three languages (English is probably in the lead), and English copy presents no translation problem. All copy except highly technical types is translated as part of the normal service. If a technical translator is required, costs are charged to the advertiser.

Trade Fairs

Trade fairs are used fairly extensively for advertising goods and services in the Netherlands. The more important ones include:

Royal Netherlands Industries Fair, Utrecht (spring fairs for consumer and technical goods and a fall fair for consumer goods).

Packaging Fair, Amsterdam.

Automobiles, Motor Cycles and Accessories Fair, Amsterdam.

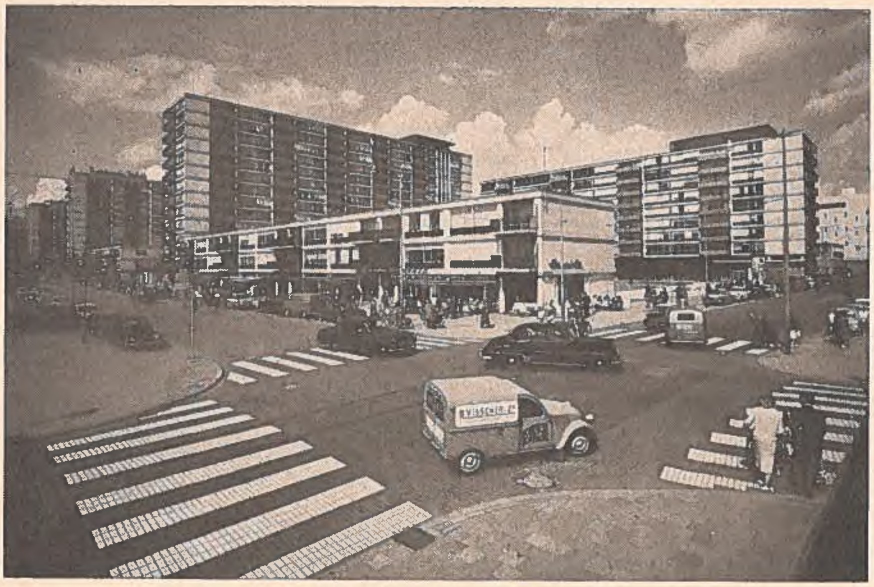
Electrotechnical Goods, Radio and Television Fair, Amsterdam.

Agricultural Machines and Implements Fair, Amsterdam.

There are also shows for footwear and textiles and special ones like the Nebato Bakery Exhibition in Amsterdam, May 10-19, sponsored by the Netherlands baking industry. Canada is participating in this exhibition.

Time to Advertise

From this review, the reader will realize that advertising in the Netherlands is a highly specialized business. There are first-class agencies to help and their services are recommended. The economy is booming, with every indication that flourishing conditions will continue. Total advertising expenditure in Holland in 1959 was estimated at over $100 million, broken down as follows: dailies 30 per cent; magazines 10 per cent; trade papers 10 per cent, and other media 50 per cent. And these expenditures are expected to rise in future as business continues to expand. ●



Though foreign advertisers must remember that Dutch tastes tend to be conservative, they are an enterprising and progressive people, as their cities rebuilt after war devastation illustrate. This picture was taken in the centre of Rotterdam, and shows its department stores, fashion houses, and Wholesale Trade Centre.

Can We Sell Wheat to Egypt?

Under a new agreement with the United States, a portion of Egypt's wheat imports will be open to world tender. What are the prospects for our high-quality product?

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

AGRICULTURE is the most important segment of the economy in the Egyptian Region of the United Arab Republic. The six million acres of the Nile Valley and Delta, which have been cultivated intensively for at least 6,000 years, are among the most fertile in the world. Natural regeneration of the soil is brought about by the annual flood of the Nile which brings rich alluvial sediment from Ethiopia. Today this is supplemented by chemical fertilizers and dams and irrigation projects conserve water and allow year-round cultivation.

Domestic Production

Two-thirds of Egypt's population of approximately 25 million live on the land and population density averages 1,200 per square mile. Two-thirds of the national wealth is invested in agricultural production and distribution and 45 per cent of all industrial capital is invested in factories based on agricultural raw materials.

Climate and general conditions for agriculture in Egypt differ greatly from those in Canada. There is virtually no rainfall and hence the importance of irrigation. Winters are mild, with no snow or frost; the temperature never falls below 40 degrees, night or day. Summer lasts for nine months and although the thermometer often tops 100 degrees, the humidity is rarely excessive. The arable land of the Nile Delta and valley is completely flat, but mechanization is regarded with some scepticism in a country where cheap labour abounds and capital is scarce.

Wheat, the principal winter crop, is sown in November and harvested in May. It comes second in importance to cotton as a cash crop and behind corn in volume of production. Cotton contributes 25 and wheat 11 per cent to the total value of agricultural output. Because of its value as food, however, one-third of all cultivated land must by law be sown to wheat. Cotton is restricted to one-third of the total cultivated area.

Unlike Canada, Egypt has a predictable and favourable climate and thus production does not vary greatly from year to year; average annual production between 1935 and 1958 totalled about 40 million bushels. In recent years, greater use of fertilizers and better seed have increased the average yield from 23 to 36 bushels per acre and the harvest in the last few years has totalled about 50 million bushels.

Increasing production, whether through better farming techniques or bringing more land under cultivation, cannot hope to keep pace with growing consumption. In ancient times Egypt was known as "the granary of the world". As recently as pre-World War II, this country was a net exporter of wheat. However, a rapid population increase (300,000 a year) particularly in the cities, plus a rising standard of living, have caused not only a shift in taste from other grains to wheat but also a rise in consumption per capita from 2¼ bushels in 1950 to over 3 bushels in 1955. The net annual consumption—production plus imports—has jumped from one million tons in the 1930's to 2.8 million tons today.

Egyptian Imports

Import statistics point up the increasing quantities of wheat and flour obtained from abroad. Canada was a supplier in the early 1950's but since 1953, when she shipped 3½ million bushels of wheat and 367,000 barrels of flour, no Canadian wheat or flour has gone to Egypt, with the exception of flour donated to UN refugee agencies. One reason is that Egypt was able to obtain much of her requirements from the United States under Public Law 480. In the latter half of 1956, with the Suez crisis in full swing, shipments from the United States ceased and Egypt's desire to purchase 200,000 tons of wheat from Canada at that time was frustrated by lack of shipping.

During 1957 and 1958, the wheat supply position became increasingly critical. Egypt then resorted to barter deals using cotton, triangular arrangements, long-term payment agreements, and purchases from Russia for local currency. Italy, Spain and France also supplied the Egyptian market.

In 1959 the crisis ended with the resumption of sales by the United States under PL 480, with payment in local currency. In July last year an agreement was signed between the United Arab Republic and the United States. Under this, the U.S. agreed to supply wheat and flour equivalent to 800,000 tons of wheat for local currency during the crop year ending July 31, 1960. This represents two-thirds of the Egyptian Region's estimated requirements and part of the agreement is that the United Arab Republic will obtain 450,000 tons of wheat or equivalent on a commercial basis.

The United Arab Republic is a member of the new International Wheat Agreement which came into effect on August 1, 1959. Under the agreement, Egypt has undertaken to buy commercially 156,000 tons from one or more of the nine exporting members, including Canada and the United States. This commitment is duplicated by the agreement with the U.S. to buy 450,000 tons commercially. But while the U.S. agreement is effective, the International Wheat Agreement undertaking is purely academic.

What are the possibilities that Canada can bid successfully for Egypt's wheat requirements? In the last six years we have made every effort to sell wheat to Egypt but without success. The reason for failure has been the shortage of foreign exchange, which means that wheat must compete for priority with other essential goods. Under these conditions, quality takes second place to price and hard Canadian spring wheat is top quality but also high priced. Moreover, the demand is for products made from lower grades and for cheaper flour, not for the type of bread and other bakery products which are best made with Canadian flour.

In the years to come, Egypt will require more and more imported wheat and flour to satisfy the needs of a rapidly increasing population. Now that the acute pressure on wheat supplies generally has been removed and the foreign exchange position has improved slightly, it is possible that Egypt will be able to give more consideration to satisfying the small demand for high-quality bakery goods. When this happens, Canada will be able to compete for this specialized market. ●

Britain Imports More Canned Fruit

Market for canned fruit in Britain should improve for Canadian suppliers; per capita consumption is rising and quantitative restrictions may be abolished this year. Canadian sales in '58 reached only about one-fifth of prewar level.

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

THE United Kingdom is the world's biggest importer of canned fruit. The trade was severely dislocated by the war and bulk purchasing by the Government was maintained as late as 1955. But the business was then allowed to revert to private firms, who were free to import from most non-dollar countries.

When did Canada and the United States re-enter the picture? (The U.S. was Britain's biggest supplier before the war.) Shipments from the United States began soon after 1955 under the Mutual Security Act and, following Canadian Government representations, limited imports under licence were permitted from Canada, based on the prewar ratio of trade between the three countries. The arrangement gave Canada only one-tenth of the volume it gave to the U.S. and the opportunity to re-establish sales and brand names was therefore lamentably small.

End of Licensing in '60?

After the MSA disposal program ended, however, specific allocations were set up for North American canned fruit imports, within which Canada was free to compete with the U.S. This arrangement is still in existence for dollar countries. The original quota for canned deciduous fruits was £2.2 million, but after representations it was increased in 1959 to £3.2 million c.i.f., covering the twelve-month period ending August 31, 1960. An additional quota, available to dollar countries and some others, has been established for canned apples (£800,000 c.i.f.) and there are other quotas for citrus fruits. The market for dried fruit and fruit juices other than orange and grapefruit juice is now unrestricted.

With the final disappearance of the dollar problem that has beset the U.K. economy for the last decade there seems to be no reason to maintain quantitative restrictions on canned fruits. The trade is optimistic that licensing will be abolished in 1960 with the ending of quotas.

Import quotas are distributed among British firms through a licensing system based on the recent import activity of each. There are some 200 canned fruit import licencees for dollar purchases. These include not only the prewar traditional importers and distributors of North American canned fruits, but also those who are active in the canned food trade with other countries.

IMPORTS OF SWEETENED CANNED FRUIT

	1956	1957	1958	1959 (Jan.-Nov.)
	('000 long tons)			
Peaches	67.2	52.0	84.8	69.6
Pears	40.0	37.6	45.3	48.8
Apricots	29.0	16.0	20.0	15.8
Fruit salad	6.4	7.0	12.6	8.5
Pineapple	61.6	56.4	70.6	57.9
Apples	0.1		0.1	.2
Plums	0.2	0.3	1.8	
Grapefruit	11.8	10.7	16.5	12.3
Oranges	39.6	27.2	30.8	30.7
Currants and berries	2.0	5.9	9.5	5.1
Others	5.9	4.2	6.1	3.0
Total	263.8	216.4	298.1	257.0

SOURCES OF U.K. IMPORTS OF SWEETENED CANNED FRUIT IN 1958

Commonwealth	'000 long tons
South Africa	87.8
Australia	70.4
Malaya	31.4
Jamaica	4.8
Canada	1.2
Other Commonwealth	9.9
Non-Commonwealth	
Japan	30.7
United States	18.8
Netherlands	9.8
Italy	4.6
Other foreign	30.0
Total	299.4

Pattern of Imports

Peaches have maintained their wartime position as the favourite canned fruit but pineapple has regained second place, followed by pears, oranges and apricots, in that order. Fruit salad still accounts for a relatively small volume of imports but sales have doubled since 1956 and its popularity seems to be growing.

The U.K.'s principal sources of supply of canned fruit are the sterling Commonwealth countries, principally Australia and South Africa. Japan has emerged as the main non-Commonwealth supplier (shipping only Mandarin oranges), followed by the United States. In 1958 Canada's shipments totalled 1,200 long tons, or much less than 1 per cent by volume of total imports, compared with 7,000 tons in 1938. Peaches and pears were the principal types of fruit in the Canadian shipments.

Imports of unsweetened canned fruits and fruit pulp have also risen in recent years, reaching 53,000 tons in 1958. They declined in the first eleven months of 1959, particularly canned apples.

Domestic Production Rises

Accompanying the rise in total imports to about 350,000 tons in 1958, there has also been considerable expansion in the U.K. fruit-canning industry. In recent years output has climbed to three times the prewar pack and in 1958 it totalled 99,000 tons. Preliminary figures for 1959 indicate that the rise is continuing, though the rate of increase is slackening. With larger volume, there has also been a change in the varieties packed. Plums no longer predominate; they have been replaced by fruit salad. In 1958 almost 18,000 tons of fruit salad were canned in Britain and over 10,000 tons of peaches and pears, mostly from imported fruit. In addition, the pack of strawberries and other berries in 1958 totalled 24,000 tons.

In 1958, canned fruits on hand for consumption in the U.K. totalled 450,000 long tons, compared with 250,000 in 1938 and only 76,000 in 1946. This big increase has been absorbed not only by the larger population but by a rise in consumption to 16.5 pounds per person in 1958, compared with 10.3 before the war.

Future Prospects

When I consulted members of the trade recently about prospects for canned fruit sales in the United Kingdom, many of them prophesied further increases in consumption, though at a slower rate, but none could make specific forecasts. Among the factors that will influence demand considerably are the rate of population growth, the level and distribution of incomes, the increasing use of refrigeration in homes and retail outlets, the acceptance of frozen foods, and above all the price relationship of canned fruit to fresh and frozen fruit, and competition from other dessert-type foods.

Market appraisal is also complicated by the wide regional variation in consumer preferences in Britain, despite the small size of the country. It is certain, however, that present and future demand for canned fruits in this market of 52 million people is worth close study by Canadian processors.

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.

Commodity Notes

Aluminum

ARGENTINA—The Kaiser Aluminium Chemical Corporation of Oakland, California, and the Argentine firm Guillermo Decker S.A. are building a plant at kilometre 53 on the Buenos Aires—Mar del Plata road. It will produce aluminum alloys and primary aluminum products for construction, the automotive industry, household articles and containers of various kinds. Kaiser will invest U.S.$3 million in the plant. For ingot production it will use initially mainly imported bauxite—Buenos Aires.

Caprolactum

NETHERLANDS—The Director of the Netherlands State Mines announced recently that caprolactum production is now nearly four times the 1953 volume and is to be doubled in the near future. Current daily output is enough to produce two million pairs of nylon stockings and the price is half that in 1953—The Hague.

Coconut Products

CEYLON—Ceylon's coconut products earned more during 1959 than for many years because of increased exports and good prices resulting from poor crops in Indonesia, the Philippines and Malaya. According to official figures, exports of copra, oil and desiccated coconut yielded over Can.$45.2 million up to the end of November last year, compared with Can.$32.6 million in 1958 and Can.$31.8 million in 1957.

India was the biggest buyer of Ceylon copra last year, taking 35,000 tons up to the end of November; Communist China bought 2,600 tons. Among the oil buyers, Italy topped the list with 246,000 cwt.; Germany bought 193,000, Canada 185,000 and the Netherlands 151,000. Traders here feel that the demand for coconut products will continue to expand—Colombo.

Drugs

PAKISTAN—An agreement has been signed between the Pakistan Industrial Development Corporation and Messrs. May and Baker Ltd., of Dagenham, England, to build a pharmaceutical factory near Dacca, East Pakistan. This new enterprise, under the name of Pakistan Pharmaceutical Industry Ltd., will make a wide range of products, including sulfa drugs, anti-malarials, anti-histamines, anti-dysentry medicines, and barbiturates—Karachi.

Fertilizer

SOUTH AFRICA—Two-thirds of the fertilizer consumed in the Union of South Africa is used in the Orange Free State and the Transvaal. In the heart of this area a modern $7 million fertilizer factory has been built, with an annual production capacity of 200,000 tons of superphosphate, 112,000 of granular mixtures, and 75,000 of sulphuric acid. Eventually the company expects to export to the Rhodesias and other countries in Africa. Raw materials for the plant, such as potash and some phosphates, will continue to be imported—Johannesburg.

Kainite

ITALY—The well known industrial organization Montecatini, specializing in the mining and manufacture of chemical products, has recently begun operating a kainite mine in Sicily which is believed to be the only one of its kind in the world.

Of the most modern construction, the mine has two shafts—one for extraction of the mineral and the other for ventilation. The working level, at a depth of about 450 feet, has a gallery nine miles long. The mineral is carried 12 miles by a cableway to the factory where it is transformed into potash salt. Part of the production will be used by other Montecatini factories to make special fertilizers and the remainder will be available for export. The fully completed mine will have a daily capacity of 3,000 tons of ore and will employ about 1,000 workmen—Rome.

Livestock

MEXICO—During 1959, the first year in office of the present administration, the value of Mexico's exports of meat and livestock exceeded U.S.$40 million. These sales consisted of 461,000 head of livestock and 30,566 tons of meat, according to the Department of Agriculture. It is estimated that exports will reach 700,000 head in 1960, of which some 320,000 will be sold in processed form. This is in line with the Government's policy of encouraging the sale of meat products rather than live animals—Mexico, D.F.

Mine Ventilators

SOUTH AFRICA—For the first time in South Africa, foul air will be removed from the underground workings of a gold mine through wooden piping instead of galvanized metal ventilation ducts. Wooden piping of 48 and 60 inches in diameter is being installed in one of the largest mine shafts in the world, at the Free State Saaiplaas gold mine. The wooden ducts are made in South Africa from German birch plywood. It is processed to prevent mould growth and is thus resistant to water action—Johannesburg.

Pharmaceuticals

CUBA—A recent Cuban Government decree provides that all pharmaceuticals sold here must henceforth be packaged in Cuba. This regulation covers pharmaceutical, biological and opotherapic products, whether for human or animal use. The only exception will be by special permission of the Minister of Commerce in instances where it is proved impossible to meet the requirements. Importers are given 180 days grace to comply—Havana.

Pharmaceutical Products

BURMA—The Rangoon Drug House Limited, which held a monopoly on imports of pharmaceutical products, is to be liquidated as a company, according to recent reports. Its functions will be taken over by the Burma Pharmaceutical Industry Board. The Rangoon Drug House Limited was a joint venture between the Burma Pharmaceutical Industry and the Civil Supplies Management Board, both government-controlled.

The Burma Pharmaceutical Industry has been extending its operations and last January took control of all the distilleries in the country. Many of these are small and produce "country spirits". They were formerly operated by the Civil Supplies Management Board. The procedures for importing pharmaceutical products into Burma, as laid down in a report in *Foreign Trade* on December 19, 1959, have apparently not been altered—Singapore.

Plastics

NETHERLANDS—Netherlands imports of synthetic raw materials rose from 46,100 tons valued at fl.125 million in 1958 to 55,300 tons worth fl.150.3 million in 1959; 64 per cent came from Euromarket countries compared with 62 per cent in 1958.

The most important synthetic material used in Holland is polyvinyl chloride, a raw material for products such as tubes, floor coverings, thick and thin sheets for curtains, dust sheets, etc. Imports of polyvinyl resins (mostly polyvinyl chloride) rose from 13,300 tons in 1958 to 16,100 tons in 1959. Foreign purchases of polyethylene, a raw material for making tubes, pails, sheets for packaging, etc., rose from 6,000 tons in 1958 to 6,400 tons in 1959. Imports of polystyrene jumped by 67 per cent, from 2,100 tons in 1958 to 3,500 last year. Dutch exports of synthetic raw materials climbed from fl.74.5 million to fl.95 million during the same period—The Hague.

Prawns, Shrimps

PAKISTAN—A new cold-storage plant to handle Pakistan's increasing catch of prawns and shrimps was scheduled to begin operations in late February at Khulna, East Pakistan. It is expected that a proportion of the output will be available for export. The Pakistan Agricultural Development Finance Corporation granted a loan of Rs.800,000 to build the plant—Karachi.

Raw Film

INDIA—The offer of the French firm, Bauchet, to collaborate in the setting-up of a raw film manufacturing unit in the public sector has been accepted by the Government of India. The factory, costing about Can. $12 million, will be located at Ooty and will produce ciné and photographic film for which there is a large and growing market in this country. Production is expected to start by 1962—Bombay.

Tours of Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from May 30-June 4.

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

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Israel from April 24-30.

A. W. EVANS, Trade Commissioner in Liverpool, England, will visit Sheffield, May 2-6.

J. R. MIDWINTER, Acting Commercial Secretary in New Delhi, India, will visit Kathmandu, Nepal, from April 28-May 4.

W. R. VAN, Commercial Secretary in Dublin, Ireland, will visit Shannon free airport and industrial zone, and Limerick, May 10 and 11.

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. Bailey at Bogotá, Mr. Bullis at Kingston, Mr. Dyke at Athens, Mr. Evans at Liverpool, Mr. Midwinter at New Delhi, and Mr. Van at Dublin.

Chile Plans Power Expansion

One hydro-electric power project and one thermal station, to be built with World Bank aid, may present Canadian firms with opportunities to supply essential equipment.

H. M. MADDICK,
Commercial Secretary, Santiago.

CHILE has currently a total installed power capacity of just over 1 million kw., of which just over 500,000 is hydro and about 490,000 is thermal. Nearly 50 per cent of this capacity is operated by the large mining companies in the north of Chile, all of which use thermal units.

ENDESA, an autonomous government organization responsible for the general planning of the power supply in Chile, is by far the largest producer. It sells its power through inter-connecting transmission lines to the distributing companies and also supplies power through its own suppliers to some of the smaller towns and rural areas.

To eliminate winter shortages in the central area of Chile and to provide additional power for industrial expansion, ENDESA has drawn up plans for a large increase in its installed capacity during the next ten years. Included in these plans are a hydro-electric project on the Rapel River about 75 miles south of Santiago and a thermal plant at Huasco some 400 miles north of Santiago. The Rapel plant will serve the central area and the Huasco plant will provide power for the fast-growing iron ore development in and around that port.

Rapel Hydro Station

The Rapel project envisages a 280,000 kw. plant to be located on the Rapel River which rises in the Andes and drains an area of some 500,000 square miles. The average flow of the river is estimated to be about 6,500 cubic feet per minute. A dam is to be constructed across the river that will create a reservoir of some 25 billion cubic feet of water. It will be 300 feet high and will have two spillways of a maximum discharge of 3.5 million cubic feet of water a minute.

The powerhouse, situated at the foot of the dam, will be equipped with four turbines, each driving a 70,000 kw. generator and operating with a minimum head of 240 feet. Space will be provided in the powerhouse for a fifth generating unit to be installed later.

The plant was designed by ENDESA'S engineers and the dam by French consultants who are specialists in arched dams. All construction will be carried out by the construction department of ENDESA and all the equipment purchased abroad will be bought on the basis of competitive bidding. Construction is expected to take about five years and the plant should be in complete operation some time during 1965.

Huasco Thermal Plant

The Huasco plant will be built at the port of Huasco, a major port for the export of iron ore. The equipment will consist of two boilers designed to burn coal or oil and operate 7,500-kilowatt turbo generators. The building of it is expected to take about 2½ years and again ENDESA will undertake all the construction. Equipment will be purchased through competitive bids.

It is estimated that the two projects will cost $32.5 million in foreign exchange for the purchase of equipment. In December, the International Bank for Reconstruction and Development announced its approval of a loan of this amount to assist in these projects. The further cost of approximately $40 million in local currency will be made available from ENDESA'S own resources, plus a loan from the Chilean Development Corporation.

Tenders for equipment for the Huasco plant are expected to be called for during March and those for the Rapel plant a few months later. It is understood that bids for an integrated plant or partial supply will be accepted. It is believed that engineering studies on the site have been completed and that plans and specifications for the Huasco plant will be ready in the near future.

Advice to Canadian Firms

Canadian firms interested in bidding on equipment for these projects should write directly to ENDESA, requesting copies of the tender and specifications when available and supplying pamphlets and catalogues of equipment being manufactured, as well as references and information on equipment supplied on other projects throughout the world if applicable. At the same time, they should inform ENDESA of the name and address of their Chilean representative, if any. (Lack of a Chilean representative does not preclude a firm from bidding on these projects.) All correspondence should be addressed to:

Gerente General,
Empresa Nacional de Electricidad, S.A.,
"ENDESA",
Ramón Nieto 920,
Santiago, Chile. ●

Paints and Varnishes

The Market in New Zealand

Canadians have a bare foothold in this market, but chances of improving it are slim, with more-than-adequate local production and tight import controls.

J. H. STONE, *Commercial Secretary, Wellington.*

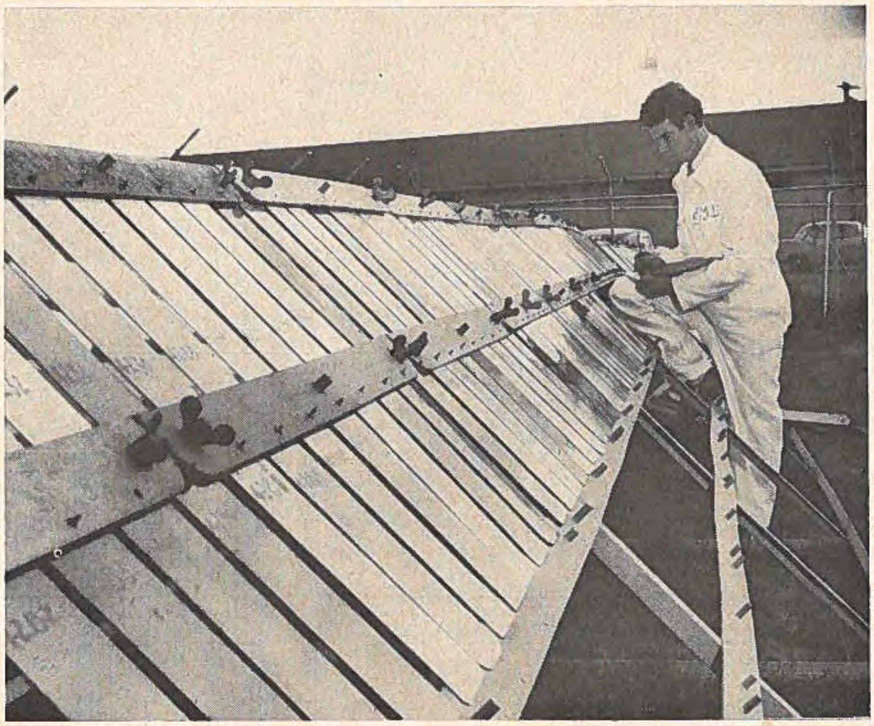
NEW ZEALANDERS began making paint 90 years ago from domestic deposits of iron oxides; varnish production started a decade later in the eighties, using the native Kauri gum that had been exported for many years to varnish-makers in other countries. Most of the paint used was imported until after the First World War, when the 1920's saw the establishment of a number of branches of United Kingdom and Australian paint companies and accelerated growth in the domestic paint industry. By 1959, there were about 30 companies in New Zealand making a wide variety of paints, varnishes, lacquers and enamels valued at almost $16 million.

Local Output Expands

Almost three-quarters of the paints and varnishes produced in this country are made by New Zealand firms associated with or subsidiaries of big overseas companies. This gives the local manufacturer access to research facilities that he would have difficulty in providing in his own plant and enables him to adapt his product to the wide variety of conditions within the country. The paint industry, here as abroad, is making rapid technical advances; during the year ended March 31, 1959, for example, the output of resin emulsion water paints expanded by almost 40 per cent. And in the past two years, the total volume of paint and varnish production has increased by 4 to 5 per cent.

The domestic paint and varnish industry has long been able to supply the entire market, with a few minor exceptions. Indeed, there were no commercial imports of these products during the war and during various postwar periods the import of either paints or varnishes was prohibited. Currently, the market is highly competitive, and there is some over-capacity in the industry.

A New Zealand paint manufacturer tests finishes on an outdoor exposure rack that faces north at a 45-degree angle. These panels are examined regularly for durability.



NEW ZEALAND IMPORTS OF PAINTS AND VARNISHES

	1958	1959 (11 mos.)
	(N.Z.£)*	
Paints, mixed ready, excluding enamels		
United Kingdom	23,558	4,864
Hong Kong	10	
Australia	741	403
West Germany	111	
Netherlands	316	55
Sweden	17	
United States	952	95
Total	25,705	5,417
Varnishes		
United Kingdom	17,408	12,814
Canada	456	403
Australia	4,089	2,972
France	42	34
West Germany	212	
Netherlands	60	
Sweden	199	1,012
Switzerland	28	22
United States	719	315
Total	23,213	17,572
Other prepared paints, enamels, lacquer, etc.		
United Kingdom	20,247	19,220
Canada		310
Australia	1,986	2,233
Belgium	298	
France	15	
West Germany	177	86
Netherlands		44
Norway	158	
Switzerland	426	147
United States	32	70
Total	23,339	22,110

*One N.Z.£=Can.$2.66.

For 1960, the official import program makes provision for very limited imports. Paints and enamels may come in on a Token Licence (10 per cent of 1956 imports), and varnishes and lacquers will be licensed to the same extent as last year (applications to bring in varieties not made in New Zealand were entertained by the authorities during the latter part of the year only). No provision is made for metal-based paints; these used to come from Canada in some volume.

Paint and enamel imports during 1956 were valued at about £40,000, of which Canada supplied less than £200. The Token Scheme therefore is of no great interest to Canadian exporters. Varnish imports in 1959 from all sources probably reached under £20,000, of which Canadian firms contributed only £400 or so. In theory, nothing prevents an importer from using licence entitlements based on imports from other countries in 1959 to purchase Canadian varnishes during 1960. But it is highly unlikely that any firm will switch sources of supply under the current import control. The high proportion of total imports accounted for by imports made by varnish manufacturers from overseas affiliates further reduces the opportunities for Canadian firms without associates in New Zealand. An additional barrier is the customs duty—25 per cent ad valorem on products of Canadian origin, compared with 15 per cent on United Kingdom paints and varnishes.

New Zealand does not offer a significant market for Canadian paint-and-varnish manufacturers and the situation is unlikely to change in the foreseeable future. Given the present size and variety of the domestic industry and the unfavourable rate of duty, it is doubtful whether even a relaxation of import controls would make much difference. ●

The Market in Australia

Industry well developed but Canada, with preferential tariff in its favour, should have opportunity to supply certain raw materials, though range of local production is increasing.

H. STEWART HAY, *Assistant Commercial Secretary, Sydney.*

AUSTRALIA'S paint industry is one of the country's oldest and best established secondary industries. National self-sufficiency in most standard lines was reached about thirty years ago and in succeeding years production has achieved advanced technical standards.

About 125 firms with over 5,000 persons working in 180 factories make up the industry. Plants are located in all states, though they are concentrated mainly in the Sydney and Melbourne areas. The industry is characterized by a small number of large firms, mainly controlled from Britain, and a large number of small enterprises. Production is valued at approximately $80 million a year, comprising $14\frac{1}{2}$ million gallons of paints, $2\frac{3}{4}$ million gallons of thinners, and a variety of other paint materials. Consumption is thus roughly $8.00 per capita—high by world standards.

Pronounced seasonal fluctuations in demand have made it necessary to instal sufficient capacity to cope with peak buying. Present capacity is almost double average production and is ample to meet all foreseeable demand. Consequently the market is highly competitive. Over-all consumption is increasing slowly, with constant changes in trends. Currently significant is the diminishing importance of kalsomine and the older types of water paints.

Raw Materials Imported

Imports of finished paints, lacquers and varnishes are negligible. However, significant quantities of pigments and other raw materials are brought in from overseas. These include roughly 10 per cent of the inorganic colours (by weight) and 60 per cent of the organic colours. Although domestic self-sufficiency in these materials is increasing, there should be a continuing need for specific items not obtainable locally, plus newly developed materials not yet produced here.

Among pigments and extenders imported are the following:

	Cwt.	£
Titanium oxide—anatase	57,332	*494,243
—rutile	60,205	623,261
Lithopone	32,356	102,333
Whiting	104,303	43,725
Aluminum powder	11,690	175,682
Ceramic colours	2,078	76,370
Chromium oxide	2,318	38,259
Chrome pigments, n.e.i.	4,185	63,155
Red ochre and red oxide	46,665	121,515
Yellow iron oxides	11,657	41,643
Colour pigments, n.e.i.	15,063	188,253
	Pounds	
Insoluble organic pigment dyestuffs, excluding lakes, lake pigments and toners	489,494	361,522
Lakes, lake pigments and toners	515,844	217,859
Dyes, n.e.i.	3,851,067	2,247,439

Other imported materials include:

	Cwt.	£
Shellac	30,462	154,836
Urea	182,313	461,275
Gum rosin	107,616	417,377
Wood rosin	71,921	218,102
	Pounds	
Vinyl acetate monomer	733,448	56,137
Maleic anhydride	501,550	60,863
Pentaerythritol	1,784,071	201,041
Methyl ethyl ketone	972,012	60,588
Methyl iso-butyl ketone	1,060,127	95,152
Diacetone alcohol	1,562,916	115,474
Melamine		87,689
	Gallons	
Toluol	1,353,177	194,117
Turpentine substitutes	15,807,552	1,134,912
Petroleum solvents	4,906,694	336,946

*(£=$2.16 approx. 1958-59 preliminary figures.)

Except for some petroleum solvents, most ordinary solvents are available in Australia. Petroleum solvents and mineral turpentine should both soon be supplied from petrochemical and oil-refining plants in the process of completion. Some plasticizers are imported, mainly to meet shortfalls in local supply. Sizable quantities of carbon black, styrene monomer and phthalic acid are also purchased abroad but facilities for making these materials in Australia are under construction or being expanded, so that prospects for continued future supplies from Canada appear uncertain. Except for dryers based on hexoic acid, which are entirely imported, a good range of dryers is produced in Australia.

Although linseed, whale, castor and rapeseed oil are made in Australia, a significant volume must still be imported:

(1958/59 preliminary figures)

	gal.	£
Linseed oil	2,403,519	1,482,363
Safflower seed oil	665,707	436,011
Castor oil	264,797	171,480
Fish oils	87,286	54,553
Tall oils	13,179 (cwt.)	42,491

Tall oil is little used. No wood turpentine is produced locally but imports of this too are small.

Canada Has Tariff Advantage

A large proportion of Australia's principal imports of raw materials for the paint industry come from the United Kingdom. The British Preferential Tariff gives these imports an important advantage over similar materials from other countries. On most items Canada also receives the benefit of the British Preferential Tariff. With the exception of vinyl acetate monomer, pentaerythritol and carbon black, imports of paint materials from Canada are not significant; exchange difficulties in the past few years have channelled purchases to soft currency sources. Recently the position improved sufficiently to permit almost all Australian imports to be licensed regardless of source and to be limited only by local availability or quota.

In the next few years, Australia should attain greater self-sufficiency in pigments, oils, solvents and chemicals, now wholly or partially imported. Demand will continue, though, for materials that cannot be supplied locally and for new materials not made in Australia. At least some of this business could go to Canadian suppliers if their landed costs are competitive. Canada's Commercial Counsellors in Sydney and Melbourne will be pleased to advise on the prospects for any product. ●

Iran's New Oil Plan

THE National Iranian Oil Company (NIOC), a government-owned body, is planning a multi-million dollar five-year plan of its own. The chairman of NIOC, H. E. Abdollah Entezam, says that the plan envisages everything from the tapping of the oil reserves at Sarajeh—near Qum and some 100 miles south of Tehran—to the expansion of the present oil distribution networks and the establishment of a petrochemical industry. Although details of the plan have yet to be worked out, the scope of the work that will be undertaken has already stimulated unusual interest in Tehran among foreign contracting firms, and among suppliers of much-needed manufactured and semi-manufactured products.

The more important projects under the proposed NIOC expansion program are the following:

- Making an intensive survey to determine the areas where oil may be discovered outside the concessions already being worked.
- Using the millions of cubic meters of natural gas that are now being wasted; it is anticipated that some 4,000 tons of plastics and 80,000 tons of chemical fertilizers could be manufactured every year.
- Completing of the Trans-Iranian pipeline for the transportation of oil products across this huge country (the size of Ontario and the Atlantic Provinces).

The National Iranian Oil Company contemplates forming a company for carrying out the projects undertaken under the plan. Iranian capital will be encouraged, but foreign money will be needed if the desired results are to be achieved. The capital required for the production and distribution of gas alone will total some 2,000 million rials (75 rials=U.S. $1.00). Estimated revenue from the sale of gas within the country will total about 8,000 million rials over the first ten years. Canadian companies wishing to participate in the proposed NIOC five-year plan must be prepared to accept long payment terms, because the National Iranian Oil Company budget cannot begin to shoulder the financial burden.

—A. B. BRODIE,
Commercial Counsellor, Tehran.

Pakistan Starts a Second Plan

Power development, transportation, industry and agriculture all are included in Pakistan's realistic plan for the next five years. Alert Canadian firms may discover opportunities to supply services or equipment for some of the projects.

JOHN B. McLAREN, *Assistant Commercial Secretary, Karachi.*

IN July, Pakistan will start putting its Second Five Year Plan (1960-65) into action. Expected to cost roughly $3,800 million ($2,200 million to come from domestic resources and $1,600 million from foreign aid, loans and investment) it has been studied in outline and approved by the Economic Council of the Pakistan Government.

The program is a bold one, intended to consolidate the achievements of the First Plan and accelerate development. Food production is to be increased by more than 20 per cent, in the hope of making the country self-sufficient in foodgrains by 1965. Industrial output will also rise—by a proposed 50 per cent for large-scale industry and 15 per cent for small. In the long term, Pakistan hopes to boost national income by 20 per cent and improve the balance-of-payments position by increasing foreign exchange earnings.

A large proportion of the Plan projects are included in the public sector and will be financed by foreign aid. Canadian firms—particularly consulting engineering and construction companies and suppliers of equipment for heavy industry—should therefore find opportunities for selling products or services. The following paragraphs outline some of the projects.

Water and Power

Investment in the public sector on water and power development is set at $628 million during the five years. Projects proposed include:

1. *Coastal embankments*—about 300 miles of coastal embankments in East Pakistan will be remodelled. Many minor irrigation and flood-control schemes are planned.

2. *Canal projects*—the Kotri, Indus, Taunsa, Thal and Warsak canal projects to be completed.

3. *Tubewells*—this program to be extended.

4. *Electric power*—total electric-power capacity will rise 55 per cent during the Second Plan to some 1.727 million kw. in 1965 (1.1 million in public utilities and 181,000 in industrial establishments).

5. *Transmission lines*—emphasis is being shifted from investment in electricity generation in the First Plan to transmission and distribution in the Second. Transmission-line mileage will increase from 5,000 to about 15,000 miles. This figure includes the West Pakistan high-tension grid designed to interconnect the Canadian Warsak Dam project with other stations.

Transport and Communications

The Plan gives priority to improving the efficiency and capacity of the present facilities. Included are:

1. *Railway program*—rehabilitation of track, remodelling of bridges, replacement of obsolete and worn-out rolling stock, and improvement of terminals.

2. *Port improvement*—thirty million dollars is to be spent on completing the reconstruction and modernization of the ports of Karachi, Chittagong and Chalna.

3. *Waterways*—the length of effective inland waterways in East Pakistan is to be increased from 2,500 to 4,000 miles.

4. *Road transport*—the hope is to add some 5,000 buses and 6,000 trucks to the road-transport fleet.

5. *Civil aviation*—immediate needs include completion of a jet runway at Karachi; recarpeting of runways at other airports; improvements at Dacca, Lahore, Rawalpindi and Chittagong; building of a new airport in the northwest area of East Pakistan, and construction of eight new feeder airports.

6. *Broadcasting*—the Rawalpindi, Dacca and Lahore radio stations are to be equipped with 100 kw. short- and medium-wave transmitters; eight other centers are to be provided with 10 kw. transmitters.

7. *Telephones, telegraph*—number of telephones is to go up 60 per cent and the number of telegraph offices by 30 per cent.

Industrial Expansion

The objectives of the industrialization program are to increase the national income and to ease the balance-of-payments problem by producing more goods for export and to replace imports. To attain these goals, Pakistan will rely essentially on private investment, both national and foreign. Among the proposals are:

1. *Cotton industry*—installation of an additional 550,000 cotton spindles, to boost cotton-yarn production from 380 million to 480 million pounds.

2. *Jute industry*—capacity of this industry is to rise to 12,000 looms in 1965 (8,250 now) and output from 220,000 to 330,000 tons.

3. *Fertilizers*—production to expand from 55,000 tons in 1960 to 650,000 in 1965.

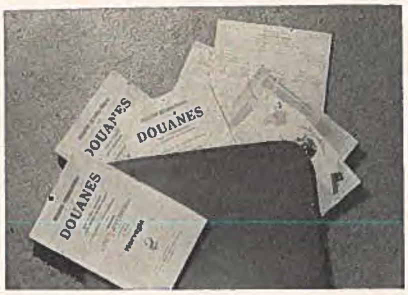
4. *Steel*—the prospect of establishing an integrated steel plant is being investigated and production of steel from imported scrap or ore has been suggested. So has a gas liquefication plant.

The proposed allocation for agriculture (including irrigation and drainage) is $1,106 million, nearly 30 per cent of the whole Plan. There is provision for an increase in foodgrain production from the estimated 13.2 million tons for 1959-60 to about 16 million tons by 1964-65. The production target for cotton is 2.3 million bales compared with 1.7 million in 1959-60 and for jute, 6.8 million bales (6 million in 1959-60). New areas will come under the plough and existing ones will be improved by more efficient irrigation and drainage. Manures, fertilizers and superior seeds will be used more widely. Livestock production will benefit from disease control and a better feeding and breeding program. Afforestation, regeneration and extraction of forest resources are to be intensified, to make possible a 36 per cent increase in timber production. And, of prime importance in a country where approximately 80 per cent of the population live in villages, the village aid program will be accelerated in both East and West Pakistan.

Seizing Opportunities

The Second Five Year Plan has been welcomed in Pakistan as generally realistic and within the estimated resources of the country. It will multiply the opportunities for investors, domestic and foreign, and stimulate trade. More capital goods will come in and larger exports of Pakistani manufactured or semi-manufactured goods are anticipated. On a short-term basis, prospects for larger sales of consumer goods from Canada are not too bright, but in the long run the higher standard of living will increase the demand for many products.

As emphasized earlier, the chief opportunities for Canadians as the Plan progresses will arise in the engineering, heavy industry and building fields. Most of this business will continue to be done on the basis of world tenders. Canadian companies that wish to participate must appoint an agent in Pakistan for both government or private purchases. Direct bids are seldom considered. ●



Trade and Tariff Regulations

Argentina

PACKING LIST—Customs Resolution No. 109 dated January 29, 1960, published in the *Boletin Oficial* of February 9, 1960, and effective May 9, 1960, requires that all shipments to Argentina must be provided with a packing list legalized by the nearest Argentine Consul. This must accompany the usual commercial and consular invoices.

This has been clarified by Customs Resolution No. 172 dated March 7, 1960, published in the *Boletin Oficial* of March 25, 1960. This Resolution provides that such packing lists need not be legalized separately by an Argentine Consul since henceforth the packing list will be incorporated as an integral part of the consular invoice, which itself is customarily legalized. The integration into the consular invoice of the packing list is identical with the integration into the consular invoice of the commercial invoice in accordance with article 345 of the Argentine consular regulations.

Moreover, the language of the packing list may now be Spanish, English, French, German or Italian. However, when the language is not Spanish, the Argentine importer is obliged to present to the Customs a translation of the packing list certified by an officially authorized public translator.

Further details may be obtained upon request from the Latin American Division of the International Trade Relations Branch.

FREE IMPORT OF SAMPLES AND ADVERTISING MATERIAL—Authorized Decree No. 2328, issued on March 7, 1960, and published in the *Boletin Oficial* of March 9, 1960, refers to Decree No. 11,919/58 which authorized the free import of samples and advertising or promotion material without commercial value, free of surcharges. The new decree sets out the regulations covering this free import and defines its scope.

Authorized to be imported without payment of surcharge are magazines and reviews, printed matter, pamphlets and leaflets, posters, calendars and diaries, almanacs, clichés, cuts, matrices and engraved plates for reproducing advertising material, photographs, phonograph records, and articles in general for advertising the merchandise of foreign firms. These free imports may be made only under the following conditions:

(a) that they be received free of charge
(b) that their value does not exceed U.S.$100 or its equivalent in other currencies
(c) that they carry visible and indelibly printed or engraved inscriptions and/or advertising marks that prevent their free sale.

The reception of any such material will be permitted only once a year per consignee, with two exceptions. The first is unmistakably free samples of medical specialties, up to a value of U.S.$250, the entry of which has been authorized by the Argentine Minister of Health and which are sold to the public by prescription only. The sum of U.S.$250 is the annual value that applies to each of the products constituting the commercial line of each laboratory and/or representative. The samples must not be replicas of the containers designed for sale to the public, nor be packed in such a way as to cause confusion in this respect. All of the written advertising matter relative to these samples as well as the details and/or legends that appear on the wrapping or packing material must be in Spanish.

The second exception is phonograph records for use by local industrial producers. Each record must carry the above-described engraved inscription or legend. Records up to a value of U.S.$75 (or its equivalent) a month per consignee may be imported free of surcharge, but only one copy of each record may be brought in and it may not be repeated.

Consignees of medical-specialty free samples and of phonograph records must keep a book (Register of Samples), in which the Customs authorities will initial the record of each import and which must be placed at their disposal on request. The consignee is also required to keep available for inspection at any time the documents to prove that the samples have not been sold—Buenos Aires.

Burma

IMPORT LICENCES GRANTED TO IMPORTERS—The Burma Ministry of Trade Development issued a communique regarding import trade control effective January 13, 1960. According to the communique, import licences will be granted to national importers who have made efforts to earn foreign exchange by promoting exports. Import licences will be provided to the value of 25 per cent of the amount of the foreign exchange earnings derived from the export of goods to foreign countries during the calendar year 1959. Only Burma nationals will be accorded this privilege and traders will be granted import licences for goods issued in bulk. Applications for import licences submitted to the Import Licensing Board should indicate the amount of foreign exchange earnings certified by the Controller of Foreign Exchange and the kind of goods the applicant desires to import.

IMPORT TRADE RESTRICTED TO NATIONALS—In February of this year, the Union of Burma Government, through the Ministry of Trade Development, announced regulations on the granting of import licences effective June 1, 1960. Under the regulations, all imports, either under Open General Licence or under other licensing arrangements, will be allowed only if the goods are imported through agencies held by Burma nationals. A foreign firm will not be considered for the purpose of registration as a national agency. The Trade Development Ministry is making a review of the registered importers who were required to submit applications for renewal before March 1, 1960. This policy is in accord with the intention of the Burmese Government to assist indigenous enterprises.

Under the regulations, a foreign firm is any firm operating in Burma which has one or more foreign directors or which has any foreign capital. Foreign firms may, however, continue to act as a manufacturers' representative but not as a commission agent.

Exporters may wish to take the foregoing into account when selling to the Burmese market.

India

IMPORT CONTROLS—The Indian Government announced on April 1, 1960, its import trade-control policy for the licensing period April-October, 1960. Total foreign exchange availability remains much the same as during the preceding period, but the new policy provides somewhat larger allocations for essential raw materials and spare parts. Import quota increases of significance to Canada include:

Watches, from 2½ per cent (of base year 1945-46 to 1951-52) to 10 per cent. We are advised this will mean imports will increase from $50,000 to $200,000.
Water meters, nil to 20 per cent.
Copper, unwrought, from 75 per cent to 100 per cent.
Brass scrap, from 33⅓ per cent to 50 per cent.

On the other hand, the Indian Government states that increases in domestic production have reduced import requirements for certain raw materials, chemicals, industrial equipment, and motor vehicle parts. Quota reductions of particular significance to Canada include:

Files and rasps, from 15 to 7½ per cent.
Calcium carbide, from 7½ to 5 per cent.

Twenty-four new items have been added to the list of items licensable to actual users.

The basic period for establishing import quotas on 34 items has been extended up to and including 1955-56. This will mean somewhat larger imports in absolute terms. Items of significance to Canada include:

Copper
Flexible pipes and tubes
Non-ferrous metals, semi-manufactures and alloys
Several classes of paper
Lenses, including bifocal blanks
Most chemicals

The repeat licensing procedure introduced during the preceding period is being continued. To add further flexibility, licensing on an annual basis is authorized for actual users and some established importers. This provision will simplify trading arrangements for some Canadian suppliers, especially those requiring long-term contracts.

IMPORT CONTROLS—The Government of India announced on April 2, 1960, that import quotas will be granted to established importers for (a) industrial scrap; (b) tool and alloy steel, excluding stainless steel sheets, strips and circles; (c) wire of all types, and (d) box strappings in amounts equal to 7½ per cent of base-period imports. Previously only actual users of iron and steel and the Controller were permitted to import these items. The increased flexibility afforded by this change will permit established importers to hold stocks for sale to users as required.

Israel

CUSTOMS IMPORT DUTIES AND PURCHASE TAX AMENDED—Effective from February 23, the Government of Israel amended the import customs duties and purchase tax on a number of commodities. Some 39 tariff items were affected by the amendment, and eight were revoked. Under these items some 59 rates of duty were altered, of which 45 were increased, one decreased, and 12 remained the same. There are three new items.

Some 39 items were affected by the change in purchase tax; the tax on 24 was increased, on two it was cancelled. Two rates remain the same, one was decreased and four are new items.

Goods affected by the amendment to customs import duties include the following:

Logs; boards, planks, wooden sleepers, beams, of pine, beech, oak and other woods; natural gums and resins, artificial or synthetic resins and scrap; hides and skins; papermaking material, cellulose, wood pulp; cement; electric apparatus for cooking and baking, electric lamps and accessories; radios and parts thereof; electrical apparatus and parts thereof; paraffin wax; newsprint, paper and cardboard; plastic materials, laminated cellulose sheets; wrought bars, rods, angles, shapes, strips of copper; lamps and light fittings; miners and quarrymen's lamps.

Information on a particular commodity affected by this amendment may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Nigeria

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

Rhodesia and Nyasaland

IMPORT RESTRICTIONS LIBERALIZED—On December 8, 1959, the Department of Trade and Commerce advised exporters of the action taken by the Government of the Federation of Rhodesia and Nyasaland on November 21, 1959, towards the further relaxation of discrimination against imports from Canada and the other dollar countries.

Effective January 1, 1960, the remaining special dollar-area controls were removed on all items except clothing, cotton piecegoods, commercial fishing nets, wireless and television sets, and gramophones. As a result, Canada is now on the same footing as sterling and other non-dollar countries in exporting to the Federation all goods other than those listed above.

It is understood that quotas for over-the-counter sales may be given for imports from the dollar area for the first half of 1960, as follows:

Clothing	£100,000
Cotton piecegoods	200,000
Television sets	10,000
Radios, electric record players, gramophones, etc.	40,000

Licences will be freely issued to manufacturers, however, for imports of cotton piecegoods from the dollar area.

The following goods are subject to control on import into the Federation from all sources:

1. Any radioactive element or any radioactive isotope of any element, excluding radium and its disintegration products in sealed containers.

2. Articles with respect to which notice has been given to the Controller of Customs and Excise in pursuance of the provisions of any Territorial law relating to copyright, as read with the provisions of sub-section (1) of section 14 of the Copyright Act, 1911, of the United Kingdom.

3. Cement.

4. Clothing of the following types:
   (a) new clothing designed for military, naval, or air force use,
   (b) used clothing other than the personal effects of an individual.

5. Gold, including:
   (a) any unmanufactured gold in any form whatsoever,
   (b) any article or substance containing such unmanufactured gold,
   (c) any article consisting of or containing gold which, although manufactured, is as such not a gold coin, an article of commerce, a work of art or of archaeological interest.
   (d) gold derived from the smelting or treatment of any manufactured article containing gold.

6. Grain bags, bagging, sacking and hessian, in the piece, of jute or substitute fibres.

7. Sugar.

8. Wheat flour.

9. White phosphorous matches.

10. Any knife having a blade which:

(a) opens automatically by hand pressure applied to a button, spring or other device in or attached to the handle of the knife, sometimes known as a "flick knife" or "flick gun", or

(b) is released from the handle or sheath thereof by the force of gravity or the application of centrifugal force and which, when released, is locked in place by means of a button, spring, lever or other device, sometimes known as a "gravity knife".

11. Secondhand accounting machines, including cash registers, calculating machines, tabulators, sorting machines, computors, receipt and coin-counting machines, and ledger and posting machines.

All other goods not referred to above may be freely imported into the Federation from any source under Open General Licence without individual import permits.

South Africa

IMPORT CONTROLS ON LUMBER—The Director of Imports and Exports in the South African Government has agreed to issue additional licences for the import of lumber this year. This will bring the total quota for 1960 authorized to date to 100 per cent of the quota authorized for 1959. Previously, the 1960 import quota for lumber was 80 per cent of last year's.

United States

TARIFF COMMISSION RECOMMENDS NO CHANGE FOR LEAD AND ZINC—In *Foreign Trade* of September 26, 1959, it was reported that the United States Senate had requested the Tariff Commission to make a general investigation of the domestic lead and zinc industry under authority of section 332 of the U.S. Tariff Act.

The Senate resolution directed the Tariff Commission to report specific findings with regard to the current condition of the lead and zinc mining industries as to what additional import restrictions, if any, needed to be imposed in order that lead and zinc mining operations in the United States might be conducted on a sound and stable basis.

In the Commission's report to Congress under date of March 31, 1960, four of the six commissioners refrained from making the findings called for in the Senate resolution, on the grounds that to do so would be an extra-legal act. The other two commissioners were not of this view and presented a minority report recommending the removal of the existing import quotas and an increase in the rates of duty on lead and zinc, and articles thereof.

Venezuela

IMPORTS OF READY-MADE MEN'S SUITS—According to a resolution issued by the Ministries of Finance and Development published in the *Official Gazette* of March 4, 1960, men's ready-made suits, classified under various tariff numbers, have been submitted to compulsory import licensing as of March 4, 1960—Caracas.

IMPORT REGULATIONS—New import regulations were announced in numbers 26164 and 26169 of the *Official Gazette*.

The duty on three items was reduced, effective February 1, 1960. Following are the numbers and descriptions of the new items and the import duty in bolivars per gross kilogram, with the previous rate in parentheses:

Tariff No.

021-01-01-1—Cream, fresh, in containers with a capacity not to exceed one litre, and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

022-01-01-1—Cream, evaporated or condensed, in containers with a capacity not to exceed one litre and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

022-02-01-1—Cream, dehydrated or dried, in containers with a capacity not to exceed one litre, and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

Two new sub-items were added to the tariff classification for writing paper, effective February 1, 1960:

Tariff No.

641-02-03 —Writing paper in rolls or sheets, not cut to size (duplicating paper also), not lined.

641-02-03-1—Weighing up to 50 grams per square meter, 0.40 bolivars (1.20).

641-02-03-2—Weighing over 50 grams per square meter, 0.28 bolivars (1.20).

—Caracas.

Trade Commissioner on Tour

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

B. C. BUTLER, Minister (Commercial) in London, England:
Vancouver—May 2-6

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

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 1.039974.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 8	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01159	86.28	(1)
Austria	Schilling		.03702	27.01	
Australia	Pound		2.1632	.4623	
Bahamas	Pound		2.7040	.3698	
Belgium, Belgian Congo and Luxembourg	Franc		.01930	51.81	
Bermuda	Pound		2.7040	.3698	
Bolivia	Boliviano	Free	.00008416	11,882.13	
British Guiana	Dollar		.5633	1.78	
British Honduras	Dollar		.6760	1.48	
Brazil	Cruzeiro	General Category*	.003807	262.67	*Mar. 22 (2)
		Special Category	.001689	592.18	
		Official selling	.05081	19.68	(3)
Burma	Kyat		.2019	4.95	
Ceylon	Rupee		.2028	4.93	
Chile	Escudo	Free	.9140	1.09	(4)
Colombia	Peso	Certificate	.1432	6.98	
Costa Rica	Colon	Official	.1712	5.84	
		Controlled free	.1447	6.91	
Cuba	Peso		.9616	1.03993	tax 2%
Czechoslovakia	Koruna		.1335	7.49	
Denmark	Krone		.1397	7.16	
Dominican Republic	Peso		.9616	1.03993	
Ecuador	Sucre	Official	.06411	15.60	
		Free	.05623	17.78	
Egyptian Region, United Arab Rep.	Pound	Official	2.7612	.3622	
		Export account selling	2.4375	.4103	
El Salvador	Colon		.3846	2.63	
Fiji	Pound		2.4360	.4105	
Finland	Markka		.003005	332.78	
France, Monaco, etc.	New Franc		.1960	5.10	(5)
French colonies	Franc		.003920	255.10	(6)
French Pacific	Franc		.01078	92.76	(7)
Germany	D Mark		.2306	4.34	
Ghana	Pound		2.7040	.3698	
Greece	Drachma		.03205	31.20	
Guatemala	Quetzal		.9616	1.03993	
Haiti	Gourde		.1923	5.20	
Honduras	Lempira		.4808	2.08	
Hong Kong	Dollar	Free*	.1672	5.98	*Mar. 25
		Official	.1690	5.92	
Iceland	Krona	Official	.02530	39.52	(8)
India	Rupee		.2028	4.93	
Indonesia	Rupiah	Official rate	.02137	46.80	(8)
Iran	Rial		.01269	78.78	
Iraq	Dinar		2.6924	.3714	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 8	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7040	.3698	
Israel	Pound		.5342	1.87	
Italy	Lira		.001549	645.58	
Japan	Yen		.002671	374.39	
Lebanon	Pound	Free	.3020	3.31	
Mexico	Peso		.07693	13.00	
Netherlands	Florin		.2550	3.92	
Netherlands Antilles	Florin		.5138	1.95	
New Zealand	Pound		2.7040	.3698	
Nicaragua	Cordoba	Effective buying	.1457	6.86	
		Official selling	.1364	7.33	
Norway	Krone		.1351	7.40	
Pakistan	Rupee		.2028	4.93	
Panama	Balboa		.9616	1.03993	
Paraguay	Guarani	Official	.007882	126.87	
Peru	Sol	Certificate	.03471	28.81	
Philippines	Peso		.4808	2.08	
Portugal & Colonies	Escudo		.03356	29.80	(9)
Singapore and Malaya	Straits Dollar		.3155	3.17	
Spain and Dependencies	Peseta		.01603	62.40	
Sweden	Krona		.1861	5.37	
Switzerland	Franc		.2218	4.51	
Syrian Region, United Arab Rep.	Pound	Free	.2688	3.72	
Thailand	Baht	Free	.04543	22.01	(8)
Turkey	Lira		.1068	9.36	(8)
Union of South Africa	Pound		2.7040	.3698	
United Kingdom	Pound		2.7040	.3698	
United States	Dollar		.9615625	1.039974	
Uruguay	Peso	Free	.08394	11.91	(12)
Venezuela	Bolivar		.2870	3.48	
West Indies Fed.	Dollar		.5633	1.78	(10)
	Pound		2.7040	.3698	(11)
Yugoslavia	Dinar	Official	.003205	312.01	(8)
		Settlement rate	.001521	657.26	

*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.
12. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.

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