





# foreign trade

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## COVER

The Caribbean area, covered in this issue, as seen by our artist in the manner of an old steel engraving. The arrows convey pictorially the brisk movement of our trade with this area—an impression strengthened by a reading of the reports on pages 3 to 43.



CANADA

- 
- 3 The Caribbean Markets Today . . . our annual review of economic developments and trade opportunities in seventeen countries makes plain the potential for growth in this area.**
- 4 Mexico and Central America . . . solid industrial and agricultural progress in Mexico; Central American picture more mixed, as coffee prices down, exports of bananas and cotton smaller.**
- |                           |                     |
|---------------------------|---------------------|
| <b>4 Mexico</b>           | <b>12 Guatemala</b> |
| <b>7 British Honduras</b> | <b>13 Honduras</b>  |
| <b>8 Costa Rica</b>       | <b>14 Nicaragua</b> |
| <b>10 El Salvador</b>     | <b>16 Panama</b>    |
- 18 The West Indies . . . a look at problems solved and unsolved and progress made in past year by this young nation, as seen by Canada's Commissioner—plus reports on its island members.**
- |                    |                                    |
|--------------------|------------------------------------|
| <b>22 Barbados</b> | <b>24 Leeward and Windward Is.</b> |
| <b>23 Jamaica</b>  | <b>26 Trinidad and Tobago</b>      |
- 29 Canada's Trade with the West Indies . . . shows steady rise since removal of import restrictions.**
- 31 Other Caribbean Islands . . . rapid growth of state trading in Cuba, continuing problems in Haiti, steady development in Bahamas and Puerto Rico, some restrictions in Dominican market.**
- |                              |                       |
|------------------------------|-----------------------|
| <b>32 Bahamas</b>            | <b>38 Haiti</b>       |
| <b>33 Cuba</b>               | <b>40 Puerto Rico</b> |
| <b>36 Dominican Republic</b> |                       |
- 42 Shipping Services from Canada to the Caribbean**
- |                                       |  |
|---------------------------------------|--|
| <b>48 Canada in Caribbean Markets</b> | <b>45 Trade Commissioners on Tour</b>  |
| <b>46 Foreign Exchange Rates</b>      | <b>44 Trade and Tariff Regulations</b> |

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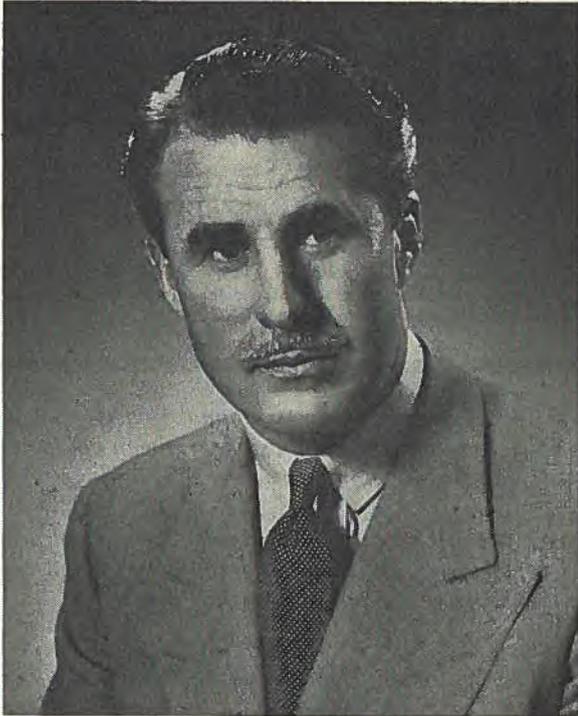
The Hon. GEORGE HEES, Minister.

JAMES A. ROBERTS, Deputy Minister.

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**The Honourable George Hees**

*On the occasion of my appointment as Minister of Trade and Commerce, I welcome the opportunity of greeting Canadian businessmen through the medium of "Foreign Trade."*

*As Minister, my chief function as I see it is to assist the primary and secondary industries of Canada in every practical way to sell their products at home and abroad. "Foreign Trade" reaches primarily those of you who are already active in export markets. You realize from personal experience how keen the competition is, not only from the rebuilt industries of Western Europe, but also from Japan and the Communist bloc. You know also that, with initiative and unremitting effort, Canadian companies can outsell their competitors and reap the rewards of enterprise. This success should encourage others to embark upon the adventure of exporting.*

*In this adventure, Canadian businessmen and the Department of Trade and Commerce are in partnership. We at Trade and Commerce, through the Trade Commissioners abroad and our officers here at home, stand ready to advise, encourage and assist our exporters at all times.*

*I already have some insight into the problems of export trade and I expect to learn more about these problems as the months go by. I hope to broaden my acquaintance with businessmen, to seek your ideas and to solicit your help in improving Canada's record as one of the world's leading foreign traders. In short, I look forward to an active, fruitful partnership between government and business in the years ahead.*

**Minister of Trade and Commerce**

## MEXICO

*Industrial expansion expected to continue, fostered by sound government policies. Market for Canadian goods improving after 1959 slump; paper products, metals, chemicals, purebred cattle all in good demand.*

## BRITISH HONDURAS

*Plans to diversify agriculture, improve forest management, and encourage investment in colony now moving forward. Canadian foodstuffs doing well in this restricted price market where U.S. is dominant supplier.*

## COSTA RICA

*Lower coffee prices, damage to banana crop cut export income last year; Canadian shipments dropped slightly. Record 1960 coffee harvest has brightened outlook; new industrial legislation may attract foreign capital.*

## EL SALVADOR

*Smallest of Central American republics has greatest industrial development; power projects, expansion in manufacturing continuing. Canadian exports up last year, with wheat flour, newsprint, aluminum in the lead.*

## GUATEMALA

*Foreign exchange reserves, down in 1959, now rising; large coffee crop should boost income. Canadian trade suffers as import restrictions affect wheat and flour shipments and high duties curtail upper leather sales.*

## HONDURAS

*Bananas provide over half of export earnings but 1960 returns will be smaller. Canadian sales to Honduras (mainly leather, flour) far outweighed by value of bananas we buy, but our exports expanding this year.*

## NICARAGUA

*Largest of Central American republics, agriculture produces main exports, particularly cotton and coffee. Import licensing still in effect; speed of delivery important. Canadian sales not likely to expand this year.*

## PANAMA

*Earnings from Canal and transit trade keep income high, though foreign trade down in 1960. Foodstuffs, building materials, paper products in demand. Competition keen, but is Canada's best market in this area.*



# Mexico

F. B. CLARK, *Commercial Secretary, Mexico, D.F.*

MEXICANS celebrated the 150th anniversary of their independence in September and the people were able to review the economic progress made during the past year. The Government recently purchased control of the most important light and power company, a Canadian corporation, and with the acquisition in April of a U.S. subsidiary that served several interior cities, practically all of the power generated is operated by the Government. This development was linked in importance to Mexican progress with the agrarian land reform in 1910 and the nationalization of the petroleum industry in 1938.

Foreign investors took a closer look at Mexico after July, as a result of various official statements that seemed to indicate an extreme socialist trend within the Government. Subsequent pronouncements and performance, however, have made it clear that business as usual will prevail. Commercial activities have returned to normal and private capital, foreign and local, is again looking for industrial opportunities. The national census last July proved that Mexico is a big market of over 34 million people and one with a rapid growth rate, almost 3.5 per cent per year.

## Financial Position Good

In the State of the Union address on September 1, President López Mateos had some favourable statistics to submit on the state of the public finances. Central Bank reserves totalled U.S.\$424.6 million

and a substantial credit of U.S.\$345 million is available from foreign sources when it is needed. The old Mexican foreign debt—represented by bonds in circulation for almost a century—is now being liquidated, thereby improving the financial reputation of the country. Foreign obligations reached U.S.\$665.8 million as of June first, 1960, an increase from the previous year. However, because domestic borrowing dropped during this period, Mexico's total indebtedness remains about the same. Despite occasional rumours within the commercial community, the Government is positive that the present financial position, together with prompt payment of international indebtedness, guarantees the present exchange rate of the peso, now freely exchanged at \$12.50 pesos for U.S.\$1.00.

Official expenditures reached U.S.\$780.6 million in 1959, U.S.\$34.8 million in excess of revenue. An improved system of collecting taxes and enforcing payment has resulted in more revenue; income tax collections alone were up 12 per cent for the first five months of this year. The public sector needs all possible revenue to complete its ambitious development program. Expenditures will be up 25 per cent this year and the general pattern of disbursements that prevailed in 1959 is expected to continue—82 per cent for basic development projects, 12 per cent for social welfare programs, and the remainder for government operating expenses.

Of the basic development projects in progress or planned by the Government, assistance to agriculture has a high priority. This aid is directed mainly toward improvements in basic crops and pastures through irrigation, credit assistance, research, and improved farming practices. Special projects have been initiated to promote the growth of oil-bearing and tropical crops, to expand the livestock industry, and to stabilize domestic supply and demand. Mexico continues to protect its farm producers against foreign competition through high duties and strict import licensing procedures.

Total agricultural output, including fish, increased in volume and value last year, maintaining a high level of production in this important industry. The gross value of farm products reached U.S.\$2,000 million, which includes livestock production to the value of U.S.\$776 million. Cotton receipts were down, chiefly because of smaller acreage sown, and coffee returns slumped. Production of some staple foods—such as corn and wheat—increased. As the following table indicates, yields of the principal Mexican crops remain high, with the exception of those affected by depressed international markets, such as cotton, cottonseed and coffee.

## MAIN AGRICULTURAL CROPS

Product	1958	1959	Percentage
			change
(thousands of metric tons)			
Sugar cane	16,252	18,300	12.6
Corn	5,280	5,560	5.3
Alfalfa	4,278	4,800	12.2
Wheat	1,330	1,400	5.3
Cottonseed	906	648	-28.5
Beans	520	510	-2.0
Cotton	511	366	-28.5
Tomatoes	355	373	5.1
Rice	252	282	12.0
Henequen	121	126	4.1
Coffee	120	96	-20.0

Source: Bank of Mexico, S.A.

Difficult weather conditions will reduce crops this year but no seri-

ous shortages are anticipated. Hot weather and unusually late rains have affected the growth of corn, beans and wheat. With larger acreage again sown to cotton, yield is expected to be about two million bales, 18 per cent greater than last year.

### Minerals and Petroleum

During the first three months of 1960, the Mexican mining industry fared slightly better than in any quarter of 1959. Excluding petroleum, the total value of precious metals and industrial metals amounted to U.S.\$291.2 million in 1959. Production of several industrial metals—zinc, antimony, graphite, arsenic, sulphur and mineral carbon—has increased.

Although mining has made some slight recovery, the principal problem of lower world prices remains. Meanwhile production costs are rising and high government taxes discourage further expansion of operations. Conditions may improve, however, as a new mining law to be passed in the early part of 1961 is expected to give greater benefits to this important industry.

The nationalized petroleum industry is currently producing 300,000 barrels of crude oil per day. Reserves of natural gas are estimated at 776.5 million cubic meters, a significant increase from one year ago. An accelerated drilling program has been announced—600 wells this year, 800 in 1961, and 1,000 in 1962. Most of these will be located in proven areas, but others will be drilled in 12 new fields, far from the known producing region in the State of Veracruz along the Gulf Coast.

### Industry Still Expanding

A combination of foreign investments, local capital, and financial assistance from the Government has provided the means for considerable industrial expansion. At mid-1960, a total of U.S.\$1,500 million was estimated as the direct foreign investment in Mexico, according to

Central Bank figures. Of this amount, U.S.\$52.8 million from foreign sources was invested in local industry during the first six months of 1960. Local capital has also been invested in manufacturing opportunities, often in association with outside interests. In a number of industries, however, such as transport services, commercial fishing, radio broadcasting and motion picture operations, the Government requires 100 per cent Mexican ownership. It also usually stipulates major participation by Mexican capital in industries producing raw materials or basic products.

The private sector of the economy has a powerful competitor in the Government with its numerous agencies, corporations and other official entities participating in industrial enterprises. Nacional Financiera, a government bank established to promote essential economic activities, financed new developments to the amount of U.S.\$888 million up to June 1960. Almost one-half was consigned to electricity and transport, 25 per cent to oil, steel and cement, and the remainder was directed towards basic manufacturing enterprises. Besides this intervention in industry through Nacional Financiera, Pemex, the national oil industry, has been authorized to establish a petrochemical industry, leaving only minor operations for private interests. Other industrial activities under government control include factories making automobiles, railway equipment and paper, and refining sugar. Despite this widespread public ownership, private investment ex-

penditures are gaining and now represent a higher share of the G.N.P. than in the 1939-1945 period.

Mexico has the population to justify domestic production of practically all consumer products and a wide range of industrial goods. The President of Mexico has stated that "to accelerate industrialization is to abbreviate poverty", and this policy is now being acted upon. Besides financial assistance, the Government can offer prospective investors tax relief and some form of protection against imports. With such encouragement, a wide variety of U.S. and European products carry a "Made in Mexico" label. Aside from heavy machinery and equipment, domestic companies are now processing most consumer and industrial needs.

### Foreign Trade

Mexican Governments have not played an aggressive rôle in the promotion of exports. Shippers have been hampered by export taxes and permit requirements and have often refused small orders because of the documentation and duties. But this past year has seen a notable improvement, as the present regime is more aware of the need to increase exports. Taxes on shipments proceeding to foreign markets have been either reduced or eliminated. To publicize Mexican products, participation in international trade fairs has been increased and a number of trade missions have gone to foreign markets, returning similar visits to Mexico.

As a result of President Lopez Mateos' official visit to several South American countries last January, Mexico joined the Latin American Free Trade Area. An active local organization has been established, selected from commercial groups and government departments, to prepare for this economic co-operation between Latin American countries. A list of 407 products has been sent to the Montevideo central

#### MANUFACTURING INDUSTRIES: VOLUME OF PRODUCTION

Basis: 1939=100

	1958	1959
General index	251.3	268.9
Textiles	170.0	176.8
Food	281.1	293.6
Building materials	816.8	940.5
Clothing	140.5	146.1
Tobacco	169.3	169.1
Rubber, paper, alcohol	390.0	434.6

### SOME LEADING MEXICAN IMPORTS

Description	1958	1959
	(in U.S. dollars)	
Machinery installations	45,352,000	54,152,000
Automobiles for private use	72,736,000	63,384,000
Metal spare parts for machinery	50,896,000	52,748,000
Petroleum and products	57,824,000	40,592,000
Trucks	33,136,000	36,456,000
Machines mechanically operated	44,184,000	39,672,000
Automobile parts and engines	24,064,000	23,944,000
Organic and chemical mixtures	20,416,000	21,800,000
Iron and steel scrap	23,856,000	20,328,000
Tractors	15,696,000	18,424,000
Natural or artificial crude rubber	13,976,000	16,968,000
Chemical fertilizers	16,224,000	16,640,000
Newsprint	8,744,000	13,656,000
Spare parts for airplanes	12,216,000	12,056,000
Spare parts for tractors	11,200,000	12,080,000
Insecticides	16,784,000	9,304,000
Railway rolling stock	11,256,000	7,784,000
Cellulose paste	6,016,000	5,568,000
Iron and steel pipe	10,040,000	3,624,000
Permanent railway material	20,008,000	360,000

office and to other member nations —products that Mexico desires to export within the Union. This country looks forward to improved economic efficiency with participation but at the same time realizes the obligations involved.

Commodity exports reached U.S. \$720.6 million in 1959, up U.S. \$11.5 million over 1958. For the first five months of this year, trade is down slightly. Raw cotton accounted for 28 per cent of the total value in 1959, followed by coffee (8.6 per cent), shrimp (5.4 per cent), cattle (5.3 per cent), lead (5.1 per cent), copper and zinc. Canada was the number three customer for Mexican products last year when U.S. transshipments are included. This trade increased to U.S.\$34.6 million, an improvement of U.S.\$2.5 million over 1958.

#### Import Permits

While Mexican exports improve, the Government works at cutting back imports. On a long list of products made in the country, or for which an acceptable substitute is produced, duties are very high and permits to import are required. These are often refused and, if approved, the process takes time.

There is also a form of "compensated exchange", a type of barter arrangement, for all imports ordered by the public sector as well as for a substantial number of products imported through commercial channels. The exporter or his local representative must arrange for the export of a Mexican commodity equal to the value of the order received. This shipment can be made to a third country, the commodity is specified by the government bank for foreign trade, and the entire transaction is usually handled by the bank for a modest commission.

Canadian traders should not be discouraged by this array of restrictions, as the volume of Mexican imports is still high. In 1959 they were valued at U.S.\$1,002 million, a reduction of U.S.\$125.9 million from 1958. In 1960 imports are rising again, with a monthly average of U.S.\$96 million.

#### Trade with Canada

Canadian exports to Mexico in 1959 totalled U.S.\$27.8 million, down from the previous year and the lowest volume since 1954. Business is better this year, however, and the first seven months showed a U.S.\$2 million improvement over

the same period in 1959. Firm orders to be shipped before the end of this year, including partial delivery of a U.S.\$12.5 million order for rails placed in Canada by the National Railways, should increase 1960 exports to an above-average figure.

Newsprint is the leading export from Canada, followed by cellulose for making artificial fibres, aluminum, drugs and chemicals. These leaders will maintain their positions or improve them within the next few years. Exports of other manufactured products like papermakers' felts, electric meters, motors and parts, and certain machinery lines will decrease as local production expands to supply the market. Canada could improve sales of fine and specialty papers, sulphite pulp, breeding livestock, fertilizers, metals and certain industrial chemicals.

#### Outlook

Mexico is accustomed to a high rate of economic growth and this must continue in order to serve the expanding population. Government officials are pursuing policies designed to maintain the present rate of industrial expansion and at the same time to hold the external debt at an acceptable level in relation to foreign exchange earnings. Only priority projects are being financed from abroad and the quotations and terms are carefully scrutinized for the best bargain. In view of these sound policies, optimism over future prospects for the Mexican economy seems justified. ●



FOREIGN TRADE



# British Honduras

C. G. BULLIS, *Assistant Trade Commissioner, Kingston.*

BRITISH HONDURAS, a small British colony of about 8,600 square miles, is situated on the eastern coast of Central America between Mexico and Guatemala. The living standard of most of the population is relatively low and the difficult terrain and sub-tropical climate have slowed development. The Colonial Office provides grants totalling B.H.\$9 million\* a year to improve services and facilities and it is hoped that these will help to stimulate private investment.

Tropical forests have traditionally supplied the principal means of

\*B.H.\$1.46=Can.\$1.00.

NOVEMBER 5, 1960

support for the British Hondurans. But this is changing rapidly, and a more diversified economy, based primarily on agriculture, is emerging.

## Farm Output Rises

To assist in its diversification program, British Honduras has been allotted a quota of 25,000 tons of sugar under the terms of the Commonwealth Sugar Agreement. Production reached 16,700 tons during the 1959-60 crop year but yields have been discouraging this year (estimate, slightly over 15,000 tons). More land has been planted for next year, however, and efforts are being made to attract a second sugar mill with a capacity of 15,000 tons a year to help process the bigger crop.

The citrus industry has also grown swiftly. Since the large groves in the Stann Creek area were planted some ten years ago, output has risen steadily and export earnings reached some B.H.\$1.9 million in 1959. Soil content and climate are particularly suited to citrus production, though yields are regarded as considerably below potential because of inadequate use of fertilizers.

The accompanying table illustrates the growth of the industry during the past three years, as well as the changing importance of various citrus products. Nearly all its exports go to the British market.

The 3,000 Mennonites from Mexico and Canada who have settled in British Honduras during the past three years have developed

## CITRUS EXPORTS

	1957	1958	1959
	B.H.\$	B.H.\$	B.H.\$
Grapefruit	306	179	104,523
Segments	773,361	676,769	502,335
Juice	96,747	136,565	162,738
Concentrate	58,506	28,212	82,455
Orange juice	143,929	583,122	541,916
Concentrate	265,909	383,345	502,447
<b>Total</b>	<b>1,338,758</b>	<b>1,708,192</b>	<b>1,896,414</b>

commercial mixed farming to the point where the country is self-sufficient in poultry products. Local officials are now discussing the possibility of building a modern abattoir with a view to exporting chilled meat products to the United States market.

## New Life for Timber Trade

Because of poor forest management and inadequate reforestation in the past, the mahogany forests in British Honduras have been depleted. As an interim measure, local authorities have been experimenting with fast-growing species of softwood, such as balsa, as well as searching for markets for secondary hardwoods that have so far been ignored.

A number of potentially important logging areas thought inaccessible in the past are now being opened up. The best known is the large Cockscomb Basin area which, according to latest reports, is being leased by U.S. interests. A plywood operation has also been mooted but this is only in the preliminary stages. If either or both of these ventures materialize, they will provide a much needed shot in the

## BRITISH HONDURAS TRADE

	Imports		Exports	
	1958	1959	1958	1959
Total trade	\$18,516,241	\$19,561,208	\$9,087,878	\$9,563,038
Trading partners (per cent)				
United States	42.78	41.59	13.78	15.76
United Kingdom	32.74	33.55	48.31	53.25
Trinidad	5.85	5.37	1.27	
Netherlands	4.79	5.21	.97	.24
Canada	1.99	2.12	1.30	.90

arm for the British Honduras lumber industry.

### Industrial Incentives

The recently adopted Industrial Incentive Ordinance, which brings British Honduras more in line with other countries in the Caribbean, was designed to provide incentives to capital investment. It grants relief from customs duty, entry tax and income tax for new enterprises (or new portions of existing ones) for periods up to ten years. Local officials hope that the improved investment climate will attract light manufacturing and processing industries to turn out goods for both the domestic and export markets.

At present a large U.S. garment manufacturer is negotiating with British Honduras officials. Indications are that an agreement will soon be reached whereby the firm will build a plant employing 300 persons to make clothing for export to the U.S. market.

The search for oil in British Honduras is continuing; the latest entry is a Canadian firm which was granted a concession for off-shore drilling. A number of major U.S. and British companies have been carrying out exploration for the past ten years but without success.

### What Colony Buys

Imports continue to climb steadily in all major categories, with a few noticeable exceptions such as sugar and well-drilling machinery. The table on page seven shows British Honduras total trade during the past two years, plus market percentages for each of the five principal trading partners.

Canadian food products are being imported in increasing quantities and there are opportunities in particular for our potatoes, onions and canned goods.

Pickled meats are a big seller in British Honduras and any Canadian supplier who is in a position to compete with U.S. prices could export several hundred barrels a

month. Cheap tinned meats consisting primarily of animal offal are also in demand, with the largest volume in the small 3½-ounce size.

In addition to consumer goods, opportunities are open to Canadian manufacturers of logging and cane-harvesting equipment, such as chains and wire rope. Structural

steel, cement, hardboard and galvanized pipe are also in demand.

Because of the low income of most of the population, British Honduras is primarily a price market. Canadian firms should therefore consider offering lower priced lines or seconds whenever possible to improve their competitive position. ●



## Costa Rica

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

COSTA RICA, with an area of 19,700 square miles, is the second smallest of the five Central American republics both in area and in population. Of its 1,100,000 people, about 85 per cent are of European descent. Within the past two decades, the population has doubled; it increases by about 4 per cent a year, one of the highest rates in the world. The per capita average income in Costa Rica, at \$325\* in 1957, is the largest in the Central American republics and one of the highest in all Latin America.

\*All values pertaining to Canadian trade are in Canadian dollars but all others are in United States dollars.

Traditionally, Costa Rica's principal exports have been coffee, bananas, cacao and lumber, but in recent years abaca (manila hemp), livestock, fresh and frozen beef, lobster, shrimp, insecticides and vegetable shortenings have all been exported. However, coffee is by far Costa Rica's largest single earner of income and foreign exchange, accounting for some 55 per cent of total annual exports and nearly 52 per cent of foreign exchange earnings. Bananas are the second most important product and in normal years account for 29 per cent of total exports. Meat took third place among exports in 1959; 150 per cent more frozen beef was shipped

from Costa Rica than in 1958 and earnings from sales abroad of beef and of live cattle totalled U.S.\$3 million.

In 1959 Costa Rica suffered a double setback in export trade. One was a late coffee harvest that achieved a new high in volume but did not yield anything close to the expected and much needed foreign exchange income because of the serious slump in world coffee prices. The second setback was the serious and extensive wind damage to banana plantations. The exportable portion of the 1959-1960 crop was cut drastically and the foreign exchange receipts went down in proportion. The result of these adverse developments was that by the end of March 1960, Costa Rica's foreign exchange reserves dipped to \$16.8 million from \$24.6 million a year earlier.

Since in an agro-pastoral country such as Costa Rica the income from exports of crops must be distributed over the entire year, the outlook for the rest of 1960 is rather clouded because there is little prospect of substantial improvement in world coffee prices or of greatly increased banana production.

### Coffee Big Earner

It is estimated that in 1960 Costa Rica will earn some U.S.\$43 million in foreign exchange from the new record crop of 835,000 sacks of coffee, (735,000 sacks for export because, under the new International Coffee Agreement signed last year, Costa Rica is allowed an export quota of 88 per cent of its production).

Costa Rican imports from all countries were valued at approximately U.S.\$104 million in 1959, 4 per cent higher than in 1958 and about the same as in 1957. As usual, the U.S. supplied 50 per cent.

At the end of the first quarter of 1960, Costa Rican imports from the U.S. were down 18 per cent to U.S.\$9 million and its exports to the U.S. had decreased 36 per cent to U.S.\$7 million, in relation to the

corresponding figures for 1959. West Germany, other European countries and Japan are assuming more and more importance as suppliers to Costa Rica, especially of iron and steel products, electrical equipment, industrial machinery and chemicals.

### Trade with Canada

Statistics for the year 1959 show a marked slowdown in both our import and export trade with Costa Rica in comparison with 1958.

	1958	1959
	(Canadian dollars)	
Canadian imports from Costa Rica	7,127,302	4,809,671
Canadian exports to Costa Rica	2,883,825	2,644,171

Source: Dominion Bureau of Statistics.

This down-trend in our trade with Costa Rica was still in evidence during the first five months of 1960. Our imports from Costa Rica during this period decreased 50 per cent in value compared with the corresponding period in 1959. A development worth noting, however, was the rise in the value of Canadian shipments to Costa Rica to a point where the trade was practically in equilibrium. Pertinent figures are given below:

	January to May		
	1958	1959	1960
	(Canadian dollars)		
Canadian imports from Costa Rica	2,471,781	2,659,363	1,358,037
Canadian exports to Costa Rica	1,244,099	900,853	1,176,892

In 1959 Canadian wheat flour sales (the largest single export) kept up fairly well and wheat exports nearly doubled, but there was a drop in sales of Canadian upper leather, down to two-thirds the 1958 value. Newsprint exports showed some gain.

Statistics for the first seven months of 1960 put Canadian exports to Costa Rica at \$1.66 million, which compares favourably with the \$1.45 million of 1959 and

the \$1.62 million of 1958. Our main exports continue to be wheat flour, newsprint and leather, but this year wheat is out of the picture altogether.

### Industrial Activity

In September 1959, the Costa Rican Government approved the Law for Industrial Protection and Development, an energetic measure aimed at increasing capital investment in the country. Almost complete exemption from customs duties and taxes on machinery and raw materials for new plants, plus other generous concessions, are granted under this legislation. Its passing has brought forth proposals for the building of a \$7 million fertilizer plant which would be expanded later if necessary to meet the demand from other Central American countries, under the Central American Free Trade Area arrangements. A factory to produce synthetic textiles from imported raw materials is also proposed. A group of Japanese businessmen has suggested the erection of a U.S.\$6 million paper mill near Puerto Limón, and other groups have recommended the setting up of small oil refineries. Although these projects are still under discussion, they are evidence of the interest that the law has awakened among investors, both in Costa Rica and abroad. ●





# El Salvador

H. E. LEMIEUX,  
*Trade Commissioner,  
 Guatemala City.*

EL SALVADOR is the smallest but the most highly industrialized and most densely populated of all the Central American countries. It covers 7,700 square miles and its population of nearly 2.5 million is the second largest in the area, next to Guatemala. In 1957, the average per capita income was estimated at U.S.\$207, equal to the average for Central America as a whole.

Business picked up swiftly in El Salvador towards the end of 1959, because of quick forward

sales of coffee and cotton at good prices, but the tempo has since dropped slightly. However, the outlook for 1960-61 remains good.

In April of this year exports from El Salvador were running 30 per cent less in value than they were in April of last year. On the other hand, various other sectors of the economy showed general improvement and the country continues to progress moderately. Prospects for 1961 are for further advance as a result of larger exports and new capital investment.

Coffee shipments, which provide 75 per cent of El Salvador's foreign exchange earnings, were 13 per cent larger in volume during the first quarter of this year than they were during the equivalent period last year. Last June the gold and foreign exchange reserves reached U.S.\$40.6 million, 8 per cent higher than at the end of 1959. They should continue to rise because the prospects for coffee exports appear good.

## Foreign Trade

In 1959 exports were valued at U.S.\$112.2 million, 3.3 per cent less than in 1958 because of lower world prices for coffee and cotton. Imports totalled U.S.\$100.8 million, or 6.7 per cent less than in 1958, but the country still had a favourable balance of trade of nearly U.S.\$12 million.

In the four months January-April 1960, exports amounted to U.S.\$65.5 million, 3.1 per cent higher in value than during the corresponding period in 1959. Imports totalled U.S.\$35.3 million, or 4.2 per cent over the corresponding figure for January-April 1959. The net result was a favourable balance of trade of approximately U.S.\$30 million.

## Trade with Canada

Canadian exports to El Salvador, valued at Can.\$2,151,000 in 1958, rose to \$2,570,000 in 1959, mainly because of a sharp increase in shipments of Canadian wheat flour to

this market. Newsprint ranked second among our exports at \$400,000 (\$410,000 in 1958) and primary aluminum third, with sales worth \$122,000 compared with none in the previous year. Fourth in line came upper leather, and although the 1959 figures show a decrease in exports of this product, this was slight.

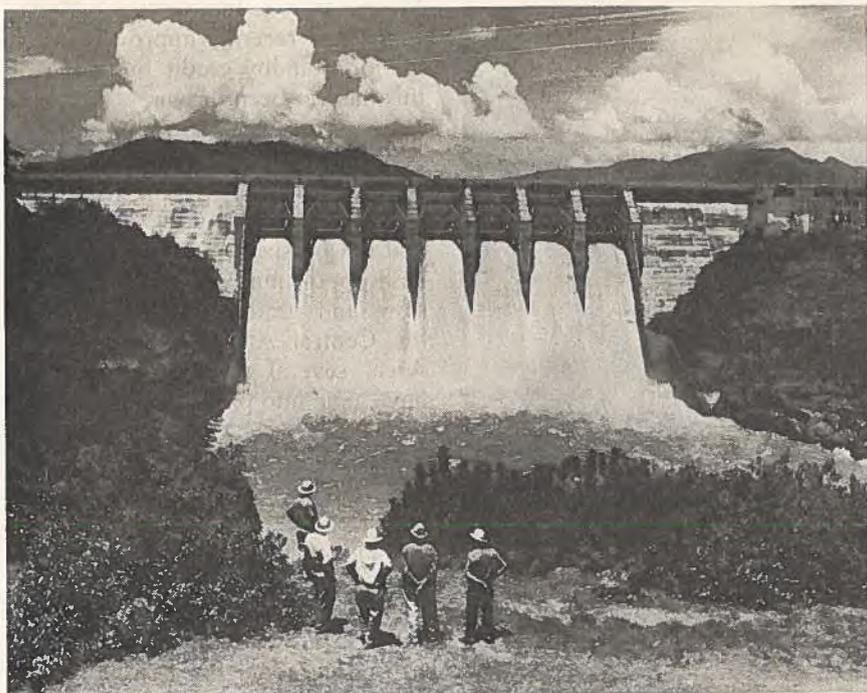
Canadian imports from El Salvador jumped to \$3.9 million in 1959 from a mere \$1.2 million in 1958, mainly because of purchases of raw cotton worth \$2.8 million, compared with only \$95,000 the year before. This meant that the \$1 million trade surplus in our favour in 1958 was changed into a \$1.3 million trade deficit in 1959. Up to the end of May 1960, no further cotton purchases by Canada had been recorded and our sales to this market were continuing to hold up well.

	January-May 1960
Canadian exports to El Salvador	\$1,035,867
Canadian imports from El Salvador	\$ 562,271

## Developing Hydro Power

The World Bank recently granted El Salvador a loan of U.S.\$3.84 million to finance the Rio Guajoyo hydro-electric project, the total cost of which is U.S.\$5.54 million. The Guajoyo power plant will be equipped with a 15,000-kilowatt turbo-generator and this will increase El Salvador's hydro-electric power from 45,000 to 60,000 kw. within the next three years, and to 75,000 kw. when the projected fourth generator group is installed. Of World Bank loans totalling U.S.\$35.5 million granted to El Salvador, U.S.\$19.5 million has been spent on hydro developments.

Later this year the Salvadorean Government will call for tenders for the installation of a 15,000 kw. hydro-electric power station. Consumption of electricity continues to rise at the approximate rate of 15 per cent a year.



*The hydro-electric plant at the "5th of November" substation of the Rio Lempa Hydro-Electric Power Commission. Generating capacity in 1960 totalled 45,000 kw.; expansion under way at present will boost this to 70,000, and total capacity is estimated at some 78,000 when work is completed.*

In 1952 the Salvadorean Government enacted the Manufacturing Industries Development Law which extends generous concessions to investors, such as certain exemptions from duties and taxes. Earlier this year the Salvadorean Assembly passed a bill devised to make more capital available to industry and imposed new and higher protective tariffs. These and other measures have helped to encourage investment in a number of light industries. In 1956 there were 2,500 industries in El Salvador employing 45,000 people; the index of manufacturing activity has now risen from 100 in 1956 to 110 in 1959. Below is a tally of new industries which have recently been established in El Salvador, and others which are still at the negotiation stage:

- A sugar refinery, which commenced operation last March with a daily output of 230 metric tons and employs 200 workers, including several German and Cuban technicians. This refinery will process locally produced sugar; the 1959-60 season's crop is estimated at a record 47,000 metric tons.

- A U.S.\$1 million plant to manufacture paints and allied products, opened last May by Sherwin Williams of Central America. This plant has a licensing agreement with the U.S. firm but the capital is Central American.

- A shrimp-freezing plant established earlier this year and reported able to meet all the needs of the domestic shrimp industry.

- Expansion of the textile factory to produce knitted goods (mainly socks) by next November, with the help of an International Finance Corporation investment of \$140,000.

- A U.S.\$2½ million plant put up by Salvadorean and Mexican companies to manufacture electric conductors and a copper rolling mill with a capacity reported as large enough to take care of Central America's needs of copper wire and insulated cable. These plants are expected to begin production within the near future. The wire and cable plant is partially financed by U.S. capital.

- A wheat flour mill, "Molinos de El Salvador S.A.," is expected to go into operation very soon. It is situated at Port La Union, where imported wheat can be unloaded directly from vessels to mill silos through suction pipes. Estimated cost of machinery and equipment is U.S.\$4 million. The mill is expected to produce enough wheat flour to meet Salvadorean requirements.

- A U.S.\$10 million plant to produce highly concentrated nitrogen, phosphorus and potassium fertilizers, with a daily capacity of 400 tons. There are plans for another plant to produce 250 tons of nitric acid daily and a third to produce 150 tons of ammonium nitrate a day.

- Royal Dutch Shell is soon to begin construction of a U.S.\$10 million oil refinery, with daily capacity of 10,000 barrels. The refinery will turn out gasoline, kerosene, diesel and fuel oil, and liquid gas.

- Plans to set up a U.S.\$300,000 milk-processing plant with a daily capacity of 25,000 litres of pasteurized and homogenized milk. ●



"Puente", Spanish for "bridge", marks the approach to the Punta Gorda span on the new Atlantic Highway that runs from Guatemala City to the Caribbean coast.

# Guatemala

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

GUATEMALA, with an area of 42,000 square miles, is third in size among the republics of Central America. Its population of 3½ million is by far the largest, but the per capita annual income is one of the lowest in the area—only \$162 in 1957. Its main exports are coffee, bananas and cotton, in that order. Forecasts for the next crop season are for record or excellent yields, especially for coffee, which makes up 72 per cent of total exports.

According to preliminary figures, Guatemala's exports in 1959 totalled U.S.\$103 million and imports U.S.\$134 million. The United States, by far the country's most important trading partner, took approximately 63 per cent of Guate-

malan exports and supplied 55 per cent of her imports.

Late in 1959 the Government banned the import of nearly 100 items and both specific and ad valorem duties on some 600 items were raised by 20 per cent. These restrictive measures were taken as a precaution against steadily falling foreign exchange reserves, the result of the continuing slump in world coffee prices. The consequent sharp drop in imports, combined with the large seasonal volume of coffee shipments, is gradually improving the country's foreign exchange position. At the end of last April, gold and foreign exchange reserves stood at U.S.\$58 million, or 17 per cent above a year earlier.

Moreover, the International Monetary Fund recently approved a \$15 million standby credit but none of this has yet been drawn.

## Industrial Development

Lured by attractive government legislation, relative political stability, and the prospect of additional business opportunities presented by the slow and gradual development of the Central American Free Trade Area, several new light industries have gone into production in Guatemala this year. Among them are a mill to make kraft and other papers and paper products; a factory to produce multiwall bags for cement and animal feed; a kenaf plant with a rated capacity of 3.5 million coffee bags a year, in addition to twine and a variety of other products; and a printing plant to produce multiple-sheet business forms.

Earlier this year, the Export-Import Bank granted a U.S.\$5 million loan to the Banco de Guatemala to finance the purchase of machinery and equipment in the United States for the expansion of private industries.

## Economic Development Plan

Last July, the Government of Guatemala approved for 1960-1964 what is in effect a prolongation of the Five-Year Plan instituted in 1955. This is a flexible plan that gives some indication of the economic sectors on which money will be spent.

The Plan calls for over-all expenditures of nearly U.S.\$170 million, one-third of this to be financed by the United States foreign aid program, and the rest by borrowing abroad. Slightly more than U.S.\$67 million is allotted for roadbuilding and improvement; nearly U.S.\$29 million for improving agriculture, cattle-raising and allied industries; about U.S.\$19 million for public works; U.S.\$15 million for hydroelectric development; some U.S.\$12 million for public health; over U.S.\$8 million for the development of

the timber-rich Petén area in the north; nearly U.S.\$4 million on mapping, and the remainder on housing projects and port facilities.

The prospects for Canadian exports to this country are not too clear at the moment because so much depends on a variety of factors, such as:

the foreign exchange earned by the current coffee crop

the extent to which both direct and indirect import controls are relaxed

the extent to which the temporarily high protective rates of customs duty are lowered (if they are)

the competitiveness of Canadian offerings.

The figures below illustrate the recent pattern of Canadian-Guatemalan trade:

	1958	1959	Five months	
			1959	1960
(thousands of dollars)				
Canadian exports to Guatemala	3,660	2,655	1,134	823
Canadian imports from Guatemala	3,587	2,718	1,753	1,434

During the first seven months of the current year, Canada's sales to Guatemala totalled \$1.1 million, nearly 25 per cent less than in the corresponding period in 1959. By comparison, Guatemalan imports from all other countries are running 11 per cent below 1959.

The reduction in the value of Canadian exports to this country during the January-July 1960 period is due principally to the loss of most of our market here for wheat and wheat flour and, to a lesser extent, to a significant drop in Canadian shipments of upper side leather. The reason for the decline in shipments of wheat and wheat flour is the prevailing restrictions on such imports; for leather, the

decrease in business is the result of very high import duties put into effect in 1959 that continue to apply. The result has been a switch to local sources of supply.

Guatemala expects to have a record coffee crop of 1.6 million bags, 19 per cent larger than last year's crop. Other coffee-producing

countries expect bumper crops, but the forecast is that the increase in the volume of Guatemalan coffee available for export will more than offset the decline in world coffee prices. This augurs well for the country's foreign exchange income and makes prospects for sales there more promising. ●

## Honduras

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

HONDURAS is the second largest of the republics of Central America, with an area of 43,200 square miles; its population, at 1.8 million (in 1957), is the second smallest. With Guatemala, it has the lowest average per capita income of all the Central American countries—U.S. \$163, according to a 1957 survey.

At the end of June 1960, the Honduran economy was in much better shape than in 1959, even though the quicker tempo of last year was slowing up. The outlook for the remainder of 1960 and for 1961 is uncertain, and the general mood is one of caution—even pessimism.

The foreign exchange position improved somewhat in the first half of the year and at the end of June 1960 international reserves stood at U.S.\$14.3 million. Although government authorities consider this low, it is not expected that exchange restrictions will be needed this year. Last March the International Monetary Fund granted the Honduran Government a standby credit of U.S.\$7.5 million to meet the seasonal adverse balance of payments. Of that amount, U.S.\$2.5 million was drawn by the end of June.

### Some Problems

The financial dilemma of Honduras stems mainly from production and sales problems in the banana

industry, which in normal times provides over 55 per cent of total exports and foreign exchange earnings (coffee exports account for only 15 per cent). In 1959 Honduran banana exports dropped 11 per cent from 1958 and this year the banana yield is expected to be even lower because of blowdowns and the spread of Panama disease.

Another drawback has been the failure to attract foreign investment. There was hope for improvement for the remainder of 1960—the prospect of a large pulp and paper operation by Crown Zellerbach—but negotiations have recently broken down and nothing is likely to materialize, at least within the foreseeable future. Unless other capital investment can be attracted, therefore, the forecast is that the foreign exchange situation will be even more difficult by the end of the year.

### Some Progress

The Government's stabilization program seems to have achieved a good, if not full, measure of success; prices are steady and there is no alarming sign of inflation. In fact, the general economic situation can be described as one of status quo. There are also a few encouraging new developments:

● Last June, the World Bank allowed the Honduran National

Power Company a 25-year loan totalling U.S.\$8.8 million for partial financing of the Rio Lindo hydro-electric project. It is also expected that the Development Loan Fund will lend U.S.\$2.9 million for this project.

• The Bank of London and Montreal next January will open a branch in San Pedro Sula, a leading business centre in Honduras. Three other banks, all Honduran, have begun operations in Tegucigalpa and San Pedro Sula. The new branches provide better banking facilities, promote increased business activity, and permit lower transfer rates.

### Foreign Trade Declines

Honduran foreign trade slumped in 1959 compared with the previous year, as shown in the following table:

#### HONDURAN FOREIGN TRADE

	1958	1959
	(millions of U.S. dollars)	
Exports	75.7	68.7
Imports	66.0	61.8

Despite this adverse development, the country ended 1959 with a favourable trade balance of nearly U.S.\$7 million. As usual, the principal suppliers were the United States (nearly 55 per cent of total imports), Japan (over 8 per cent), and Germany (7 per cent), followed by El Salvador and the United Kingdom, in that order. The U.S. also took about 55 per cent of Honduran exports; Germany and El Salvador absorbed about 9 per cent each.

The total value of Canada's imports from and exports to Honduras (Can.\$6.1 million in 1958) dipped to Can.\$3.85 million in 1959, and our traditionally unfavourable balance of trade was cut almost in half. The pattern of this trade in the past two years is shown by the following DBS figures.

The decrease in the value of our exports in 1959 was caused prin-

#### CANADIAN-HONDURAN TRADE

	1958	1959
	(thousands of Can.\$)	
Canadian imports from Honduras	4,902	2,905
Canadian exports to Honduras	1,213	954

cipally by a significant reduction in shipments of our two leading exports—upper side leather and wheat flour. The big drop in our imports from Honduras stemmed almost en-

tirely from sharply reduced banana purchases.

During the first five months of 1960, Canadian imports from Honduras declined and exports to Honduras increased, compared with the same period of 1959. Our purchases from Honduras totalled \$731,978 at the end of May this year compared with \$1,166,571 at the end of May 1959; our sales were valued at \$564,736 and \$382,480 in the same period. ●

## Nicaragua

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

NICARAGUA is by far the largest of the Central American countries and had a population on June 30, 1959, of 1,423,000 compared with 1,399,000 a year earlier. Two-thirds of its people live in rural areas and the other one-third are considered to be city dwellers. This may be misleading, because many urban workers are seasonal crop pickers.

### Industry Encouraged

Up to now, Nicaragua has been mainly an agricultural country; manufacturing accounts for little more than 10 per cent of the national income. However, a number of industrial projects are being planned or are already under way. The meat-packing industry is growing slowly and exports of frozen boneless meat have increased in recent years. The Matdero Modelo plans to double its annual production to 100,000 tons and a cold-storage plant with a capacity of 600 tons is projected for Puerto Corinto. This meat will be shipped to Europe.

Industrias Nacionales Agricolas has applied to the Department of Economy for benefits under the Law for the Protection and Encourage-

ment of Industrial Development. It plans to install the country's first flour mill in the town of Chinadega, near Puerto Corinto, at a cost of U.S.\$3 million. Our information is that this mill will be financed by a large U.S. flour-milling company. It is expected to turn out 32,200 tons of wheat and corn flour and 5,700 tons of animal feed concentrates. It is, of course, still in the planning stage.

In the textile field, Fabrica de Hilados Nicarao is expanding its plant which makes socks, stockings, underwear, and nylon and jersey materials, using German-made machinery. This factory is said to be the largest and most modern of its type in Central America. Van Heusen de Centro Americano has opened a new factory in Managua to make shirts and it is reported that it will be able to supply the entire Central American market. A cellulose factory is also being considered.

Among the other projects are:

• A plywood plant which went into production last year and which is endeavouring to export to the United States market.

- A factory to turn out plastic pipe and hose and polyethylene bags. This is financed by Mexican capital.
- A plant in Managua to make aluminum windows, venetian blinds, and allied products.
- Construction of a soluble coffee plant in Managua, and of one to make nails and barbed wire, is making good progress.

Future plans include the installation of two mills to refine higher grades of sugar and for enlarging a fruit and vegetable canning plant, where sauces, jams and jellies are already being produced.

To assist present and future manufacturing plants the Government is increasing production of hydro power. Good progress is being made on the Rio Tuma hydroelectric project and to advance the work on it the World Bank has granted a 25-year, U.S.\$12.5 million loan to Nicaragua's Light and Power Company, a state entity. In addition, the U.S. Development Loan Fund has granted the company a U.S.\$2.5 million loan for the same purpose. This project will complete the current electrification and irrigation program.

### Foreign Trade

Nicaraguan exports in 1959 were valued at U.S.\$72.2 million and imports at U.S.\$66.8 million, leaving a favourable trade balance of U.S.\$5.4 million. The country's main markets were the United States (U.S.\$19.2 million), Japan (U.S.\$15.6 million), and West Germany (U.S.\$10.2 million). In 1959 the U.S. supplied U.S.\$34.8 million of total Nicaraguan imports, West Germany U.S.\$5 million, the Dutch West Indies U.S.\$4.3 million and Japan U.S.\$3.4 million. Canada ranked ninth as a supplier, with approximately U.S.\$1.5 million. By commodity groups, Nicaragua's main exports were cotton, contributing U.S.\$29.3 million, and coffee U.S.\$13.9 million. Its main imports

were machinery (U.S.\$10.7 million), chemicals and pharmaceuticals (U.S.\$9.6 million), iron and steel products (U.S.\$5.5 million) and foodstuffs (U.S.\$5.1 million).

It is noteworthy that during the first six months of 1959 Japan for the first time became Nicaragua's best customer, buying U.S.\$15 million worth of goods, 68 per cent of which was cotton. The United States was the second best customer, buying U.S.\$12.2 million worth of Nicaraguan products. However, the United States continued to be the number one supplier, sending U.S.\$17.5 million worth of U.S. products to Nicaragua in the six months.

### Canadian-Nicaraguan Trade

The general down-trend in Nicaragua's foreign trade in 1959 was reflected in the Canadian-Nicaraguan trade statistics, as the comparative DBS figures below show:

	1958	1959
	(thousands of Can.\$)	
Canadian exports to Nicaragua	1,890	1,530
Canadian imports from Nicaragua	2,660	310

In 1959 the value of Canadian wheat flour sales to Nicaragua rose sharply, and sales of drugs and chemicals moderately, but shipments of upper leather and (to a lesser extent) of newsprint decreased in value. The reduction in the value of Canadian imports from Nicaragua resulted mainly from the very small Canadian purchases of raw cotton and from a decrease in coffee purchases.

As most Canadian exporters know, payments for imports into Nicaragua, the only country in this area with an import licensing system, must normally be made by sight draft; for a very few specific items, payment by letter of credit is permitted. The importer must make a local currency deposit of 100 per cent of the c.i.f. value of imports of less essential and non-essential goods, (lists II and III respectively). Because of the tight money

supply, importers are insisting more and more on prompt delivery of goods because they cannot recover their prior deposits until these are shipped.

The delivery factor has now become important for the Nicaraguan importer when he decides where to place his orders. Canadian exporters are therefore urged to fill and ship orders to Nicaragua as promptly as possible, and to offer attractive delivery terms. We know of instances where orders were placed with non-Canadian suppliers because Canadians were considered too slow in making shipments.

Full information on Nicaragua's import regulations, shipping documentation and customs regulations are available from the Latin American Division of the International Trade Relations Branch of the Department of Trade and Commerce.

### Economic Outlook

There were signs of some improvement in the Nicaraguan economy at the beginning of 1960, but the outlook for the remainder of the year is not promising. Gold and foreign exchange reserves, which stood at U.S.\$15.5 million in April 1960, were about U.S.\$4 million below the figure of a year earlier. The backbone of Nicaraguan export trade is coffee and cotton, and this year these crops were disappointing. The cotton crop, for example, (the principal source of foreign exchange) is down 40 per cent over last year because of smaller plantings and disease. The outlook for the next crop is poor; it is not expected to yield more than U.S.\$16 million in foreign exchange, or 45 per cent less than in 1959. Furthermore, it is not expected that Nicaragua will meet its quota of coffee—302,000 bags (of 60 kilos each)—under the International Coffee Agreement for the 1959-60 season, and coffee is normally the second largest foreign exchange earner.

It thus seems clear that export earnings will drop substantially in

1960. Up to now, Nicaraguan imports have been running at a lower figure than last year and the downward trend is continuing. This development is a grave one in a country where two-thirds of government revenue comes from customs duties.

At the time of writing the only bright prospect is the 1960-61 coffee crop, which promises to be excellent, but to what extent this

may be cancelled out by a poor cotton crop it is too early to say. The expectation is that Nicaraguan exports in 1960 will not exceed U.S.\$57 million. As a result, the Government of Nicaragua this year introduced an even smaller and more austere budget than last year. Under the aegis of the National Development Institute, Nicaraguan farmers are encouraged to make the

country self-sufficient in food crops and even to produce enough to leave some surplus for export. Active efforts are also being made to diversify agricultural production. The Government is endeavouring particularly to reduce its dependence on cotton exports and is diverting marginal cotton lands to other crops to develop new sources of foreign exchange. ●

## Panama

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

THE Republic of Panama occupies the isthmus connecting North and South America. It has an estimated area of 29,000 square miles, excluding the Canal Zone which divides the country in half. By treaty the United States has the use and control in perpetuity of the Canal Zone—a strip of land extending five miles on either side of the Canal. Panama City and Colon, the two terminal cities, are excluded from the Zone.

In 1959 the Panamanian population was estimated at nearly one million, with an average rate of growth of 2.54 per cent a year. Sixty-five per cent of the population is rural; the remainder live in Panama City and Colon. In 1950, the average per capita income was estimated at U.S.\$342, far above that in any of the Central American republics.

### Big Trade in Food Products

Panama's most important commercial crops (most of which are exported) are bananas, cacao and abaca. Bananas normally provide well over 60 per cent of total exports. In normal years shrimp are the second most important export; in 1957 they represented 28 per cent of the total value, followed by cacao (4 per cent). Panama's new export is beef cattle and it now sells

limited quantities of dressed beef to the United States. Shipments of cattle on the hoof are rising.

Panama's biggest commercial imports are foodstuffs. Most of the food it needs still comes from abroad, even though it has become self-sufficient in staples such as coffee, rice, corn, sugar, starch (yucca), beans, potatoes, coconuts, yams, papayas, pineapples, mangoes and citrus fruits. Other big imports are petroleum, building materials, textiles and paper products.

### Effects of Canal on Business

Preliminary figures for the first nine months of 1960 indicate that Panama's foreign trade is running lower than in past years. Credit is tightening and business activity is declining. But when making forecasts for Panama, the Colon Free Zone and the Canal Zone, the primary factor to consider is economic conditions in the United States, because these have a direct effect on Canal Zone activity. With the recovery from the recession in the U.S., general economic conditions should improve in the Panama area.

Business conditions in Panama also depend a good deal on world shipping activity. In 1959, traffic through the Canal showed signs of reaching a record. In the fiscal year

ended June 1959 vessels in transit averaged 30 a day compared with 26 in the previous fiscal year. It has been estimated that Canal operations yield over U.S.\$20 million every year in direct benefits to Panama, including wages, contracts awarded to Panamanian firms, and local purchases of materials, consumer goods and services. In addition, the growing free-trade zone established in the terminal city of Colon in 1948 provides a substantial tourist business.

Income from operation of the Canal (toll fees, transit trade, etc.) normally pays for more than one-half the cost of Panama's imports. Because of the large and regular flow of dollars from the Zone and from heavy transit-trade income, Panama does not usually have balance-of-payment difficulties, as do most of the other Central American countries.

### Industrial Development, Roads

Although Panama is still considered an under-developed country, industrial production and building continue to increase. A United States organization is planning to invest U.S.\$109 million in the Portobelo area close to Colon, of which U.S.\$45 million is slated for an oil refinery; U.S.\$14 million for a petrochemical plant that will produce, in addition to the usual petroleum products, materials such as urea,

ammonium anhydride and industrial alcohol, and U.S.\$51 million for a steel mill.

Last year a vegetable-oil processing plant was established using as raw materials copra, peanuts and sesame. Its daily productive capacity is 25 tons of oil. This development also includes deodorizing and bleaching facilities plus a hydrogenation plant to make 20,000 pounds a day of lard and margarine.

Other major works in the planning stage include improvements to the Canal and to shiphandling facilities. The stretch of Inter-American Highway from Panama to Costa Rica is scheduled for completion this year. New secondary roads will also be built and others improved, following the recent announcement of a \$7.2 million World Bank loan to Panama for road construction and improvement. Ten new feeder roads are to be built in potentially rich agricultural areas and eight existing ones paved. The roads will open large new areas to settlement and will help to boost agricultural production and reduce transportation costs.

### Imports Drop

Panama is in the enviable position of being able to import about four times as much as it exports, thanks to United States payments, including toll fees from the Canal Zone, and invisible revenue from other sources. The following table shows the sharp decrease in Panamanian imports during 1959 compared with the year before. A pro-rating of the nine-month figures suggests that even when all 1959 returns are in, the total value of Panamanian imports in 1959 will have dropped steeply from 1958. (Note: Statistics of Panama show wide discrepancies with those of Canada, the United States and other countries. This is mainly because export values of products in Panama are recorded arbitrarily and do not reflect direct sales of consumer goods to the agencies in the Canal Zone; these are substantial but difficult to evaluate.)

### PANAMA'S FOREIGN TRADE

	1958	1959 9 months
	(millions of U.S. dollars)	
Imports	93	44.2
Exports	21	17.8

Traditionally, over half Panama's imports come from the United States, even though there is a definite and constant trend towards diversification in sources of supply. The U.S. supplied over 50 per cent of total imports in 1959, compared with a reported 96 per cent in 1956.

The neighbouring countries of Central America are becoming more important as suppliers, and Japan, Britain, West Germany, Belgium and Canada are all making inroads into the market.

### Canadian-Panamanian Trade

Canada's unfavourable balance of trade with Panama in 1958 more than doubled in 1959, according to DBS figures. However, the sharp decline in our exports to Panama in 1959 was the result of inflated figures in 1958 because of sales or transfers of ships. Canadian shipments in 1959 of wheat flour, newsprint, whisky, cellulose products, antibiotics and medicinal preparations all increased over the year before. As usual, Canadian imports from Panama were confined almost entirely to bananas.

The decline in the value of our exports to Panama persisted during the first seven months of 1960, and

### CANADA-PANAMA TRADE

	1958	1959
	(thousands of Can.\$)	
Canadian exports to Panama	5,393	4,031
Canadian imports from Panama	7,488	8,907

exports from Canada were valued at Can.\$2.11 million compared with Can.\$2.49 million during the corresponding period in 1959—a significant drop of some 18 per cent.

### Our Best Customer

The remainder of 1960 does not look too promising for Canadian firms exporting to Panama. Competition is extremely keen in most lines, particularly from the United States. There is also growing competition from Japan, Britain and other European countries.

This is a market that calls for energetic sales promotion, as Canada's best customer in Central America. Last March the Panamanian Government imposed restrictions on additional food products to protect local industry. Principal products affected are dehydrated tomatoes, rice in any form, non-tropical fruits, edible oils and fats. A general tariff increase of 1 per cent of the f.o.b. port-of-export value was levied on all imports into Panama effective January 6, 1960. This means that Canadian exporters will have to be even more alert and more competitive if they are to maintain and increase their share of this small but attractive market. ●

### Changes in Head Office Directory

*With the appointment of The Honourable George Hees as Minister of Trade and Commerce, the listing for the Minister's office in the Head Office Directory now reads as follows:*

	<i>Gov. local</i>
<b>Minister: The Honourable George Hees</b> .....	<b>2-0337, 2-0336</b>
<b>Executive Assistant: M. R. Jack</b> .....	<b>6-7052</b>
<b>Private Secretary: Mrs. Rita Taylor</b> .....	<b>2-0337</b>

# THE WEST INDIES

## THE WEST INDIES

*Establishment of industries, diversification of agriculture, building up of tourist trade have marked past year. Good progress made towards agreement on customs union, taxation powers, incentives to industry, and other phases of a permanent constitution for Federation.*

## BARBADOS

*Sugar crop smaller this year but tourist revenue up; import trade improving. Canadian sales increasing, with new products finding customers.*

## JAMAICA

*Expansion of bauxite mining, record sugar cane harvest, erection of new plants, bigger tourist trade make economic picture bright. Imports from Canada rose 12 per cent in first half of year.*

## LEEWARD AND WINDWARD ISLANDS

*Taken together, these small islands make up \$4½ million market for Canadian goods. Manufactured goods now figuring in our sales, following removal of import restrictions on most products.*

## TRINIDAD AND TOBAGO

*Foreign trade still growing, but less rapidly; Canada supplied 6.2 per cent of imports in '59. Some import restrictions remain in this market but sales outlook promising for many types of consumer goods.*

## CANADA'S TRADE WITH THE WEST INDIES

*Canadian exports to the Federation expanding, following dismantling of most import controls; new products are being added to our steady best sellers there. Canadians watching steps taken towards customs union.*



—The harbour at Port-of-Spain.

# The West Indies

R. G. C. SMITH, *Commissioner for Canada, Port-of-Spain.*

AS a result of long and arduous negotiations over a formula that would link up the territories of the British Caribbean, the West Indies Federation came into being early in 1958 with what may be described as a "caretaker" constitution. This was to last for five years, during which time there would be a constitutional review conference with the British Government "... in the light of progress made towards establishing a customs union within the Federation and other relevant factors . . ."

Not all the British colonial territories in the Caribbean joined the new Federation. British Guiana, British Honduras, the Virgin Islands and the Bahamas stood on the sidelines. This left an island Federation of Jamaica, Trinidad, Barbados and seven of the Leeward and Windward Island groups. This was and is a courageous and ambitious plan for providing independence to a number of territories, many of

which would be considered too small for separate self-government, and for creating a new country that could take its place among the other self-governing Dominions.

## Problems of Union

The initial "experiment" is now halfway through the maximum time provided for the interim constitution and much progress, political and economic, has been made towards the ultimate goal—*independence with Dominion status within the Commonwealth.* Perhaps the last twelve months will come to be regarded as the most crucial in the advance towards the goal of the fledgling nation.

The first formative years have not been easy. On the other hand, history reveals that all federations have had a difficult task in the early welding together of the various members. The West Indies Federation has been no exception. The

problems principally stem from the fact that the ten islands taken together are small in area (about 7,750 square miles), yet are spread over an enormous expanse of sea. Moreover, these islands vary greatly in size, in economic viability, and in potential production. Jamaica is the largest and has about half the total population of some 3½ million. Trinidad, the second largest in land mass and population (about 800,000), has the highest per capita income which rests very largely on its oil production and refining industry. The smallest island with a separate government is Montserrat, with a population of not more than 12,000.

Although the island economies are basically agricultural (even in Trinidad, with its heavy dependence on oil for its prosperity, sugar is by far the largest employer of labour), the pattern of production varies considerably among them. Moreover, there is a dangerous lack of diversification in each island so that the economies are vulnerable to world markets and to climatic catastrophes or even to nature's excesses. (Too much or too little rain is a common "non-disaster" phenomenon that has an immense effect on the wellbeing of the islands, and hurricanes or even very high winds can shatter an island's income almost overnight.) Although recently bauxite and alumina have become the principal over-all money-earners in Jamaica, that island depends on sugar, bananas and citrus, with smaller crops of pimento, ginger, coffee and tobacco, for a large share of its income and for its main employment. Trinidad has sugar, cocoa, citrus and coffee; Barbados sugar; Grenada nutmegs and mace and bananas; St. Lucia bananas and sugar; St. Vincent arrowroot, bananas and sea island cotton; Dominica bananas, citrus and some spices; Montserrat cotton and a few vegetables; Nevis cotton; St. Kitts sugar; Antigua sugar and cotton.

Most of the islands are overcrowded and there is an almost endemic unemployment problem, but some areas are under-populated. Barbados, on the one hand, is one of the most densely populated areas in the world. On the other hand, Dominica—with its surface broken by densely forested steep mountains—is short of people.

### **Progress in Industry**

Much has been done in recent years to develop a more diversified economy. Although efforts at agricultural diversification have shown some results (the introduction of banana cultivation in the Windwards has had a spectacular economic effect) great efforts have been made in Jamaica, Trinidad and Barbados to introduce light industries. In Jamaica and Trinidad industry is now an important and vital segment of the economy and it can be expected to expand rapidly. Certainly the pace of industrialization over the past year has accelerated.

The spectacular development of industries in Jamaica and Trinidad in particular has brought a welcome and necessary economic diversification to the area as a whole, but inevitably it has created new problems and stresses in the working-out of the future independent Federation embracing a full customs union. Understandably, these new industries need a measure of protection to enable them to survive in a world of giants. For the small islands with only a limited industrial potential, this will mean higher costs of many essentials under customs union. The reconciliation of these two conflicting forces has been a major problem. Yet it is a problem that has been faced realistically and solutions are in sight.

### **Tourist Industry Important**

Keeping pace with industrialization but on a wider basis, the tourist industry has become a major economic factor with an immense

potential for growth. Each year the islands report a larger tourist trade spread over a longer period. Most developed in Jamaica and Barbados, it has had a spectacular growth within the last year or two in Antigua. In Trinidad and Tobago it is also expanding rapidly. Plans for new hotels and new development of sites are mushrooming as communications improve. In Grenada, St. Lucia and St. Kitts, new hotels are springing up that will add greatly to the income of the islands. As an example of the importance and growth of the tourist trade, for the first eight months of 1960 Jamaican tourist arrivals numbered 164,000, a 19 per cent increase over the same period last year. The tourist expenditure in 1959 for Jamaica is estimated at close to U.S.\$32 million (compared with total exports worth about \$130 million and with total exports of sugar at \$34 million and of bauxite and alumina at about \$58 million). Similarly, tourist income in Antigua and in Barbados is assuming an increasingly important part in the islands' economies.

Added to these economic problems there are intense island loyalties, born of long years of independent government—but with virtually no interdependence. The relative lack and cost of inter-island travel and communication have made and still make it difficult for the islanders to know each other well.

Since the establishment of a central government, and faced with the design of an ultimate constitution that would establish a fully independent Dominion, the islands have begun to appreciate and assess the implications of Federation. During the past year these implications have given rise to much political dispute when differences of views concerning the strength of the central government vis-à-vis the units became sharpened under the constitutional review put in hand in September 1959. Not only are there differences between islands, but there are sharply divided opinions

within some islands. Thus Jamaica has called for a referendum over continued membership in the Federation. This will probably be held early in the new year.

### **Good Progress Made**

Throughout the year inter-governmental committees have been hammering out formulae for the new nation that will give it a new and permanent constitution. Much progress has been made in reaching agreement on the basis for representation in the central government, taxation powers, customs union, freedom of movement of peoples, and incentives to new industries. All of these new proposals, not yet made public, will be considered at a major inter-governmental conference that will probably be held late this autumn.

At the moment, although the Federation is two-and-a-half years old, there is no customs union, no common external tariff, and no free movement of the peoples of one island to another. For example, goods imported into one island from another have to go through customs and pay the same rate of duty as those imported from, say, Canada. People wishing to move from one island to another are still subject to immigration inspection and must have permission to settle permanently. Thus traders must still deal with island customs rates and monetary controls rather than with a single unified structure. However, as mentioned, much progress towards unification in these and other fields has been made during the last year. Provided the other constitutional differences are ironed out and the Jamaican referendum resolves the doubts of that island over federation, a start towards full customs union with a common external tariff may be expected in the relatively near future.

### **Area Needs Outside Help**

Fundamentally the establishment of a permanent federation of islands will not at once alter the economic

pattern. Traditionally there has been little inter-island trade and it will take time to build this up. At the moment, all of the Leeward and Windward Islands, with the exception of St. Kitts, receive grants from the United Kingdom Government to enable them to balance their budgets. In spite of improving incomes (from bananas and tourists mostly) so far this form of subsidy has not tended to diminish, because the need for improved social services, educational facilities, and better transportation facilities is vital and has absorbed the increases in revenue.

For the moment, the Federation is bolstered by considerable external aid. The United Kingdom Treasury has provided a grant of £8.75 million as budgetary aid for the Windward and Leeward Islands for the period 1958-1963. At the same time, under the Colonial Development and Welfare Act, The West Indies has an allocation of £9 million for the five years 1959-64. In addition there is the \$10 million aid from Canada which is to be spread over the years 1958-63. This is being spent on various mutually agreed projects, the most important of which is the provision of two ships for inter-island trade. The United States has also developed a program that so far involves expenditures up to \$3.64 million, which includes a contribution of \$2.5 million to a Federal Development Loan and Guarantee Fund. The total, however, only includes one year's contribution of \$50,000 each to the Windward Islands and United States Co-operative Service and to The West Indies-United States Co-operative Service. The agreements, however, provide an annual allotment in the same amount from June 1959 to June 1964, subject to the availability of funds.

During 1960 the foreign trade of the area continued to expand rapidly, as it has done almost uninterruptedly since the end of the

war. For example, both imports and exports for the area as a whole increased just over three times in value from 1949 to 1959. Imports are now valued at the equivalent of about Can.\$532 million and exports at about \$439 million. For the first six months of 1960, imports for the three major islands increased by over 15 per cent and exports by nearly 10 per cent.

### **Economic Expansion**

Generally 1960 has been a year of considerable economic expansion. In large measure this increase in trade resulted from a generally record sugar crop. Taking into account the fact that the Federal territories have received nearly 49,000 long tons of the high-priced U.S. sugar quota and that the over-all return per ton for exports to all countries will otherwise be above that of 1959, this one crop will produce significantly larger revenues.

In addition, the bauxite and alumina picture in Jamaica is improving. For the first seven months, exports of these basic products were valued at the equivalent of about Can.\$53 million, which compares with under \$41 million for the same period last year.

Due to adverse climatic conditions including a near-hurricane in St. Lucia, the spectacular rise in banana production in the Windwards was checked during 1960 and the final return for the year may be below that of 1959. Similarly in Jamaica, which is still by far the largest individual producer, shipments so far this year have been below those of last year.

In the oil-producing and refining field, the anchor of Trinidad's economy, a huge new refinery came into operation early in 1960 which increased capacity by over one-half of that already installed. In spite of a costly strike in July that effectively stopped most production of crude and refined products, output of both will again score new records. To the end of June daily crude

production was 118,078 barrels per day, 8,418 barrels over the same period in 1959. The throughput daily average for the same period was 210,645 barrels per day against 189,600 last year. The throughput averages should continue to expand rapidly as the full capacity of the new refinery is brought into operation.

The current year has witnessed real progress towards full liberalization of trade. The old Trade Liberalization Plan that stood in the breach when currency restrictions were stifling trade between the sterling and dollar areas was abolished at the beginning of the year. At that time most of the old restrictions against dollar trade had been dismantled or were in the process of being eliminated. At the present time only in Jamaica and Trinidad do any significant restrictions remain. In both territories, in deference to the need to protect the new industries growing up there, quotas are retained on a number of items of interest and potential interest to Canadian exporters. In Jamaica these quotas are applied to imports from all territories without any discrimination, but in Trinidad imports from the United Kingdom and other Colonies are not subject to most of the quotas that have been established. However, a further round of liberalization is expected for Trinidad.

### **Few Restrictions**

In the meantime, traders should recognize that in the Windwards, Leewards and Barbados the only controls that remain present almost no brake on the development of trade. Even in Trinidad and Jamaica the majority of trade may now be carried on quite freely. It is important that if any exporter finds his goods are being affected by currency or quota controls, he should communicate with the Canadian Trade Commissioner in either Trinidad or Jamaica to inquire into the circumstances. It is possible that with a better understanding of the

situation, some relief may be obtained.

### Export Opportunities

The year 1960, then, has opened up a valuable and rapidly expanding market for Canadian exports, particularly for manufactured goods. Canadian trade has still the advantages of substantial duty preferences over the competition from non-British sources. There could not be a more favourable trading climate. Naturally industrialization in the area will tend to change the pattern of exports—not only to Jamaica and Trinidad but to the area as a whole. With the possible introduction of customs union in the foreseeable future, inter-island trade will expand and some imports into the smaller islands will be obtained from the industries of Jamaica and Trinidad. On the other hand industrialization, combined with an expanding tourist trade, is increasing the purchasing power and the demand for better quality goods. Thus, although some products that have come from Canada in the past will be and are being affected by these developments, new opportunities for trade in many other manufactured goods, food products, machinery and raw materials are being opened up. ●



# Barbados

R. L. RICHARDSON, *Assistant Commercial Secretary, Port-of-Spain.*

THE market in Barbados depends chiefly on revenue from sugar and its byproducts, molasses and rum. The sugar crop was better than expected in 1959, with production reaching 184,000 tons. Exports of sugar rose about 20 per cent over the previous year, although sales of molasses and rum were slightly lower. Buyers were cautious in 1959, following the poor 1958 crop (152,000 tons) and imports increased only 2 per cent over the previous year, reaching \$75 million. The severe drought early this year was expected to reduce the sugar crop even below the poor 1958 figure. However, rainfall towards the end of the growing season revived some of the cane and 154,000 tons were harvested. Trade has picked up in the first half of 1960 and imports are expected to reach \$80 million for the full year.

### Other Sources of Revenue

Next to sugar, the tourist industry is the chief source of revenue. Modern hotels, seatels (motels on the sea) and resorts are being built along the famous sandy beaches. In 1959, there were 1,500 rooms for tourists and this number will rise considerably when the projects now under way are completed. Sixty-four tourist ships are scheduled to visit Barbados during 1960. A number of the hotels cater to visitors who stay for several months and the revenue from the tourist trade has gone up steadily—from \$5.7 million in 1958 to \$7.5 million in 1959, and the 1960 returns will show a further increase.

Other sources of revenue include the flying-fish industry; the catch is increasing each year. A brewery is

All values in West Indies dollars, unless otherwise stated.

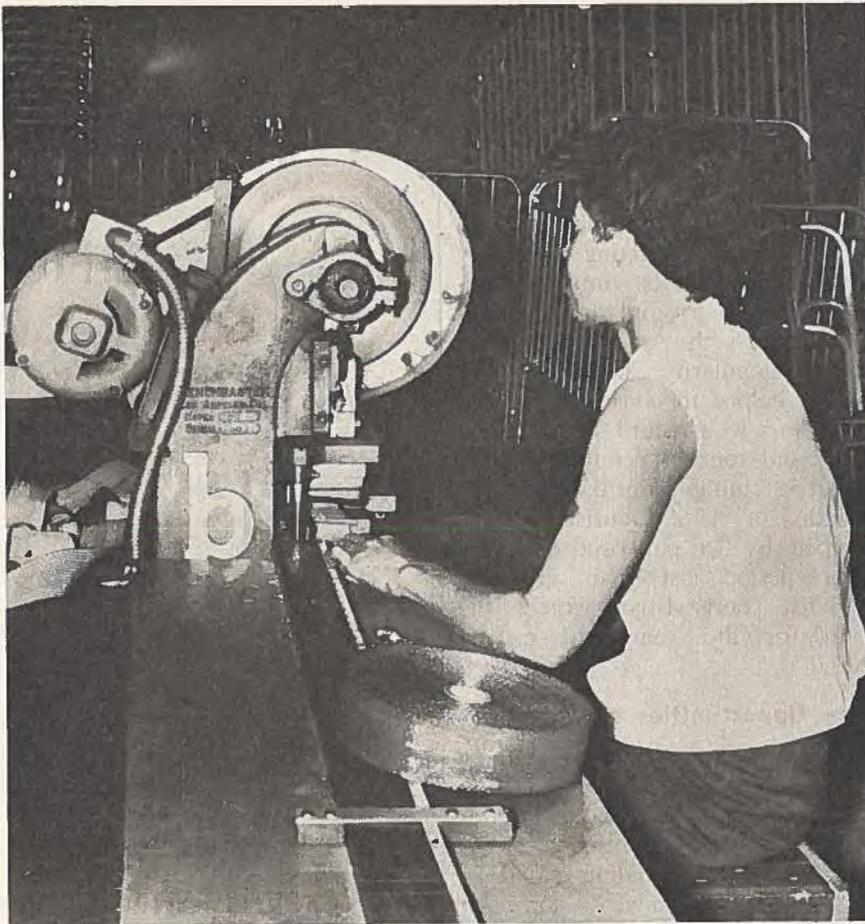
One W.I. dollar=56 cents Canadian.

now under construction and a furniture factory started production last month; the latter is expected to employ 400 persons when it is working to capacity. The deep-water harbour at Bridgetown is nearing completion and an independent harbour authority has been set up to handle the expected increase in freight. It will provide bulk loading of sugar, a valuable asset in this all-important industry.

### Canadian Trade

Trade between Canada and Barbados is closely balanced. Canadian sales to Barbados dropped off slightly in 1959 to \$4.1 million, from \$4.2 million in 1958. Our purchases from Barbados (chiefly sugar, molasses and rum) increased to \$4.8 million in 1959 from \$3.7 million in 1958. The big difference in the pattern of trade is that Barbados exports to Canada almost entirely sugar and its byproducts, but Canada sends to Barbados over 330 different types of products.

The chief commodities in Canadian shipments are flour, pickled pork, lumber, salt cod, sardines, cornmeal, mixed feeds and tobacco; it was smaller sales of these that brought about the decline in total exports in 1959. Partially offsetting this decline were larger exports of apples, soups, split peas, tallow and manufactured goods. Sales of automobiles, metal furniture, perfumery and jewellery more than doubled; exports of automobiles reached Can.\$30,000 for the first half of 1960 compared with no sales in 1958, when imports of Canadian automobiles were prohibited. Canadian exports to Barbados of these goods, plus household appliances, are expected to increase considerably during the remainder of this year. ●



—Jamaica Industrial Development Corporation.

*Jamaican-made aluminum garden furniture has become popular with Canadians. Here a Jamaican girl works on the strips of webbing that cover aluminum chair frames.*

## Jamaica

H. E. CAMPBELL, *Trade Commissioner, Kingston.*

BUSINESS in Jamaica is on the upswing and prospects for the future are bright. In the lush green mountains of the interior, bauxite mining is being expanded. Along the north coast, just 90 miles across the Caribbean from Cuba, resort hotels are enjoying a record influx of tourists. In Kingston, capital and commercial centre of the island, new factories are under construction and large low-cost housing projects are under way.

Agriculture is still the basic industry of Jamaica, and a large per-

centage of the labour force works in farming and allied occupations. Sugar is the main crop; the cane just harvested has yielded a record 418,275 tons of sugar. Output of bananas is down slightly, but production of citrus, coffee and cocoa is rising.

The potential for growth in agriculture has been recognized in the Government's Ten-Year Development Program. Nearly a quarter of the £80 million to be spent under the program has been earmarked for development of the livestock

industry and for improvement of cocoa, coffee, pineapple, ginger, pimento and other crops.

### The Boon of Bauxite

Mining in Jamaica is a postwar development and currently represents an investment of about \$200 million. Reserves of bauxite are estimated at close to 600 million tons of commercial-grade ore—enough to last 100 years at the present rate of production. Deposits are located within 10 to 25 miles of the coast and extraction costs are low.

Three companies—two U.S. and one Canadian—are engaged in bauxite mining. The two U.S. companies kiln-dry the ore before shipment to U.S. smelters. The Canadian company reduces the bauxite it mines to alumina, the stage before actual smelting. Early this year the Canadian firm opened a second alumina plant, costing £12 million, at Ewarton in the centre of Jamaica. With this additional capacity, alumina production can be stepped up to 750,000 tons from the present 500,000.

The Aluminum Company of America, largest bauxite-mining organization in the world, has announced its intention to open a mine in central Jamaica. Construction will start at the end of this year and the mine is expected to be in operation by 1963. The U.S. company plans to spend \$15 million on mining facilities and railway equipment during the next two-and-a-half years. Shipments of ore will total about 750,000 tons a year at the outset, but could go as high as a million. With royalties on mined bauxite being paid at 56 cents per ton, the entry of this fourth company into Jamaica should boost government revenue appreciably.

In commenting on the agreement the Hon. Norman W. Manley, Premier of Jamaica, said: "This is great and heartening news. It is yet another proof of the confidence held by overseas investors in the strength of the economy of the country and

its future development. I welcome the company's decision and I wish them every success."

### **New Industries**

ALCOA is not the only company that has decided to extend its operations to Jamaica. Esso Standard Oil is surveying possible sites for a \$20 million refinery it plans to have in operation by 1962. The Ludlow Corporation of Boston is building a \$2.8 million factory to make carpet backing just east of Kingston, and the Worcester Royal Porcelain Company of Britain is planning to erect a £1.4 million chinaware factory nearby.

Throughout 1959 and 1960 all phases of industry have been expanding. Many new factories were established to satisfy the demands of the domestic market and a number of firms embarked on expansion programs.

To encourage overseas manufacturers to establish branch factories the Government has enacted legislation to provide tax concessions to new industries for up to seven years and exemption from import duties on plant and equipment. As a result, eleven new factories went into operation under incentive legislation in 1959 and 15 have started up this year. Among the products being made by these 26 new plants are paint, drugs, brake shoes, baseballs, shirts, sweaters, work clothes, undergarments, textile printing rollers, blankets, laces, typewriters, carpet backing and radio receiving sets. Most of the newly established firms are looking for overseas outlets and may soon be competing with Canadian exporters in markets bordering the Caribbean.

The mushroom growth of Jamaican industry has stimulated construction in the Kingston area, where the population has grown to 350,000. Building activity is also being spurred by the Ten-Year Development Program, which calls for improvement of water supply, port facilities, transportation and power generation, to meet the needs

of the expanding economy. A good yardstick of the development in recent years is electrical consumption, which has jumped from 100 million kilowatt hours to over 200 million in the past five years.

Jamaica's fine beaches, year-round warm climate and beautiful mountains are attracting increasing numbers of tourists. Improved airline services to and from major cities in North America and the rising popularity of Caribbean cruises helped to boost the number of visitors to a record 191,303 last year, and tourist spending totalled about \$35 million. For the first eight months of 1960 tourist arrivals jumped by 18 per cent over the same period last year, and the Jamaica Tourist Board expects the total for the year will exceed 200,000.

### **New Opportunities**

The buoyant economy offers new trade opportunities to Canadian manufacturers. Increased quantities of processed foods, household appliances, hardware, building materials, automobiles, machinery, and raw materials for industry are flowing into the island. Imports for the first six months of 1960 totalled £39 million, compared with £32 million for the same period last year.

Canadian exporters are obtaining a portion of the new business generated by the influx of tourists and the development of new industries. According to Jamaican trade statistics, imports from Canada rose 12 per cent in the first half of this year, with automobiles, electrical apparatus, tires, toilet preparations, pumps, business machines and tallow accounting for most of the increase. Canadian figures show that our sales to Jamaica have risen from \$11 million during the eight months ended August 1959 to \$11.7 million for the same period this year. Exports from Jamaica to Canada climbed to £7.3 million during the first half of 1960 compared with £6.6 million in the same period in 1959, thanks mainly to bigger shipments of alumina. ●

# Leeward and Windward Islands

R. L. RICHARDSON,  
*Assistant Commercial Secretary,  
Port-of-Spain.*

## **LEEWARD ISLANDS**

THE LEEWARD ISLANDS—Antigua, St. Kitts-Nevis, and Montserrat—are in the northerly group of the Federation and their economies depend on exports of sugar and sea island cotton. Antigua, the largest of the group, is facing its second year of poor crops in both sugar and cotton; the result is a considerable drop in trade. Several hotels are under construction and this has boosted sales of building materials and provided additional employment.

The St. Kitts' sugar crop is bigger this year, but factories are operating below capacity because of a shortage of cane cutters. There has been a large migration of workers to Britain during the past year and with the shortage of skilled labour some of the sugar cane may remain

unharvested. Sugar workers have been brought in from Barbados, but because of differences in wages and living conditions the experiment has not proved satisfactory.

The smallest island of the group, Montserrat, has begun to feel the benefits of a brand-new tomato industry; a processing plant has been set up and is being managed by Canadians. This year's tomato crop is reported to be good and the industry may prove to be a valuable source of revenue. Cotton is still the major export, though sugar and bananas have recently been introduced and a small export trade in these has been started.

## WINDWARD ISLANDS

MORE than 300,000 people on the Windward Islands are now enjoying a better way of life, thanks mainly to the rapid development of the banana industry over the past few years and the growing tourist trade; the economy of the islands is dependent on these two factors.

Past experience with hurricane damage to their crops has prompted islanders to turn more and more to the production of bananas—a quick-growing cash crop. Considerable research has been carried out to determine the suitability of climate and soil and this has been followed up by application of advanced methods of production and marketing. As a result, banana exports in 1960 will double those of 1957. Exports have risen each year—from 117 million pounds in 1957 to 133 million in 1958 and to 214 million in 1959. A variety of other tropical fruits also offer promise for the future.

Much hope rests too on the development of the tourist industry. Beautiful beaches set against a background of mountains provide a natural setting to attract the tourist. Both government and private enterprise are exploiting this potential by providing modern accommodation and improved transportation facilities.

● *Grenada*—Export earnings dropped off in 1959 because of smaller sales of nutmeg and mace, cotton and cocoa. The island's chief exports are nutmeg and bananas, though only the latter showed an increase in the past year. Production of bananas is relatively new to Grenada. They were introduced after the hurricane damage to the nutmeg crop in 1955 and exports have risen from 17 million pounds in 1957 to 30 million in 1959. It is not likely that Grenada will specialize in bananas, however, because the nutmeg and mace industry has been re-established.

Grenada's total exports in 1959 were valued at W.I.\$7.7 million, compared with W.I.\$8.3 million in 1958. But despite reduced exports, the economy continued to progress, helped along by expansion of the tourist industry. Three new hotels are under construction to provide additional modern accommodation for the growing number of visitors. Imports in 1959 totalled W.I.\$12.6 million, a healthy jump over the W.I.\$10.9 million of 1958, making Grenada the largest market in the Windwards.

● *St. Vincent*—Increased exports of bananas boosted the St. Vincent economy in 1959. Concentration on development of bananas has brought a 100 per cent increase in production and exports over the past three years. This year's crop is estimated at 2½ million stems, compared with 2.1 million in 1959 and 1.2 million in 1958. A variety of other crops are also important, including arrowroot, sweet potatoes, peanuts, copra, cotton and starch. Total exports rose from W.I.\$5.6 million in 1958 to W.I.\$6.5 million in 1959. This market is not as large as Grenada; imports run at about W.I.\$10.5 million.

The number of tourists visiting St. Vincent is rising each year—from 3,600 in 1958 to 5,700 in 1959. The island's natural attractions, plus the addition of more hotels and resorts, will make

this trade an important source of revenue.

● *St. Lucia*—Like the other islands, St. Lucia has gone heavily into production of bananas with even better results. Exports of bananas totalled 25.3 million pounds in 1957 and by 1959 had risen to 68.3 million. It is expected that banana output will continue to rise, though Hurricane Donna recently damaged the crop enough to reduce the 1960 returns. The only other export of significance is copra.

St. Lucia's exports totalled only W.I.\$4.2 million in 1958, but the successful banana crop bumped this up to W.I.\$6.3 million in 1959. Imports also increased in 1959, to W.I.\$9.5 million, though St. Lucia remains the smallest market in the Windward group. With a population of 92,000, imports per capita are considerably less than in the other territories.

● *Dominica*—Dominica lies between the two French islands of Martinique and Guadeloupe. It is the largest of the Windward Islands but has the smallest population. Its potential has not been as fully developed as the others. The mountainous terrain has created transportation difficulties for marketing, though the current road development program should ease these problems. With improved marketing facilities, the island could support a considerably larger population than at present.

Oranges, limes, copra and vanilla are exported, but the important crop is bananas. Total exports in 1959 were valued at W.I.\$6.5 million and imports at almost W.I.\$10 million.

## Canadian Goods Popular

Although the market for any one product in a particular island is small, total sales of Canadian goods to the Windward and Leeward Islands reached Can.\$4.3 million in 1958 and about Can.\$4.5 million in 1959. Canadian flour, fish, lumber and mixed feeds have enjoyed a steady market here for many years.

And with the recent removal of import restrictions, our manufactured products are now coming in in increasing quantities.

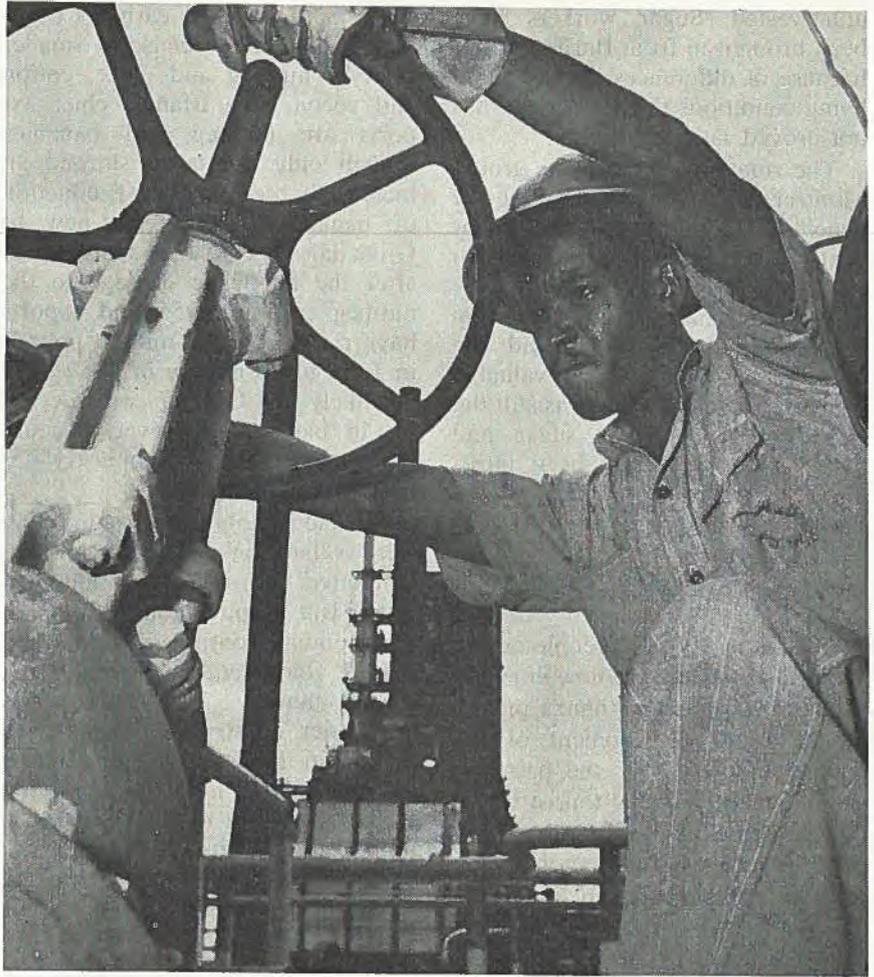
Canada's share of these markets is greater than in the larger territories of the Federation and sales in 1959 climbed by Can.\$200,000 over the previous year. Our exports for the first eight months of 1960—\$2.74 million compared with \$2.72 million in the same period of 1959—indicate that Canadian exporters are perhaps starting to take advantage of the removal of restrictions and of the increased buying power in these territories.

In the past year, the Canadian foodstuffs that have made substantial gains are fresh apples, macaroni and spaghetti, soups, confectionery, skimmed milk powder, split peas and rolled oats. Flour, onions, potatoes and canned fish have also done increasingly well. This office receives many inquiries from importers for a wide range of foodstuffs, including potatoes, onions and canned goods.

The effect of trade liberalization can be seen in exports of items such as metal furniture and automobiles. Canadian automobile sales to the islands totalled only \$12,000 in 1958; by 1959 they had risen to \$18,000 and for the first eight months of 1960 to \$31,268. Exports of metal furniture from Canada more than doubled between 1958 and 1959.

#### Choose an Agent

Businessmen interested in entering these markets should write to the Port-of-Spain office for recommendations on suitable agencies. The type of produce for export will determine what type of agency to choose: either a large stockist-distributor or a small commission agency that places orders with importers. In some instances, where sales are small, it is preferable to have one firm handling representation throughout the islands, where they either maintain branch offices or have salesmen who travel through the territories. ●



—U.K. Information Office.  
*A young employee of the Texaco Trinidad Incorporated oil company closes a valve at the alkylation unit of the company's refinery at Pointe-à-Pierre, Trinidad.*

## Trinidad and Tobago

R. F. RENWICK, *Commercial Secretary, Port-of-Spain.*

DURING the past year, Trinidadians have enjoyed a higher standard of living than they have ever known before. They ate more domestic and imported food, enjoyed better housing, wore better clothing, drove more automobiles, earned bigger salaries and wages and, in turn, have had to pay more West Indian dollars for the privilege.

A variety of industries are gradually being established on the island. However, the external trade of Trinidad is one of the best measures of economic activity, because the island's income is derived chiefly from exports of oil and sugar and the wide variety of goods and commodities demanded by present-day Trinidadians still have to be imported. Overseas trade reflects the country's prosperity and its per capita trade figure of \$980\* (exports and imports) far surpasses that of any other Caribbean country.

Exports, at \$449 million, and imports, at \$448 million, in 1959 were higher in value than they were in 1958; exports were up \$14 million and imports a substantial \$38 million. These absolute figures are impressive but the rate of growth in Trinidad's foreign trade experienced over the past few years has slowed down. Between 1957 and 1958 exports increased nearly 9 per cent; last year the corresponding rate was only 5 per cent. Imports in 1958 were up 16 per cent over 1957 which, in turn, showed an increase of 18 per cent over 1956. Last year the rate of increase slipped to 9 per cent.

Oil is all-important in Trinidad's commerce and oil imports distort the over-all trade picture. Overseas sales of oil and products in 1959 were valued at \$364 million, or 83.6 per cent of the value of all exports. Imports of crude to augment domestic production totalled \$131 million, or 29.2 per cent of all imports. Production of crude is tending to level off at about 3.6 mil-

\*Values unless otherwise indicated are in West Indian dollars. One W.I. dollar=56 cents Canadian.

lion barrels per month and imports have increased to 3.08 million. Trinidad has rapidly become an important refining centre as well as a producing area, but drilling activity is on the decline, with run-of-the-mill concessions, particularly offshore ones, hard to sell.

At the end of June 1960 the sugar factories closed for the season, having crushed a record crop to yield 217,574 tons—up from the 181,131 tons garnered at the end of June 1959. Over half of this is shipped to an assured market in the United Kingdom under Commonwealth Sugar Agreement quotas. Canada, Trinidad's other important customer, took 14,346 tons, much less than the 22,847 tons shipped in the 1959 season. The sugar industry, the fourth ranking employer of labour, represents less than one-tenth the value of oil to the country's national income, yet annual exports of sugar, at \$32 million, are important and represent 7.4 per cent of total domestic exports. Other exports (in descending order of importance) are cocoa, cement, asphalt, rum, coffee, citrus and products, and bananas. Details of imports from Trinidad into Canada for the past three years are given in the table above.

### Canadian Sales to Trinidad

Canadian exporters shared in Trinidad's increased total trade during the past year. Our sales in 1959 totalled Can.\$12,704,694, compared with Can.\$11,598,763 in 1958, a rise of 10 per cent. However, the Netherlands increased its export sales for the same period by 19 per cent and Venezuela by 18 per cent (because of oil). Nevertheless, the United Kingdom still remains Trinidad's principal supplier, with 33 per cent of total imports and sales up 8 per cent over those of 1958.

Although Canada exported more to Trinidad in 1959 partly because of import liberalization in mid-year, we are currently only the fourth most important source of the country's imports, with 6.2 per cent of

### WE EXPORT TO TRINIDAD

	1957	1958	1959
	(thousands of Can.\$)		
Total exports	\$11,811	\$11,599	\$12,705
Of which:			
Wheat flour	2,653	2,657	3,061
Tobacco	822	789	1,012
Salted cod	771	684	558
Planks and boards	377	586	381
Cotton fabrics	298	263	349
Potatoes	108	306	337
Barite	383	468	322
Automobiles	610	217	312
Newsprint	340	312	308
Canned sardines	181	252	295
Pickled pork	198	280	228
Apples	94	116	203
Leather	227	228	189
Canned salmon	140	173	188
Synthetic fabrics	74	76	173

### WE IMPORT FROM TRINIDAD

	1957	1958	1959
	(thousands of Can.\$)		
Total imports	\$ 8,205	\$ 9,851	\$12,764
Of which:			
Crude petroleum	3,491	453	7,471
Sugar	2,873	2,297	2,188
Light fuel oils			1,120
Rum	388	455	488
Heavy fuel oils			386
Molasses	943	600	355
Cocoa beans	90	410	305
Coffee	134	174	110

Source: DBS

the total (Venezuela 20.8 per cent and the United States 13.9 per cent). In 1956, Canadian exports accounted for 8.9 per cent of Trinidad's and Tobago's imports.

Starting in 1951, Canadian sales of a wide variety of consumer goods to all of the West Indies were severely restricted to the amounts that could be sold under the British West Indies Trade Liberalization Plan, and most items had to be shipped under a voucher system. In mid-1959, with the improvement in the sterling area's balance of payments position, Trinidad freed most imports from Canada but retained a so-called "Negative List" of goods subject to import quotas and licences. This was succeeded by a new Open General Licence, announced early in May 1960. How-

ever, a considerable number of items are still subject to control in Trinidad. These import trade restrictions are being retained primarily because it is considered that their removal would create difficulties for local industries. Canada has expressed its concern about the continued maintenance of these controls and its hope that they will be dismantled as soon as possible.

As shown in the table, Canada has increased sales of wheat flour, the most important commodity, in spite of subsidized flour readily obtainable from the United States. Trinidadians have appreciated the quality and packing and have responded to the merchandising of our hard-wheat counter flour packed in 2, 5 and 10-pound paper bags.

The West Indies have traditionally been a market for salted cod; however, sales have fallen over the past few years, initially because of imports of cheap beef (canners and cutters) from Australia and New Zealand. This inexpensive protein has, in turn, had to give way to imports of chicken necks and backs from the Southern States.

Newsprint imports are down because the *Trinidad Chronicle* ceased publication. Barite imports are down due to the establishment of a barite processing plant in Port-of-Spain which obtains its raw material from Brazil.

Conversely, products with increased sales, such as apples, canned salmon, fabrics and sardines, all have enjoyed a ready consumer acceptance and a long-term market in the country. It is expected that Trinidad will continue to be a good, though not a large, market for a wide variety of consumer goods, mainly in the form of completely manufactured products.

The considerable increases in imports of manufactured goods, machinery and transport equipment witness to industrial progress and higher living standards in Trinidad. It is up-grading and diversifying its imports. For example, in 1954 wheat flour represented 4.0 per cent of all imports; in 1959, it accounted

for only 2.4 per cent, with absolute values remaining at about \$10.5 million. Imports of all types of meats are a steady 2.6 per cent of total, but the absolute figure has risen from \$7.5 to \$11.5 million. On the other hand, fish of all kinds, which in 1954 accounted for 1.2 per cent of all imports, now stand at only 0.8 per cent. Rice imports are decreasing, in spite of an increasing population. Potato consumption is on the upgrade. Pickled pork is giving way to canned hams.

### Five-Year Development Plan

As funds become available—and the tax base is limited by a meagre \$341 annual per capita income—the government is transforming the face of Port-of-Spain with its Five-Year Development Plan. Schemes for a new hospital, a college, highways, roads, a technical institute, low-cost housing, a fly-over road-traffic bridge, and a sewage system have been inaugurated or in some cases completed. Anglin-Norcross Corporation Limited, of Montreal, general contractors, and Regina's Waterman and Waterbury Limited, plumbing and airconditioning subcontractors, are participating in the erection of the Trinidad Hilton Hotel which will be a local tourist attraction. A Puerto Rican group expects to complete the erection of approximately 500 reinforced concrete houses by March 1961. However, opportunities in plenty remain for overseas investors willing to accept a 7 per cent return and anxious to help in the solution of Trinidad's housing shortage.

### Labour Problems

The cost of living continues to rise in Port-of-Spain, (population 125,000); the index figure for July 1960 was 132.6 compared with 124.4 in July 1959 and 116 in January 1957, (January 1952=100). Labour unions have been restless and 1960 has been a year of crises. Even though the oilfield and refinery workers are considered the highest paid of all Eastern Car-

ibbean labourers, they went on strike in mid-July. After eighteen days of deteriorating public transport service and industrial activity, they secured a 15 per cent increase in wages and a reduction in working hours. This success was a signal for the Seaman and Waterfront Workers to seek increases, which they received in the form of 16.5 per cent more in basic wages, partially using up increased revenue the Port Services had sought by imposing higher receiving, delivery and storage charges at the first of the year. Textile workers walked off the job, to be followed by the Communication Workers Union, striking for more pay from the telephone company.

In spite of dislocation of transport and communications, construction activities were little affected by the strikes. The laws of Trinidad do not discriminate between nationals and foreigners in the formation and operation of companies. The aim of many is to be declared a Pioneer Industry. In this happy event, the first firm to have its proposed plant designated a Pioneer becomes eligible for aid and incentives in the form of tax holidays, duty-free entry of machinery and raw materials, and possibly loans or a long-term inexpensive lease of a desirable factory site.

Factories to produce paint, corrugated aluminum sheet and ancillary rainwater goods, fertilizers, shrimp, tuna and cement blocks have all been established. Further plans for a paper bag factory, a cold storage plant, poultry farm and other firms to produce cigarettes, cement bricks and corrugated galvanized roofing are being actively promoted. But all of these varied activities are small compared with Texaco Trinidad Inc.'s huge \$40-million-plus investment in the past two or three years to boost its daily crude oil throughput at the Pointe-à-Pierre complex to 235,000 barrels making it the largest oil refinery in the British Commonwealth. The

Caribbean Development Company has also completed its \$2.6 million expansion program, to bring its capacity up to two million gallons of beer per year.

Canadians participated in the establishment of a new bank to join the three other Canadian institutions already on the scene. A Toronto investor obtained Pioneer Status and

a sea-lot (harbour) site to start building a field-pea processing and packaging plant, scheduled to commence production in November. The Industrial Development Corporation is now considering various proposals for the establishment of the island's first flour mill.

Trinidad's economy is dynamic and progressive and each year is

attracting more diversified foreign investment. With a land area 10 per cent less than that of Prince Edward Island and a population far below that of metropolitan Toronto, it is of significance in the world's oil trade. The combination of agriculture and oil makes Trinidad the all-important Texas of the beautiful Caribbean isles. ●

## Canada's Trade with The West Indies

M. V. McCORMICK, *International Trade Relations Branch.*

CANADA and the territories making up the West Indies Federation have been trading partners for close to 200 years, and the trade between them, in addition to benefitting both countries economically, has helped to foster close ties of friendship and goodwill.

Canada is a traditional buyer of such West Indies products as sugar, molasses, rum and tropical foodstuffs. Bauxite, alumina and petroleum have been added to this trade in recent years, and larger purchases of these products have substantially increased total Canadian imports from The West Indies to \$50.8 million in 1959 compared with \$43 million in 1958.

### Sales Are Growing

The principal Canadian exports to The West Indies are flour of wheat, salted and pickled fish, meats, tobacco, lumber, canned fish, newsprint, motor vehicles and parts, and potatoes. However, The West Indies constitutes a rapidly growing market for a wide variety of other goods of interest to Canada—especially manufactures. Although The West Indies ranks thirteenth among our export markets for all kinds of goods, it is fourth as a

buyer of our manufactured products. Imports from all sources into this area have grown from the pre-war Can.\$71 million to \$444 million in 1957 and to \$490 million in 1958. With greater economic development, industrialization, a booming tourist trade and rising standards of living, it can be expected that this market will continue to expand at a fast pace.

Canada's exports to The West Indies have gone up steadily in recent years, as indicated in the attached tables, and this growth is continuing. From a value of \$35.8 million in 1958 our exports rose to \$40 million last year. For the first eight months of 1960 they reached \$25.1 million compared with \$23.6 million in the same period of 1959, a gain of \$1.5 million. Greater sales of such products as motor vehicles and parts, manufactures of iron, medicinal preparations, paints and enamels, newsprint and fish products accounted for the increase. For example, Canadian shipments of motor vehicles and parts increased from \$589,000 in 1958 to \$993,000 in 1959 and for the first eight months of 1960 are over \$1.8 million.

The expansion of the West Indian market for Canadian exports is largely the result of the major steps that have been taken towards the removal of import restrictions in the past two years. The market is now more open to Canadian exports than it has been for over a decade, though a number of items of interest to Canada still remain under control in Jamaica and Trinidad.

The Canada-British West Indies Trade Liberalization Plan, which had been in operation for eight years, was terminated in December 1959 because most of the trade formerly covered by the Plan had been freed from controls. During the years that the Plan was in effect it served a useful purpose in providing access to the West Indian territories for Canadian goods which would otherwise have been completely excluded by import restrictions maintained for balance-of-payments reasons. In future the authorities in the West Indian territories will themselves issue licences to importers for items that are still under control. They have given Canada assurances that access generally to West Indian markets for Canadian exports of products form-

## CANADIAN TRADE WITH THE WEST INDIES

EXPORTS TO				IMPORTS FROM			
	1958	1959	1960 (8 mos.)		1958	1959	1960 (5 mos.)
	(thousands of dollars)				(thousands of dollars)		
Trinidad and Tobago	\$11,599	\$12,705	\$ 8,340	Trinidad and Tobago	\$ 9,851	\$12,764	\$ 2,224
Barbados	4,198	4,127	2,331	Barbados	3,751	4,770	646
Jamaica	15,741	18,791	11,724	Jamaica	27,628	31,274	16,588
Leeward and Windward Islands	4,274	4,452	2,747	Leeward and Windward Islands	1,764	1,992	181
<b>TOTAL</b>	<b>\$35,812</b>	<b>\$40,075</b>	<b>\$25,142</b>	<b>TOTAL</b>	<b>\$42,994</b>	<b>\$50,800</b>	<b>\$19,639</b>

### PRINCIPAL EXPORTS TO WEST INDIES

	1958	1959	1960 (6 mos.)
	(thousands of dollars)		
Flour of wheat	\$7,449	\$8,209	\$3,661
Salted and pickled fish	4,367	4,933	2,331
Canned fish	1,505	1,931	1,043
Meats	2,144	2,115	901
Tobacco	1,949	1,976	965
Lumber	1,491	1,510	865
Cotton fabrics	1,008	626	312
Newsprint	766	979	512
Mixed feeds	502	434	156
Medicinal preparations	268	321	195
Paints, enamels, varnishes	430	523	195
Manufactures of iron, n.o.p.	68	246	62
Motor vehicles and parts	589	993	1,686
Cornmeal	308	286	103
Upper leather	234	272	146
Boots and shoes	372	325	133
Potatoes	603	566	183
Wrapping paper	199	175	39
Paper bags	256	204	113
Machinery and parts, n.o.p.	251	258	125

### PRINCIPAL IMPORTS FROM WEST INDIES

	1958	1959	1960 (5 mos.)
	(thousands of dollars)		
Bauxite, alumina	\$18,506	\$19,072	\$11,264
Raw sugar	11,480	15,792	6,425
Molasses	2,571	2,305	604
Rum	1,216	1,252	360
Fuel oils		1,506	
Cocoa butter	1,323	828	195
Cocoa beans	600	698	263
Coffee, green	219	211	119
Arrowroot	60	41	15
Spices and ginger, unground	80	88	47

and Windward Islands, these territories do not yet comprise a single economic unit. At present, each of them continues to operate its own customs tariff and to apply duties on imports from other West Indian territories. However, the constitution of The West Indies states that "... it is essential for the economic strength of the area that there should be an integrated trade policy for the Federation and that there should be introduced in the Federation, as far and as quickly as practicable, a customs union, including internal free trade."

A working party consisting of representatives of the various West Indian territories has been looking into the problems of forming a customs union during the past year and has now produced some specific proposals regarding the type of tariff and customs law that the Federation should have. The working party has indicated, however, that a number of issues still remain to be more fully explored and that it will be necessary to have further discussions and undertake additional studies before conclusions on these can be reached.

Canada is watching closely the efforts of the West Indian territories to work out an arrangement for a customs union because this development will have an important bearing on the revision of our existing trade agreement with The West Indies. ●

erly covered by the Plan will be on terms no less favourable than in the past.

Canada's trade relations with The West Indies are governed by the Canada-West Indies Trade Agreement of 1927. Each island has its own tariff but all of them have preferential rates of duty that apply to Canada and other Commonwealth countries. The tariffs are primarily for revenue purposes and in most cases are relatively low on foodstuffs and basic materials and somewhat higher on manufactured

goods. The various West Indian territories extend to Canada specified preferences on such products as flour, butter, cheese, lard, condensed milk, fish, meats, apples, potatoes, lumber, cement and cordage. The Agreement also provides that each of the territories shall accord preferences to Canadian goods that are not referred to individually. These preferences are expressed as percentages of the rates of duty imposed on similar goods when imported from non-Commonwealth countries. Thus, in the Bahamas and Jamaica the preferential margin is one-fourth of the general rate, in Trinidad and Barbados one-half, and in the Windward and Leeward Islands one-third.

### Outlook

Although the West Indies have now been joined into a political federation consisting of Trinidad and Jamaica and their dependencies, Barbados, and the Leeward



# OTHER CARIBBEAN ISLANDS

## BAHAMAS

*Business is good in the Bahamas, thanks to continuing tourist boom. Canadian sales are rising—by 20 per cent in the first six months of 1960—spurred by preferential tariff enjoyed by most of our products.*

## CUBA

*Cuban economy is undergoing rapid changes, including introduction of state trading, diversion of more trade to Sino-Soviet bloc, and cutback in imports. Canadian shipments of flour, malt and salt cod are holding steady.*

## DOMINICAN REPUBLIC

*The Dominican Republic is expanding exports and diversifying agricultural production, though the current recession is causing a cutback in imports. Canadians can expect steady sales, especially of wheat and salted fish.*

## HAITI

*Financial difficulties, heightened by fall in world prices of coffee, Haiti's leading export, continue to plague this country. Canadian sales have slumped since 1958, mainly because of smaller purchases of wheat.*

## PUERTO RICO

*Business activity is high in Puerto Rico; external trade rising, new industries coming in—so are more tourists. No import restrictions or exchange controls hamper entry of our goods; island has same tariff setup as the U.S.*



—Bahamas Development Board.

*Bahamian construction workers lay concrete at Freeport, Grand Bahama Island, one of the many centres of resort-building activity in the out-islands of the colony.*

## Bahamas

HOWARD E. CAMPBELL, *Trade Commissioner, Kingston.*

**BUSINESS** in the Bahamas pivots around a single industry—the tourist trade—and business is good. Last year 244,258 tourists flocked into Nassau and the resorts on other islands in this British colony.

The impact of this tourist boom is tremendous: investors are pouring money into resorts, hotels and apartment buildings, and building contractors are working overtime to meet their commitments. The islands have enjoyed full employment for the past two years and Haitian labourers are being brought in to work on development schemes.

Tourists are drawn to the Bahamas by the superb bathing beaches, sunny weather and luxurious accommodation and international investors are drawn to the colony by

its inviting tax structure. By establishing subsidiaries in tax-free Nassau, they can avoid payment of income tax on their overseas transactions. A growing number of firms (mostly U.S.) are establishing subsidiaries in the Bahamas to handle their exports; the tax-free profits earned through such operations can be loaned back to the parent company at low rates of interest. In the wake of the international investors have come new banking organizations. Until 1947 the Royal Bank of Canada was the only bank in the Bahamas; today it has seven competitors.

After a three-and-a-half-month study of the Bahamas economy, the Bahamas Development Board announced in July that tourist spend-

ing has vaulted from \$8.5 million in 1949 to more than \$41 million in 1959 and is still going up. Barring a hurricane or similar disaster, the Bahamas will be attracting 471,000 visitors a year by 1970, according to the Board, and these visitors will spend over \$80.5 million.

Among the many developments sparked by the tourist boom is the recent expansion of resort hotels on Grand Bahama Island, 55 miles east of Palm Beach, Florida. The Grand Bahama Hotel and Club has spent three million dollars on improvements to its sprawling 368-room establishment. At nearby Hawksbill Creek, a yacht marina and boatyard are scheduled for completion in 1961. According to newspaper reports, a residential resort is to be developed at Treasure Cay on Abaco Island, with a clubhouse containing 106 two-room suites to be built as a start.

In Nassau, capital of the Bahamas, three large co-operative apartments have been put up in recent months and nine new hotels have been built in the past five years. At Lyford Cay, fifteen miles east of the city, a planned residential community, complete with championship golf course, has been constructed by E. P. Taylor of Toronto.

Because the tourist trade has bolstered the standard of living in the colony, demands on public utilities have increased even more rapidly than the number of tourists. On New Providence Island where Nassau is located a new 11,000-kilowatt steam turbine power station and water distillation plant have just been completed and plans for an extension are already being drafted.

### Canadians Can Benefit

Prosperity in the Bahamas is reflected in rising import figures, both for construction equipment and building materials and for consumer goods—a less spectacular but equally rewarding market. Bahamians are buying increasing quantities of groceries, clothing, footwear and other consumer goods. And as

few of these things are produced in the colony, virtually all of them have to be imported to meet the demands of the 100,000 residents and the 250,000 visitors who are expected to be their guests this year.

Canadian sales to the colony rose 20 per cent in the first six months

of 1960 to \$1,778,442, with most of the increase concentrated in automobiles, foodstuffs, newsprint, marine engines and contractors' outfits and supplies. (For the full year 1959, the figure stood at \$3.2 million.) Canadian manufacturers of building materials and of consumer

goods (high-style resort wear, lightweight and inexpensive clothing, and grocery products) may wish to explore further the opportunities for doing business in the colony. Most Canadian goods enjoy a preferential tariff of 10 per cent and prospects for future development are bright. ●

## Cuba

R. R. PARLOUR, *Commercial Counsellor, Havana.*

THE Cuban economy is in the throes of a drastic reorientation that is affecting practically every facet of national life. Government ownership or control is spreading rapidly throughout agriculture, mining, manufacturing, the petroleum industry, domestic and foreign trade, press and radio, the tourist industry, banking, transportation and public utilities. Foreign trade is being diverted away from the United States and towards Sino-Soviet countries, on the basis of a series of agreements for barter, credit, and technical and scientific co-operation. Projects are under way for an expansion of light industry to provide employment and to reduce imports.

On the heels of these fundamental changes, some serious financial problems are appearing. One of these is a recurring shortage of foreign exchange. As reserves of gold and dollars approached the vanishing point last year, the Government imposed severe import and foreign exchange controls, with the result that reserves mounted during the sugar-marketing season in the first half of 1960. But by August this year the usual seasonal decline had set in, and during that month reserves dropped by about 27 per cent to \$139 million. As against these reserves, outstanding indebtedness to foreign suppliers is estimated

by some observers as high as \$100 million or more.

A second problem is that notes in circulation have increased by over 40 per cent in the first eight months of 1960 and this trend has been gathering momentum. At the same time, many consumer goods have come into short supply. The Government has announced a new tax law which imposes much higher rates on personal income, corporate income and business gross income (i.e., sales tax) in the expectation that government reserves in 1961 will nearly double to a level of \$700 million. Government spending is expected to total one billion pesos next year.

### **Business Conditions Vary**

Domestic business conditions are mixed. Imports of many consumer goods have been cut to a trickle, and as a result some local industries are working at capacity in order to supply the market. Others are slowed by a lack of imported raw materials and equipment or are in the midst of reorganization following take-over by the Government. Retail trade in hard goods, imported merchandise and luxuries is dull, as stocks of many items reach the vanishing point. But there is a strong demand for low-priced textiles, consumer goods and foods—

ranging from codfish to beer, cigarettes and cosmetics.

### **Foreign Trade Alters**

The rapid growth of state trading dominates Cuba's foreign trade picture this year. The National Bank for the Foreign Commerce of Cuba (BANCEC) was created on April 25, and as of October 21 has been made the sole importer of all commodities imported into Cuba, in addition to being the sole exporter of many types of commodities. (See the note on Cuban state trading in "Trade and Tariff Regulations" on (page 44.) In some cases BANCEC does the actual importing itself and in others it allows private firms to handle the transactions under its supervision. In recent weeks it has been building up detailed records of all imports of raw materials and industrial equipment in order to regulate this trade more closely.

The purchasing methods BANCEC uses are based on negotiation of each transaction, rather than calling of public tenders. Policy appears to be to avoid purchasing from the United States whenever possible, and if suitable goods are available from Communist countries for barter, the orders are placed there. Otherwise, offers from all sources are welcomed. Cuba prefers to buy on the best credit terms possible, but since many foreign suppliers

PRINCIPAL CANADIAN EXPORTS TO CUBA 1958-1960

	1958	1959	Jan.-July 1960
Newsprint	\$ 3,836,439	\$ 4,342,938	\$1,140,931
Cod, heavy salt	1,867,031	2,307,365	608,591
Malt	1,237,350	1,489,588	851,932
Copper tubing	712,290	658,518	77,145
Flour	1,007,481	599,236	230,866
Miscellaneous motor vehicles	1,940	438,134	8,561
Medicinal preparations	358,077	410,046	350,381
Drugs and chemicals, n.o.p.	162,930	270,052	177,209
Calcium compounds	186,651	299,868	99,838
Seed potatoes	222,332	301,275	75,630
Aircraft engines and parts		306,319	208,837
Canned sardines	169,639	257,515	7,323
Steel plates, sheets, strips	122,099	297,073	
Whisky	231,986	213,309	36,969
Aluminum, semi-fab.	247,197	250,722	63,672
Machinery and parts, n.o.p.	362,353	178,560	21,811
Synthetic fibre thread and yarn	424,817	157,370	251,800
<b>Total, all commodities</b>	<b>\$17,595,190</b>	<b>\$15,252,742</b>	<b>\$5,773,655</b>
All commodities Jan.-July 1960	\$5,773,655		
All commodities Jan.-July 1959	\$8,696,282		
All commodities Jan.-July 1958	\$8,689,152		

now require confirmed irrevocable letters of credit, the determining factors usually are price, speed of delivery, and quality. Canada may still be able to sell in this market because Canadian goods are of North American design and quality, which the Cubans prefer, and in many instances delivery from Canada is quicker than from Europe.

The direction of Cuban trade is undergoing a radical change. In February 1960, Cuba signed a commercial agreement with the U.S.S.R., whereby that country undertook to purchase one million tons of Cuban sugar a year for five years, with payment to be 20 per cent in cash and 80 per cent in goods. Cuba also received a \$100 million credit to be spent for technical assistance, raw materials and machinery from the U.S.S.R., and the two countries agreed on the exchange of a wide range of commodities, with Cuba to supply sugar, fruits, tire cord, sisal, pimentos and leather and the U.S.S.R. to supply petroleum, fuel oil, wheat, lumber, newsprint, fertilizer, aluminum, machinery, and other goods. This

agreement set the pattern for others which Cuba has now signed with Yugoslavia, East Germany, Poland, Czechoslovakia, Communist China, Hungary, and the United Arab Republic.

**U.S. Trade Down**

Traditionally, about 75 per cent of Cuba's trade has been carried on with the United States. However, Cuba's severe import controls and policies of trade diversion have caused a substantial decline in this exchange. So far this year, imports of United States goods are about 50 per cent below 1958. Venezuelan sales of crude oil to Cuba, which had reached an annual rate of over \$66 million, have now stopped, as supplies are coming from the U.S.S.R. Exporters in Western Europe also report that their sales to Cuba are down substantially this year. Cuban import statistics covering this period are not available.

**Canadian Position**

Canadian exports to Cuba in the period January-July 1960 were valued at about \$5.8 million, down

PRINCIPAL CANADIAN IMPORTS FROM CUBA 1958 AND 1959

	1958	1959
Sugar, raw, imported by refiners	\$14,167,290	\$ 5,548,208
Sugar, raw, other	605,984	662,879
Molasses for human consumption	412,403	515,708
Molasses, other	73,161	164,372
Yarn, synthetic, for tire fabric	719,889	1,439,278
Staple fibres, synthetic	432,386	590,779
Cord tire fabrics		281,146
Cigar leaf, stemmed	462,167	287,108
Cigar leaf, unstemmed	152,867	175,993
Manganese ore	137,910	
Non-ferrous metals		770,740
Pineapples, fresh	491,151	412,227
Fruits and nuts, pickled	86,119	143,759
Baler twine	134,175	245,466
Rum	130,624	112,658
<b>Total, all commodities</b>	<b>\$18,880,625</b>	<b>\$12,045,508</b>

from \$8.7 million a year earlier. However, some products are gaining ground in the Cuban market this year. Newsprint has traditionally been the major Canadian export to Cuba, but with 1,000 tons per month now arriving from the U.S.S.R. and another 1,000 tons of bagasse newsprint produced locally, this market threatens to disappear. Arrivals of wheat from the U.S.S.R. may oust Canadian and U.S. wheat from the Cuban market, but Canadian exports of flour in recent weeks have been buoyant because of purchases by BANCEC. Canadian malt still supplies most of the Cuban market, although some small shipments have begun to arrive from East Germany and Czechoslovakia. In spite of business uncertainties, Canadian salt cod continues to hold its market in the eastern regions of Cuba, with sales both to private importers and to BANCEC.

Prospects are also fairly good for drugs and chemicals, seed and table potatoes, powdered skim milk, copper wire and tubing, synthetic rubber, dissolving and non-dissolving pulp, synthetic fibres, electrical

equipment and pole-line hardware, and raw materials. Some of these orders are to supply the newly nationalized industries with goods that previously came from the United States. Canned sardines have been entirely excluded from the market for several months but there now are indications that BANCEC may begin buying again. In contrast, the immediate outlook is poor for such products as machinery and parts, steel plates and strips, aluminum, motor vehicles, whisky and non-essential consumer goods, because of import controls and diversion of orders to Communist countries. The tables illustrate some of these changes in Canadian-Cuban trade.

### **Sugar Has Good Year**

Sugar is the backbone of the Cuban economy, and the 1960 crop was successfully harvested and marketed. Prices have been at reasonable levels. By the end of August, exports totalled 4.0 million tons\*, compared with 3.3 million at the same date last year. During this eight-month period, exports to the United States, although down slightly from last year, accounted for nearly half the total. Among other markets, the United Kingdom, West Germany and Japan took less, whereas sales to Communist countries (including the U.S.S.R., Communist China, East Germany, Poland and Czechoslovakia) exceeded a million tons. None of the latter countries had purchased Cuban sugar during the same period last year. Exports to Canada reached 45,946 tons, down from 58,071 tons a year ago.

Cuba's quota in the United States market was cut early in July and shipments there have now ceased. This means a substantial loss of foreign exchange for Cuba because the U.S. price is substantially higher than the world price. Sales to Communist countries, at the lower world price and on a basis of 20 per cent cash and 80 per cent barter, produce little foreign exchange.

\*All tonnage figures are Spanish long tons (2,272 lb.)

The Cuban Government has assumed control of practically all the cane land in the country and is organizing it into some 600 state-controlled co-operatives. In addition, about half of the 161 sugar mills in the country have been taken over and there have been some delays in carrying out the usual "dead season" repairs. Some local trade sources predict that the 1961 crop will total 5.5 million tons compared with 5.7 million in 1960. However, the situation is obscure.

### **Tobacco Industry Reorganized**

Tobacco is a smaller but profitable cash crop for Cuba and 1960 has been a record year. Exports to the end of June exceeded \$36 million, up 40 per cent from the previous year, with quality high. Leaf tobacco accounted for all the increase and exports of cigars and cut tobacco declined. Local consumption this year is up sharply, with both cigars and cigarettes showing an increase.

All phases of the Cuban tobacco industry are now in the hands of the Government. A General Tobacco Administration has been established by the Government to control planting, harvesting and marketing of all the crop. All major manufacturers and distributors of cigars and cigarettes were taken over by the Government during September and in order to end unemployment in the industry, it has announced plans to establish 32 cigar factories to give work to 9,000 cigar workers.

### **Other Agriculture**

In other fields of agriculture during this first full year of agrarian reform, results have varied, judging from the few statistics available. Beef slaughterings were up by 5 to 10 per cent during the first half of 1960, at the expense of the livestock population, which is reportedly decreasing. Because of a shortage of feeds, milk production is down 5 per cent from last year, with a resulting shortage of butter and other

dairy products. For the same reason, poultry production is off 10 per cent and egg production down 15 per cent. The Government has decreed one day per week when poultry may not be bought in the markets nor served in restaurants.

Coffee output from the 1959-1960 crop amounted to 1.15 million Spanish quintales (101,412 lb.), the second highest on record. However, there will be no exports of coffee this year. The new state organization "General Administration of Coffee and Cocoa", which controls all aspects of the coffee industry, has announced that all of this year's crop will be bought for local consumption.

Among other crops, potato production in 1959-1960 exceeded 2.5 million Spanish quintales, up from 2.2 million the year before. Canadian seed potatoes were used for part of last year's planting and for the coming season Cuba has sharply increased her purchases of Canadian seed to 155,000 cwt. Substantial purchases of Canadian table stock are also being negotiated to meet Cuba's needs until her own crop comes in towards the end of the year. Increases are also expected for tomatoes and other winter vegetables, black beans and henequen; corn production is lower. On balance, and after allowing for increased domestic consumption of many of these foods, it is expected that exports of sugar and other agricultural products in 1960 may reach a total value of \$615 million, somewhat above 1959 but below the 1958 figure of \$662 million.

### **Companies Nationalized**

Most of the productive capacity of the country has now passed into government hands either permanently (by expropriation) or temporarily (by intervention). During August and September, the Government took over most of the United States-owned companies in Cuba; the combined assets of these firms had a value approaching one billion dollars. In addition, the take-over of other firms, whether owned by

Cuban or foreign interests, is proceeding steadily and new managements have been put in control of each of these companies.

Among local industries, increased production is reported for paint, tires and tubes, canned foods, cigarettes, beer, and other low-priced consumer goods. Electricity consumption continues a strong upward trend. Private construction is down about 75 per cent from its previous level, but government construction is widespread, with reported building of 160 new towns in rural areas. Production in the state-run rayon industry is down

from last year, while output from the Government's bagasse newsprint mill is showing gradual improvement in quality and quantity, in spite of periodic shut-downs. Private mining activity has ceased and the newly formed Cuban Mining Institute is attempting to activate many of the seized mines.

The Government is planning a rapid expansion of light industry and many complete plants are on order from Eastern Europe (18 complete factories were ordered in August alone). By the end of 1960 it is hoped that the following plants will be under construction: five cot-

ton gins, three concentrated feed mills, a cacao processing plant, and factories for producing pencils, plastic products, electrodes, refrigerators, cutlery, door locks, nuts and bolts, shovels, pickaxes, foundry products, sparkplugs, hand tools, padlocks, bicycle parts, brushes and metal containers. Work is already under way on chemical plants to produce anhydrous ammonia, ammonia sulphate and nitrogen and urea compounds, sufficient to meet the country's fertilizer needs, and plans are being studied for a number of plants to produce vegetable oils and fats from peanuts. ●

## Dominican Republic

W. B. McCULLOUGH, *Commercial Counsellor, Ciudad Trujillo.*

BUSINESS activity in the Dominican Republic, beginning in 1959 and continuing through the third quarter of 1960, has slowed down considerably. Because of low world prices for sugar and coffee, heavy defence expenditures and other demands for foreign exchange, the Government has modified its monetary and fiscal policies. Credit has been restricted and measures have been taken to cut down on some imports. Major public works projects have been curtailed—projects that provided additional employment and were big users of materials, both local and imported. The retail and wholesale trade continue to maintain low inventories.

### Agriculture Does Well

It has been government policy to increase raw sugar production to a million tons per year and, in order to reduce dependence on sugar for income, to expand other agricultural activity, mining and industry. It is believed that the production target for sugar will be achieved in 1960. A good measure of success has also

been realized in expansion of other crops, judging by the variety of commodities exported during 1959. Furthermore there has been an increase in crops such as potatoes, rice, tomatoes, fruits and vegetables grown for local consumption.

During this year's normal dry period, January through March, the country received good rainfall, and there has been record production of so-called secondary crops. The livestock industry has expanded; beef and pork have been exported and milk products are in good supply. The Republic has some of the richest agricultural land in the Caribbean area; its rich mountain valleys and large irrigated areas permit production of a variety of both tropical and temperate-zone crops.

### Foreign Trade Falls Off

During 1959, total trade of the Dominican Republic was valued at D.R.\$247.7 million\*, compared with \$266.1 million in 1958. Exports in 1959 (1958 figures in

parentheses) totalled \$130.1 million (\$136.6) and imports \$117.5 million (\$129.5), giving a favourable balance of \$7.1 million (\$12.6).

As in past years, raw sugar was the principal export crop. During 1959 exports totalled 661,204 metric tons valued at \$49.3 million. Shipments of green coffee reached 21,870 tons valued at \$17.5 million; and cocoa 21,722 tons valued at \$15.1 million. Other exports included chocolate valued at \$7.1 million, bananas \$5.9 million, bauxite \$5.0 million, tobacco \$5.0 million, molasses \$4.4 million, furfural \$3.6 million, fresh and frozen meat \$1.7 million. Livestock, oilseed cake, copra, honey, iron ore, cement and cotton were also sold abroad—evidence of the country's movement away from a one-crop sugar economy.

During the first seven months of 1960 Dominican exports totalled \$90.4 million, compared with \$86.3 million during the same period in 1959. Imports, however, declined from \$73.1 million for the first seven months of 1959 to \$52.7 mil-

\*1 D.R.\$=1 U.S.\$

### CANADIAN EXPORTS TO DOMINICAN REPUBLIC

	1958	1959	1960 Jan.-Aug.
	(Canadian dollars)		
Wheat	1,871	4,406	308,373
Wheat flour	1,439,389	1,103,607	175,683
Tires for trucks and buses	201,471	240,007	111,885
Newsprint	298,653	418,941	133,582
Copper wire, insulated	137,066	264,589	196,275
Macaroni, spaghetti	165,464	136,113	38,630
Bloaters	357,907	339,832	186,566
Pollock, dried salted	880,869	1,039,201	729,454
Other cured fish	248,267	195,195	161,042
Vegetable food products, n.o.p.	2,033	105,613	67,225
Machinery and parts, n.o.p.	116,262	73,207	529
Passenger automobiles	134,479	57,312	
Asbestos milled fibres	177,580	85,570	64,140
Total, including all others Jan.-Aug. 1959	5,367,623	5,164,996	3,213,724 3,659,960

### CANADIAN IMPORTS FROM DOMINICAN REPUBLIC

	1958	1959	1960 Jan.-May
	(Canadian dollars)		
Bananas	308,973	633,122	62,837
Coffee, green	1,662,829	630,334	411,059
Baler twine		64,419	33,492
Cocoa beans, not roasted	388,004	84,272	
Molasses of cane		54,253	60,483
Fruit pulp	13,537	39,664	46,223
Total, including all others	2,659,936	1,636,888	635,265

lion, giving a favourable balance in 1960 of \$37.7 million, compared with \$13.2 million for the first seven months of 1959. The decline in imports this year reflects the Government's restrictive measures on imports and a slackening off in demand.

#### Trade with Canada

Canadian exports to the Dominican Republic during the first eight months of this year have dropped by about 12½ per cent, and there has been a shift in the trade pattern. Most notable is the gradual elimination of sales of wheat flour and a rise in sales of wheat. A new ultra-modern flour mill began production in April and is supplying the country's needs of flour and byproducts. At the start the mill was using about half-and-half Canadian and United States wheat; in recent months the proportion of Canadian wheat has been substantially increased.

Another import that has been curtailed is macaroni and spaghetti, which will now be made in the Republic, using semolina and flour from the new mill. Salt cured fish, mainly pollock and hake, continues to be our leading export to the Dominican Republic.

#### Some Import Controls

Import permits are required only for the following products: wheat, flour, semolina, barbed wire, radio transmitters, firearms, milk products, rice, fruits, vegetables, seeds and confectionery. Exchange permits as such are not needed, but there are administrative controls requiring all applications for foreign exchange to have the approval of the Central Bank.

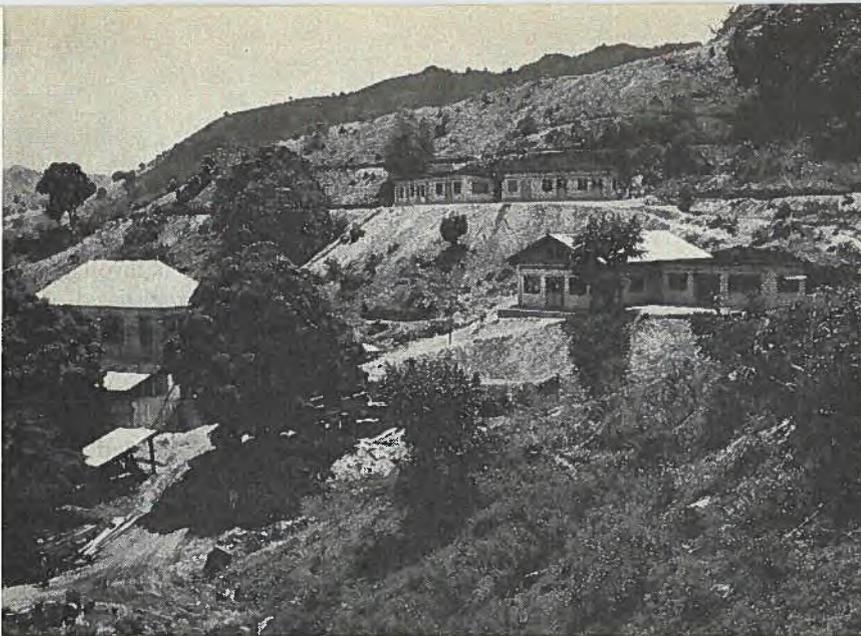
In October 1959 the Junta Coordinadora de Importaciones y Exportaciones was established. This board, which includes officials of the Central Bank and Customs, requires

importers to submit form CE#31 for statistical purposes for orders with a c.i.f. value of over \$1,000. This form is submitted through the commercial banks, registered, and returned before the importer places a firm order abroad. The commercial bank refers to this document when remitting the foreign exchange. No form is needed for an import order under \$1,000 and foreign exchange is remitted without undue delay.

Canadian businessmen can expect to continue exporting their goods and services to the Republic, despite the current business recession. The country has enough foreign exchange to pay for imports without delay. Shipping services are good, particularly from east coast ports.

Since the signing of the 1940 Trade Agreement, Canada and the Dominican Republic have exchanged most-favoured-nation tariff treatment. The Dominican Republic is also a member of GATT, under which both countries have negotiated tariff concessions on many products of importance to their trade. Because of the high duties and low purchasing power of a large segment of the population however, it is a price market, and price rather than quality is the determining factor. ●





*A view of the original company buildings at the newly opened copper mine being developed by Consolidated Halliwell of Canada at Terre-Neuve in northern Haiti.*

# Haiti

J. E. BROSSARD, *Chargé d'Affaires, a.i., and Consul, Port-au-Prince.*

HAITI is a small country occupying the western part of the island of Hispaniola, between Cuba and the Dominican Republic. Few statistics are kept but the present population is estimated at about 3.8 million people who live in an area of 10,714 square miles. This makes it the most densely populated part of the western hemisphere. Ninety per cent of the people are negroes and 10 per cent mulattoes. One-tenth only are literate but there is a very cultured élite. Most Haitians speak Créole, a type of French, but the élite speak French and most of them know English as well. Port-au-Prince is a city of 300,000 and there are three other towns of importance—Cape Haitien, les Cayes and Gonaïves—but the bulk of the population is rural.

Two-thirds of the country is mountainous and the rest consists of the central and Artibonite plains. About one-third of the land is arable and one-third of this is cultivated. There are few streams and still much land to irrigate, and little grazing land. Deforestation and

erosion are grave problems. Incidentally, a secondary cause of deforestation is the wide use that poor Haitians make of charcoal stoves. Esso is seeking to introduce cheap kerosene stoves and there are signs that it will succeed in doing so. This is a good illustration of how one can help a country and at the same time promote one's own business.

Haiti is a poor country and her present economic situation is difficult. Her purchasing power depends upon the export value of her crops; the principal ones are sugar cane, sisal, bananas and cotton and above all, coffee. The latter accounts for over 50 per cent by value of Haiti's exports and provides almost one-third of the budget, which in 1959-60 totalled \$23 million. Recent coffee crops have failed to produce the export quota of 500,000 bags fixed for Haiti under last year's International Coffee Agreement. The fall of coffee prices on world markets and the disparity between prices realized for commodity exports and those paid for industrial

imports is a serious problem for this country.

On the other hand, despite Haiti's financial difficulties and administrative hardships, it has had complete currency stability for over 41 years. Furthermore, there is no animosity towards foreign capital investment and there have been no attempts to nationalize or expropriate foreign enterprises.

## Canadian Interests

Of Haiti's minerals, bauxite and copper are the only ones exploited at present. Bauxite is mined by Reynolds Metal, a U.S. firm. Consolidated Halliwell of Canada owns SEDREN, a company pursuing copper-mining operations at Terre-Neuve in the northern part of the country. Canadian and U.S. capital invested amounts to well over \$8 million and most of the thirty foreign technicians are Canadian and British. Preliminary exploration was completed last year and underground shafts were opened this year. A road was opened from the mines to the town of Gonaïves on the seashore and a wharf built; 700,000 feet have been bored and mineral samples are being studied. The plant is about to be completed and the company intends to embark soon on full-scale operations. Mine officials are confident that SEDREN will become the largest Haitian industry.

There is one other Canadian firm of some importance, Caribbean Canadian Chemical. Most other industries are U.S. or U.S.-Haitian-owned and operated. The Haitian American Sugar Company (HASCO) is the major refinery. Caribbean Mills, an American enterprise, mills all wheat imported into Haiti and makes cake and pastry flour also. In October 1959, a barter agreement was concluded between Reynolds Metal and Caribbean Mills, providing for the exchange of Haitian bauxite for U.S. surplus wheat. Import permits for flour have not been granted since March last. The first meat-packing plant in Haiti, Haitian-American

Meat and Provision, and a plant for the processing of cocoa beans, Haitian Manufacturing and Specialties, started operating recently; both are U.S. financed. Of the five sisal decorticating plants, one is U.S.-Haitian Government owned and operated and the others are U.S.-owned and operated. Textile mills are Haitian-controlled.

### Aid Programs

Several agencies are sharing in Haiti's development. Loans have been granted by the International Monetary Fund and by the World Bank. (It was announced late in September that the IMF would grant Haiti a further \$6 million credit.) World Bank loans have been applied mostly to the construction and improvement of roads. The Export-Import Bank has also contributed. There are many United Nations experts in Haiti, including two Canadians working in the fields of health and aviation.

The two most publicized aid programs are financed by the United States. In the north, the "Poté Colé" program ("pull together" in Créole) covers various development projects, such as the building and improvement of roads; the culture and disposal of coffee, cocoa and tobacco; health centres, etc. The Organization for the Development of the Artibonite Valley (ODVA) has met with some difficulties lately in its electrification and irrigation program. Nevertheless, it has succeeded in increasing the production of tomatoes and rice appreciably.

### Power and Communications

What Haiti needs above all is power and communications. Electricity fails at times, even at Port-au-Prince. A dam was started at Peligre in the central Artibonite Valley in 1956 to facilitate the extension of irrigation and soil conservation in the valley and to provide power for this region and for the capital. However, it stands idle. It is essential that it be completed and that a 40,000 kilowatt

hydro-electric power station be built, but this cannot be done without further aid and the help of foreign investors.

The telephone system is not quite operating, roads are poor, and Haiti has no facilities yet for jet planes. However, roads in the Artibonite and in the north are now being built or improved with the aid of the World Bank and through the "Poté Colé". Further, a contract was signed in August between the Haitian Government and the John C. Peterson Corporation of Baldwin, New York, providing for the construction of a modern jet airport and for the improvement of the Port-au-Prince wharf at a cost of up to \$10 million, to be repaid at 6 per cent interest within ten years after the works are completed. Pan American World Airlines has offered to collaborate.

### Tourist Trade

The completion of this jet airport is essential for the Haitian tourist trade, the basic Haitian industry which, although it may have declined somewhat lately, brought in about \$6 million during 1959. As a lure for the tourist Port-au-Prince enjoys some free-port privileges. Perfume, jewellery, German and Japanese cameras and other luxury items enter duty-free, subject only to a general entry fee. Spirits, however, are taxed heavily enough, except French wines and liqueurs which come in under a special agreement. There are daily flights via Pan American to and from Miami and to and from Jamaica and Puerto Rico, with connections for New York at Ciudad Trujillo. Panama Steamship Line has ships calling at Port-au-Prince regularly, and Saguenay Shipping may soon resume a monthly service. Haiti is an attractive country for tourists and businessmen coming here can combine business with pleasure.

### Foreign Trade

Haiti's principal exports are, after coffee, sisal, raw cotton, raw sugar,

cocoa and bananas. Her principal imports normally include foodstuffs and wheat, cotton manufactures, petroleum products, iron and steel manufactures, agricultural implements and household utensils, motor vehicles, and chemical and pharmaceutical products. The total value of foreign trade is somewhat low just now. The United States is by far the largest exporter to Haiti, mostly of manufactured goods, canned products and other foodstuffs, including wheat. It is also the largest importer of Haitian goods, with France, Belgium and Canada following. A trade treaty was signed with Japan recently and a new one with France.

### Canadian-Haitian Trade

Trade between Canada and Haiti decreased during 1959 and 1960, mainly as a consequence of a radical drop in Canadian wheat exports to Haiti; Caribbean Mills now is importing U.S. wheat and flour only. Other factors were the higher cost of transportation from Canada and higher Canadian prices. The following table summarizes trade between Canada and Haiti in 1958 and 1959 and during the first quarter of 1960:

	1958	1959	Jan.-April 1960
Can. exports to Haiti	\$2,196,610	\$1,379,695	\$491,364
Can. imports from Haiti	1,080,450	1,068,123	228,135

Currently, main Canadian exports to Haiti are fish, chemical products, rubber goods (tires and tubes), and paper and wood products (plywood, shooks of wood for boxes). Main exports from Haiti to Canada are sisal, green coffee beans and fibre produce (twine, rugs), rum and handicraft, particularly of mahogany and sisal.

Local conditions for processing fish are unfavourable and refrigeration is lacking, so there is an excellent demand for salted and smoked fish. Imports of Canadian fish in 1959 totalled 7,964,320 pounds compared with 7,970,800 pounds

in 1958. Largest exports to Haiti are alewives, followed by bloaters of the 80-120 or (better still) of the 140-160 variety, and by salted codfish. There is, however, little demand for pickled herring, canned fish (except sardines) and frozen fish. In all cases, prices must be kept low, otherwise Canadian exporters may encounter much stiffer competition from European exporters.

### **A Price Market**

Above all, Haiti is a price market. Purchasing power is low and the average annual income is the smallest in the hemisphere, only \$65. Quality does not count. As for wealthy Haitians, they tend to look for European products. It must also be kept in mind that this is a tropical country and temperature is high almost everywhere except at altitudes over 4,000 feet. Thus some Canadian products can find no market here. For instance, a firm offered recently six pairs of nylon stockings for one dollar. A local newspaper wrote, "For that price, no girl should go without them, except who wears stockings?"

There are no foreign exchange controls in Haiti. Credit is expected and granted easily. Duties are levied both on an ad valorem and a specific basis. The national currency is the gourde but U.S. dollars are used freely and are exchangeable at a fixed rate of five gourdes to the dollar, under a Convention in force since 1919. There is a branch of the Royal Bank of Canada in Port-au-Prince.

Canada and Haiti exchange most-favoured-nation tariff treatment and have negotiated tariff concessions on items of importance in their trade under the GATT, of which both countries are members.

This Embassy will be pleased to provide Canadian exporters with any further information on the Haitian market, duties, advertising and publicity agents, and other pertinent matters. ●

# Puerto Rico

W. B. McCULLOUGH, *Commercial Counsellor, Ciudad Trujillo.*

PUERTO RICO'S economy rose to new heights in the fiscal year ended June 30, 1959, and according to the office of Economic and Financial Research, the outlook for fiscal 1960 is brighter than ever. Significant strides were made in all important sectors. The Commonwealth's net income reached \$1,148 million, up almost 8 per cent from the previous year. Agricultural income expanded by nearly 5 per cent and manufacturing income rose by 8 per cent. Net income from trade registered a 10 per cent increase.

Private financial activity kept pace with the rest of the economy. Bank deposits totalled \$477.3 million, up about 14 per cent from the previous year. Eighteen new branches of commercial banks operating in Puerto Rico were opened during the year.

For the first time in history the annual per capita personal income exceeded \$500, reaching \$511 in contrast to \$272 in 1949 and \$121 in 1940.

Although Canada's exports to the island dropped about 16 per cent in 1959, our exports during the first seven months of 1960 have increased modestly over the same period last year.

### **Industrial Drive Successful**

During the fiscal year ended June 30, 1959, 53 new government-promoted or assisted factories were built, bringing the cumulative total since 1947 to 627 in operation. This policy of the Government's Economic Development Administration (locally termed Operation Bootstrap) of promoting industry on the island continues. Generous incentives are offered to investors: these include tax exemptions, economic studies on production costs, plant locations, and financing.

Puerto Rican agriculture made a partial recovery in fiscal 1959. The gross value of production was \$228.3 million, 6 per cent higher than the average value of production in the years 1952-53 to 1957-58. Raw sugar output reached 1,072,000 tons. This was below the marketing quota assigned to Puerto Rico but 149,700 tons above the preceding year's production.

Coffee, tobacco and legumes registered decreases during the year, but all livestock products exceeded the previous year's production. The value of milk production was estimated at \$49.3 million, up 6 per cent over the previous year, and beef production at \$10.8 million, up \$1.3 million. Other items such as eggs, pork, poultry and goats increased in value and in volume.

### **Tourist Trade**

Puerto Rico has a thriving tourist industry and more and more people are visiting the island to enjoy a pleasant tropical holiday. New luxury hotels are being built each year and during the season December-March, reservations must be made well in advance. But people are also tending to spend their summer vacations in the tropics and during July hotel-room occupancy stood at about 80 per cent. During the fiscal year ended June 30, 1959, tourist revenue was estimated at \$42 million, compared with \$34.2 million in 1958 and \$28 million in 1957.

### **External Trade**

External trade continued to climb in 1959, with imports registering a gain of 9.6 per cent and exports of 7 per cent over the previous year. The trade statistics for the fiscal year ended June 30, 1960, are not available. The table on page 41

shows the value of imports and exports for the past two fiscal years:

	Imports	Exports
	(in millions of U.S.\$)	
1958	728.9	467.9
1959	807.1	503.2

As in previous years, the export-import deficit in 1959 was financed mainly by outside investment in Puerto Rico, unilateral transfers, and the tourist trade. The most significant change in the trade pattern was the increase in imports from European Common Market countries—to \$26 million from \$17 million in 1958. About half of these imports came from West Germany.

During the fiscal year 1959, imports from sources outside the United States were valued at \$137.2 million, 8.3 per cent of total imports, compared with \$108.6 million or 8.5 per cent the previous year.

Table I gives imports from foreign countries (i.e., other than the United States), for the fiscal year ended June 30, 1959, compared with fiscal 1958.

### Trade with Canada

Canadian exports to Puerto Rico in 1959 were valued at \$10.5 million, down from \$12.5 million the previous year. However, during the first seven months of 1960 our exports reached \$6.4 million, up from the \$6.0 million in the same period in 1959.

As in previous years, the big three continue to be lumber, dried cod and newsprint. Puerto Rico is our most important market for salt cod from the Atlantic Provinces, with about three-quarters coming from Newfoundland. Salted fish is basic in the Puerto Rican diet and one of the few staples the price of which is controlled by the Government.

Demand for construction lumber, such as Douglas fir and hemlock planks, continued in 1959 and is holding up in 1960. This material is widely used in the construction of factories, office buildings and homes, and is supplied by British Columbia.

TABLE I—PUERTO RICAN IMPORTS

	1958	1959
	(in thousands of dollars)	
Animals and animal products, edible	9,226	12,536
Animals and animal products, inedible	167	406
Vegetable food products and beverages	7,165	7,627
Vegetable products, inedible, except fibres and wood	806	1,031
Textile fibres and manufactures	1,201	1,573
Wood and paper	8,838	10,281
Non-metallic minerals	54,330	68,339
Metals and manufactures, except machinery and vehicles	8,516	11,414
Machinery and vehicles	8,741	15,903
Chemicals and related products	5,610	5,267
Miscellaneous	4,098	2,911

TABLE II—CANADIAN EXPORTS TO PUERTO RICO

	1958	1959	Jan.-July 31, 1960
	(in Canadian dollars)		
Potatoes n.o.p., except seed	843,027	173,972	
Malt	445,582	491,834	258,040
Pollock, dried salted	227,334	420,802	228,747
Cod, salted	3,692,337	2,271,469	1,823,074
Haddock and pollock, frozen	15,292	25,517	11,557
Other cured fish	33,649	28,458	18,186
Planks, boards	3,135,834	3,390,460	2,502,452
Newsprint	1,630,272	1,524,610	329,850
Passenger automobiles	343,415	358,115	441,680
Copper rods, strips, sheets	24,879	117,693	52,074
Copper tubing	154,173	311,477	257,349
Electrical apparatus n.o.p.	4,436	264,112	2,063
Whisky	83,632	98,117	34,175
Seed potatoes	113,109		
Aluminum in primary forms and semi-fabricated	394,336		521
Total exports to Puerto Rico	12,569,861	10,542,683	6,430,547
Exports to Puerto Rico for Jan.-July 31, 1959			6,023,249

TABLE III—CANADIAN IMPORTS FROM PUERTO RICO

	1958	1959	Jan.-April 30, 1960
	(in Canadian dollars)		
Coconuts	40,760	32,710	28,311
Molasses of cane	223,267		
Rum	503,934	525,575	137,002
Machinery and parts n.o.p.	169,181	120,079	49,575
Flat-irons, electric, and parts	82,701	222,111	110,425
Ethylene glycol for antifreeze		442,297	
Total imports from Puerto Rico	1,442,644	1,800,158	487,543

Sales of newsprint have dropped notably this year, although there is no reason to believe that Canada will not continue to be the principal source of supply. According to the *Maritime Register*, arrivals of newsprint from all sources during the first seven months of 1960 totalled

2,747 tons in contrast with 5,905 tons for the same period in 1959 and 5,609 tons in 1958. According to Canadian statistics, newsprint sales to Puerto Rico to the end of July 1960 totalled 2,383 tons, compared with 5,334 tons to the end of July last year. Earlier this year the leading newspapers in Puerto Rico indicated that their requirements of newsprint would be slightly larger than last year.

An interesting export is passenger automobiles, which show an increase this year. These are the Pontiac sixes—models not manufactured in

the U.S.—that compete with other makes in this market.

Our principal imports from Puerto Rico are shown in Table III.

Canadian exporters who wish to do business here should note that there are no import restrictions or exchange controls and that Puerto Rico is part of the U.S. domestic customs and trade area. There are no tariffs or other trade barriers between the island and the United States and the U.S. tariff applies to all foreign goods imported from abroad. The unit of currency is the U.S. dollar.

Like other countries in the Caribbean area, Puerto Rico is a price-conscious market. Competition from other countries is keen, particularly from duty-free imports from the United States mainland. Puerto Rico is an excellent outlet for Canadian raw and semi-processed materials for consumption by her expanding industries. Canadian businessmen should thus keep Puerto Rico in mind as an area well worth investigating, now and in the future. For those who can visit the market, San Juan, the capital, is only about three hours by air from New York. ●

## SHIPPING SERVICES FROM CANADA TO THE CARIBBEAN

	FROM		
	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
<b>TO: Bahamas</b>			Saguenay Shipping Ltd. (Saguenay Shipping Ltd., Montreal)
<b>Barbados</b>			Royal Netherlands Line (Montreal Shipping Co. Ltd., Montreal) Saguenay Shipping Ltd.
<b>British Honduras</b>			Gran Centroamericana (McLean Kennedy Ltd., Montreal)
<b>Costa Rica</b>	Chilean North Pacific Line (Dodwell & Co., Vancouver) Grace Line (C. Gardner Johnson Ltd., Vancouver) Grancolombiana (Balfour Guthrie (Canada) Ltd., Vancouver; Swedish American Line, Montreal) Venezuelan Line (Empire Shipping Co. Ltd., Vancouver)		
<b>Cuba</b>	Grace Line K Line (Johnson Walton Steamships Ltd., Vancouver) O.S.K. Line (C. Gardner Johnson Ltd., Vancouver)		Grancolombiana Saguenay Shipping Ltd.  Swedish American Line (Swedish American Line, Montreal)

<b>Dominican Republic</b>	K Line Mitsui Line ( <i>Pacific Export Lines Ltd., Vancouver</i> )	Saguenay Shipping Ltd.
<b>El Salvador</b>	Chilean North Pacific Line Grace Line Grancolombiana	Via Puerto Barrios: Gran Centroamericana
<b>Guatemala</b>	Chilean North Pacific Line Daido Line ( <i>Dingwall Cotts &amp; Co., Vancouver</i> ) Grace Line Grancolombiana	Gran Centroamericana
<b>Haiti</b>		Royal Netherlands Line
<b>Honduras</b>	Grace Line	Gran Centroamericana
<b>Jamaica</b>	K Line	Canada Jamaica Line ( <i>Kerr Steamships Ltd., Montreal</i> ) Saguenay Shipping Ltd.
<b>Leeward and Windward Islands</b>		Saguenay Shipping Ltd.
<b>Mexico</b>	Chilean North Pacific Line Daido Line Grancolombiana Grace Line Venezuelan Line	Grancolombiana Swedish American Line
<b>Nicaragua</b>	Chilean North Pacific Line Daido Line Grace Line	
<b>Panama</b>	Daido Line d'Amico Line ( <i>Anglo Canadian Shipping Co. Ltd., Vancouver</i> ) Grace Line K Line Mitsui Line	Grancolombiana West Coast Line ( <i>Saguenay Shipping Ltd., Montreal</i> )
<b>Puerto Rico</b>		Saguenay Shipping Ltd.
<b>Trinidad</b>	Daido Line K Line Mitsui Line Moore-McCormack Lines ( <i>Balfour Guthrie (Canada) Ltd., Vancouver</i> )	Michigan Ocean Line ( <i>Kerr Steamships Ltd., Montreal</i> ) Michigan Ocean Line Royal Netherlands Line Saguenay Shipping Ltd.



## Trade and Tariff Regulations

### Argentina

**PACKING LISTS**—The original regulation requiring the provision of a packing list for all shipments presented for customs clearance in Argentina was suspended to permit a detailed study of the problem. Now, a new regulation, effective October 23, 1960, as contained in Customs Resolution #433, has been promulgated. The details of this resolution are as follows:

1. The Customs authorities must be supplied with a packing list which gives in detail the contents of each package in addition to the usual commercial invoice and legalized consular invoice.
2. However, where the contents of all packages are identical to any one package, the packing list need list in detail only the contents of the single package.
3. Goods imported in bulk, such as sand, coal, petroleum, etc., are exempted from this requirement. Also exempt are shipments in which the individual articles are absolutely identical in all respects—type, weight, characteristics, etc.—since in such cases a packing list would have no value in respect of the fiscal control of the merchandise.
4. Preferably the packing list should be completed in Spanish, but it will be accepted in English, French, Italian or German. However, the Customs authorities reserve the right to require an acceptable translation to be presented in cases where this is considered necessary.
5. The previous resolutions on this subject, No. 109 of January 29, 1960, and No. 232 of April 18, 1960, are cancelled—Buenos Aires.

### Cuba

**STATE TRADING**—Mr. R. R. Parlour, Commercial Counsellor in Havana, reports that BANCEC, the Cuban State Trading Agency, has been made the *sole importer* of all commodities imported into Cuba. Shipments already covered by import licences are not

affected by this change. But as of October 21 no further licences will be granted to private importers.

Mr. Parlour also reports that BANCEC has announced that commission agents acting as intermediaries in BANCEC operations with foreign suppliers are now required to accompany the standard "Purchase Application" form, which they must file with BANCEC, with a sworn declaration indicating the amount or percentage they are to receive in each operation.

### Trinidad

**LICENSING ANNOUNCEMENT**—The Government of Trinidad has announced that, effective September 23, 1960, imports of beer, stout, and eggs not in the shell, liquid, frozen, are no longer under import control.

### Turkey

**FIFTH IMPORT QUOTA ANNOUNCED**—The Commercial Counsellor in Athens, Greece, reports that the fifth import quota was announced on October 3 to cover the anticipated three-month period, October-December 1960. The deadline for import licence application is November 3. Import licences would be valid for seven months instead of six as previously.

The global quota allocations total \$44.4 million. Included in the allocations are: iron and steel products \$3.7 million; non-ferrous metals \$575,000; chemical fertilizers \$1.5 million; antibiotics and pharmaceuticals \$1.45 million; diesel petrol engines \$1 million; hides and skins \$1 million; plastic raw materials \$1 million; synthetic resins \$100,000; carbon black \$850,000; synthetic and artificial silk yarns \$650,000; disinfectants, etc., \$350,000; paints and colours \$160,000; hand tools \$150,000; wood pulp \$200,000; pitprops \$100,000.

The free import list is basically unchanged from that in force from February 1960, but it now includes items previously granted automatic licence which the February list cancelled. Additions to the list include brake

and clutch linings, refractory bricks, ammonium phosphate, aluminum and zinc. Free import licences are issued on demand and are valid for six months.

Further information will be available when the official text of the amendment is received.

### Uruguay

**IMPORT REFORM**—Mr. Blair Birkett, Commercial Counsellor in Montevideo, reports that Uruguay has eliminated all prohibitions on imports, and has simplified and reduced the surcharges and prior deposit requirements applicable to imported goods.

Surcharges are now levied at the rate of 40 and 75 per cent of the c.i.f. value for products for which

locally-made substitutes exist, and at the rate of 150 per cent for goods considered to be luxury goods by the Uruguayan Government.

The three categories of goods requiring prior deposits of 50, 100, and 150 per cent of the c.i.f. value have been replaced by a single category requiring a prior deposit of 100 per cent of the c.i.f. value, applying only to luxury goods, subject to a surcharge of 150 per cent.

The new import classifications are still subject to appeal from local industry and as a result the import lists have not yet been finally established.

Further details will be published when they become available.

## Trade Commissioners on Tour

### In Canada:



**B. HORTH**, Assistant Commercial Secretary in The Hague, Netherlands:

Montreal—Nov. 14-18

Vancouver—Jan. 27-31

Toronto—Nov. 21-25

When he completes his tour, Mr. Horth will be posted to New Delhi, India, as Assistant Commercial Secretary.

*Businessmen who wish to see Mr. Horth 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.*

### In territory:

**D. S. ARMSTRONG**, Commercial Counsellor in Cairo, United Arab Republic, will visit Aden and Jeddah, Saudi Arabia, from December 7-16.

NOVEMBER 5, 1960

**A. A. BARRIGA**, Commercial Assistant in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from November 7-11.

**F. B. CLARK**, Commercial Secretary in Mexico City, will visit Guadalajara and Manzanillo from December 5-10.

**P. A. FREYSENG**, Assistant Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from November 22-30, and Budapest, Hungary, from December 13-16.

**W. J. JENKINS**, Acting Commercial Secretary in Lima, Peru, will visit Pucallpa and Iquitos during the second half of November.

**W. M. MINER**, Assistant Commercial Secretary in Mexico City, will visit Aguascalientes, Leon, Guanajuato and Queretaro from December 27-31.

**K. F. OSMOND**, Commercial Secretary in Accra, Ghana, will visit Sierra Leone, Gambia and Liberia from November 11-24.

**R. K. THOMSON**, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia, from October 31-November 11, and Prague, Czechoslovakia, from December 5-9.

*Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, the Commercial Secretary at Bogotá, Mr. Clark and Mr. Miner at Mexico City, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Jenkins at Lima, and Mr. Osmond at Accra.*

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

Conversion 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 1.02400.

# Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 24	Units per Canadian dollar	Notes (See below)
Argentina .....	Peso .....	Free .....	.01186	84.32	(1)
Austria .....	Schilling .....	.....	.03774	26.50	
Australia .....	Pound .....	.....	2.1983	.4549	
Bahamas .....	Pound .....	.....	2.7479	.3639	
Belgium and Luxembourg ....	Franc .....	.....	.01959	51.05	
Bermuda .....	Pound .....	.....	2.7479	.3639	
Bolivia .....	Boliviano .....	Free .....	.00008548	11,698.64	
British Guiana .....	Dollar .....	.....	.5725	1.75	
British Honduras .....	Dollar .....	.....	.6870	1.45	
Brazil .....	Cruzeiro .....	General Category* .....	.004266	234.41	*Oct. 11 (2)
		Special Category .....	.001612	620.46	
		Official selling .....	.05163	19.37	(3)
Burma .....	Kyat .....	.....	.2051	4.87	
Ceylon .....	Rupee .....	.....	.2061	4.85	
Chile .....	Escudo .....	Free .....	.9283	1.07724	(4)
Colombia .....	Peso .....	Certificate .....	.1458	6.86	
Congo, Republic of	Franc .....	.....	.01959	51.05	
Costa Rica .....	Colon .....	Official .....	.1739	5.75	
		Controlled free .....	.1468	6.81	
Cuba .....	Peso .....	.....	.9766	1.02396	tax 2%
Czechoslovakia .....	Koruna .....	.....	.1356	7.37	
Denmark .....	Krone .....	.....	.1419	7.05	
Dominican Republic .....	Peso .....	.....	.9766	1.02396	
Ecuador .....	Sucre .....	Official .....	.06511	15.36	
		Free .....	.05711	17.51	
Egyptian Region, United Arab Rep.	Pound .....	Official .....	2.8043	.3566	
		Export account selling .....	2.4125	.4145	
El Salvador .....	Colon .....	.....	.3906	2.56	
Fiji .....	Pound .....	.....	2.4756	.4039	
Finland .....	Markka .....	.....	.003052	327.65	
France, Monaco, etc. ....	New Franc .....	.....	.1988	5.03	(5)
French Territories, Africa, etc. ....	Franc .....	.....	.003976	251.51	(6)
French Pacific .....	Franc .....	.....	.01093	91.49	(7)
Germany .....	D Mark .....	.....	.2341	4.27	
Ghana .....	Pound .....	.....	2.7479	.3639	
Greece .....	Drachma .....	.....	.03255	30.72	
Guatemala .....	Quetzal .....	.....	.9766	1.02396	
Haiti .....	Gourde .....	.....	.1953	5.12	
Honduras .....	Lempira .....	.....	.4883	2.05	
Hong Kong .....	Dollar .....	Free* .....	.1715	5.83	*Oct. 7
		Official .....	.1717	5.82	
Iceland .....	Krona .....	Official .....	.02570	38.91	(8)
India .....	Rupee .....	.....	.2061	4.85	
Indonesia .....	Rupiah .....	Official .....	.02170	46.08	(8)
Iran .....	Rial .....	.....	.01289	77.57	
Iraq .....	Dinar .....	.....	2.7344	.3657	

\*Latest available quotation date.

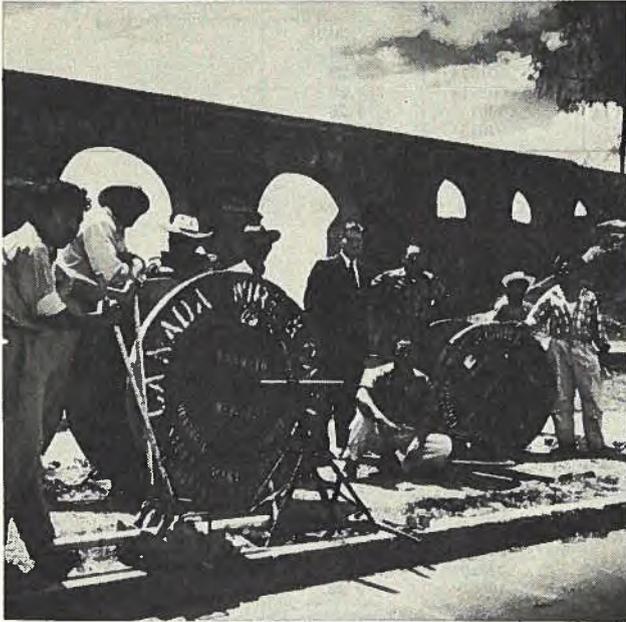
Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 24	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7479	.3639	
Israel	Pound		.5425	1.84	
Italy	Lira		.001574	635.32	
Japan	Yen		.002713	368.59	
Lebanon	Pound	Free	.3087	3.26	
Mexico	Peso		.07813	12.80	
Netherlands	Florin		.2590	3.86	
Netherlands Antilles	Florin		.5219	1.92	
New Zealand	Pound		2.7479	.3639	
Nicaragua	Cordoba	Effective buying	.1479	6.76	
		Official selling	.1385	7.22	
Nigeria	Pound		2.7479	.3639	
Norway	Krone		.1371	7.29	
Pakistan	Rupee		.2061	4.85	
Panama	Balboa		.9766	1.02396	
Paraguay	Guarani	Official	.007720	129.53	
Peru	Sol		.03634	27.52	
Philippines	Peso		.4883	2.05	
Portugal & Colonies	Escudo		.0341	29.32	(9)
Singapore and Malaya	Straits Dollar		.3206	3.12	
Spain and Dependences	Peseta		.01628	61.44	
Sweden	Krona		.1892	5.28	
Switzerland	Franc		.2268	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2732	3.66	
Thailand	Baht	Free	.04619	21.65	(8)
Turkey	Lira		.1085	9.22	(8)
Union of South Africa	Pound		2.7479	.3639	
United Kingdom	Pound		2.7479	.3639	
United States	Dollar		.9765625	1.02400	
Uruguay	Peso	Free	.08814	11.34	(10)
Venezuela	Bolivar		.2915	3.43	
West Indies Fed.	Dollar		.5725	1.75	(11)
	Pound		2.7479	.3639	(12)
Yugoslavia	Dinar	Official	.003255	307.22	(8)
		Settlement rate	.001545	647.17	

\*Latest available quotation date.

## Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.\$18.36 plus (a) an exchange premium of Cr.\$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.\$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.\$18.92 per U.S. dollar plus a surcharge of Cr.\$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

*In Guatemala—A handsome new boulevard has been built in Guatemala City and now the work crews are installing the lighting system, using steel wire and cable from Canada.*

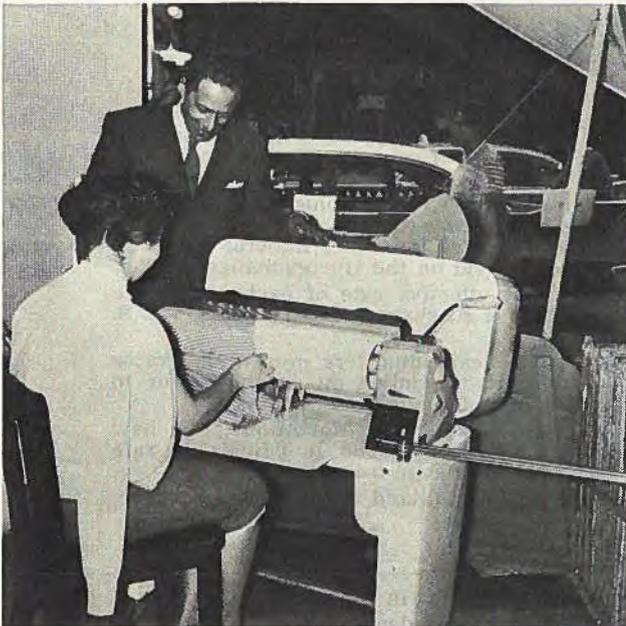


*In Trinidad—Canadian-made, decorative plastic laminate provided the gleaming top for this counter, chosen to furnish the reception area of Varig Airlines' office in Port-of-Spain.*



## Canada in Caribbean Markets

*Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".*



*In Mexico—A young housewife considering the purchase of an electric ironer visits a retail store in busy downtown Mexico City and tries one which has been imported from Canada.*



*In Jamaica—A Jamaican manufacturer of women's shoes will soon receive these Canadian plastic heels. Just taken from the moulding machine, they are being examined by the manager.*





DEPARTMENT OF TRADE AND COMMERCE  
CANADA

FOREIGN TRADE SERVICE

OTTAWA, November 3, 1960.

Mr. A.B. Smith,  
Export Manager,  
Frozen Foods Limited,  
Toronto, Ontario.

Dear Mr. Smith:

You wrote to us on November 1 about exporting your frozen peas to the United Kingdom. Because the U.K. recently removed all import restrictions on frozen vegetables and the market there is expanding, we believe energetic sales promotion would be rewarded.

Fifty-five thousand British retailers now handle frozen foods, and 1,000 to 1,500 more enter this field each month. Consumption of frozen vegetables is outrunning domestic production: last year output rose by 30 per cent, but consumption went up 40 per cent and imports 60 per cent. Peas made up 80 per cent of the frozen vegetable imports. Foreign competition is vigorous, but frozen vegetables from Commonwealth countries enter the U.K. duty free. Other suppliers pay a rate of 10 per cent ad valorem.

Currently, five major U.K. frozen food packers are promoting their own brands of domestic and imported frozen foods. They are interested in importing bulk frozen peas. However, introducing your company's own brand of frozen peas will take more time, effort and capital, and the sooner you enter this rapidly developing market the greater the long-term benefits will be.

A number of U.K. food brokers have expressed interest in representing Canadian exporters. Our Trade Commissioner in London recommends the attached list of processors and food brokers whom you can contact directly. It is important that your first letter to these firms include full details of prices (preferably c.i.f. United Kingdom ports), delivery dates, as well as labels and other descriptive material on grading, inspection, and packing.

We would like to hear how you get on, and will be glad to help you further, as will our Trade Commissioners in Britain.

Yours sincerely,

*John B. Mountain*

J.B. Mountain,  
Agriculture and Fisheries Branch.

Can I sell  
frozen peas  
to the  
U.K....

Trade and Commerce Can Help You