NOVEMBER 19, 1960

foreign trade

CANADA

HOW TO ADVERTISE IN MEXICO (page six)

Established in 1904

foreign trade

OTTAWA, NOVEMBER 19, 1960 Vol. 114, No. 11

cover The night sky in Mexico City is brightened by numbers of attractive and imaginative illuminated signs—some of them already familiar to Canadian eyes. They have proved particulary effective in promoting well known consumer products like soft drinks and cigarettes, widely used by all classes. For advice on advertising other products in Mexico and on media, turn to page six.

CANADA

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The Hon. GEORGE HEES, Minister. JAMES A. ROBERTS, Deputy Minister.

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Consulting Engineers

Probe Opportunities in Latin America

A mission of 14 Canadian consulting engineers visited Argentina, Chile, Peru and Colombia last September to try to determine the opportunities for their services in these countries, many of them with exciting projects in the planning stage. The Secretary of the mission describes the satisfying results.

R. A. FRIGON, *Chief, Engineering and Equipment Division, as told to Norman Dahl.*

ON the evening of Friday, September 16, a big Canadian Pacific airliner touched down at Buenos Aires, and a group of Canadians stepped out onto the tarmac to begin a 19-day tour of Argentina, Chile, Peru and Colombia. The new arrivals were members of the first Canadian mission of consulting engineers ever to set foot in South America.

I was on hand at the airport to meet the mission and, in my job as secretary and co-ordinator (the mission was under the auspices of the Department of Trade and Commerce), to help guide it through the busy days ahead. It is an hour-and-a-half drive down the broad, tree-lined highway from Ezeiza airport to the city, and the travellers had plenty of time to adjust themselves to the idea of being on the other side of the world, approaching the largest city in the southern hemisphere. On Saturday we met with the Commercial Counsellor of the Canadian Embassy for a briefing session, and on Sunday, we were guests at a fiesta inaugurating the Sixth Convention of the Union Panamericana de Asociaciones de Ingenieros (UPADI). Here at an estancia on the pampas outside the city, convention organizers staged an enormous gaucho-style barbecue for some 300 people. Surrounded by good food, good talk, folk dancing, we began to catch the flavour and tempo of Latin America, and to make the round of introductions to professional engineers, businessmen, politicians and civil servants who were to be our mentors and guides during the mission.

By now the reader will be asking why we came to South America in the first place. Who conceived this mission, and what did it seek to accomplish?

The idea of a mission of consulting engineers to make Canadian engineering better known in South America came to us at Trade and Commerce late last spring. We

searched about for an engineering event that would bring together as large a group of our South American colleagues as possible, and provide a good starting point for our visit. Our choice was the UPADI convention, to be held in Buenos Aires in September. (UPADI is an association of engineering societies of North and South America.) The idea received the enthusiastic support of the Engineering Institute of Canada, and a group of 14 consulting engineers were promptly named as delegates to the convention.

The UPADI convention was the occasion we were looking for. The meetings, formal and otherwise, proved an ideal place to renew old acquaintances and make profitable new ones. About one-third of the mission members had done some business in South America, and were able to reach new agreements and to foster relationships already established.

The Discussions

Most of the talks, tours, receptions and discussions that took us from Buenos Aires to Bogotá during the next three weeks were arranged by the Canadian Trade Commissioners in those cities. We met with government officials, heads of private and state corporations, engineers and businessmen. Visits were made in groups—we would be addressed, for example, by the president of a corporation or a Minister of Commerce—and appointments were arranged for and by individuals with their Latin American counterparts.

It was obvious from the start that there was no lack of interest in Canadians and what they had to offer in the field of consulting engineering. This interest and desire to be of assistance showed itself in many ways, including, not least, seating arrangements at table! The occasion I have in mind was a luncheon arranged by the Institute of Engineers in Santiago. Mr. J. M. Knowles, Acting Commercial Secretary, had suggested casually to the

Members of the Mission

Consulting Engineers

CHARLES C. HUSTON (spokesman)
C. C. Huston & Associates, Toronto. Exploration, evaluation and operation of ferrous, non-ferrous industrial and radioactive mineral projects.

G. R. ADAMS
Foundation of Canada Engineering Corporation Limited, Toronto. Civil, structural, electrical and mechanical engineering.

W. H. BEATON
Beauchemin-Beaton-Lapointe, Montreal. Municipal engineering and townsites, airport facilities, highway work and defence installations.

C. A. DAGENAIS
Surveyer, Nenniger & Chênevert, Montreal. Structural, mechanical, electrical engineering, soil mechanics and geology.

NICHOLAS FODOR
Nicholas Fodor & Associates Limited, Toronto. Mechanical, electrical and civil engineering.

R. McL. P. HAMILTON
General Engineering Company Limited, Toronto. Industrial, metallurgical and mining projects.

G. G. HATCH
W. S. Atkins & Associates Ltd., Toronto. Process engineering in mining, metallurgical, inorganic chemical and municipal fields.

A. T. HURTER
Stadler Hurter International Ltd., Montreal. Steam and hydro-electric plants, pulp and paper mills, chemical and industrial plants, town planning.

C. F. MORRISON
Morrison, Hershfeld, Millman & Huggins, Toronto. Buildings of all kinds, highway and railway bridges, roads, TV towers and microwave lines.

W. N. PAPOVE
Pathfinder Engineering Ltd., Vancouver. Pipelines, highways, bridges, buildings, marine and other structures, river control, aerial photography.

PAUL PELLETIER
Paul Pelletier Engineering Ltd., Montreal. Topographic and power surveys, dam design and reconstruction, and expressway bridges.

K. F. TUPPER
Ewbank and Partners (Canada) Ltd., Toronto. Thermal generating stations, utility services for industrial plants, transmission and distribution.

J. A. VANCE
Vance, Needles, Bergendoff & Smith Ltd., Woodstock, Ontario. Highways and highway bridges, expressways, airports; also traffic studies.

H. M. WRIGHT
Wright Engineers Ltd., Vancouver. Mining, metallurgical, structural, civil, electrical, chemical and architectural engineering.

Staff

R. A. FRIGON, (secretary), Department of Trade and Commerce, Ottawa.

J. H. BAILEY, Commercial Secretary and Consul, Bogotá, Colombia.

C. S. BISSETT, Commercial Counsellor, Buenos Aires, Argentina.

W. J. JENKINS, Acting Commercial Secretary, Lima, Peru.

J. M. KNOWLES, Acting Commercial Secretary, Santiago, Chile.

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President some time before that his guests be chosen with an eye to the interests of each Canadian, as outlined in the mission brochure. At the luncheon, almost every mission member found himself sitting next to the man he would have sought out had he been left on his own. A number of agreements or understandings were the direct result. One of the Canadians was amazed to find himself flanked by the two men with whom he had been speaking that morning and whom he had already been seriously considering as his representatives. Another left the luncheon with his partner and skipped an important group meeting, such was the importance he attached to this contact.

The Consultant's Rôle

Consulting engineering in South America, we found, is not as fully established as it is in Canada. But the opportunities for work in these countries, though somewhat limited at present and in need of cultivation, are excellent. Most of the contracts for large projects are let in the form of "package deals", with the local engineer assuming the rôle of promoter, contractor, engineer, financier, etc. The members of the group saw in this setup an opportunity to collaborate with local engineers (who would do the general engineering) in doing specialized engineering work for which they are especially fitted. Much of their time was therefore spent looking for information about this type of contract.

But independent consulting engineering as it is practised in Canada exists in South America too. Much of this work is done by university professors and deans of engineering colleges, and one of the mission's problems was to work out associations with these locally prominent engineers.

Because of the nature of a consultant's work, and because many of the South American projects are still in the planning stage, mission members did not expect to be told much on the tour that would be of immediate constructive use. They were told of projects under way and mooted, of problems of construction and operation, and given the ammunition to organize individual or collective assaults on the market in the future. Much of the information gathered during the 19 days has come to me through letters written by mission members since their return, many of them including proposals for action on specific projects.

Mission Members Write

"There definitely are opportunities for foreign consultants," one of the engineers writes, "as evidenced by the number of American, British, European and Japanese firms already practising there. This situation should apply equally to Canadian firms." He notes that to engage actively in the market, one must open an office right in South America, preferably in collaboration with a local consultant, and he goes on to describe how this could be done.

Another engineer observes that Canadian opportunities are probably best in fields requiring specialized knowledge, such as the mining, metallurgical, chemical and pulp and paper industries. Studies, some of which are financed by the United Nations, are under way in most South American countries. And when these proposals become actual projects (a package-type deal is the one generally adopted), Canadians could exploit their obvious popularity and obtain a good share of the business.

One of the mission members passed on the suggestion of a Peruvian Government official that we are not advertising ourselves well enough; Canadian engineers should contact prospective associates in South America both in writing and by visits, he pointed out, stating their firms' qualifications and indicating approval of their ability by the World Bank. Many of the engineers on the mission did, in fact, bring their own advertising material. One had even prepared for the occasion a special Spanish version of his firm's brochure, complete with photographs showing the type of work it had done and could do.

All members mentioned problems of long-term financing in competing for business in Latin America, and the need for foreign capital in these countries. But they also mentioned that, as much of the development work is financed through international organizations — including the World Bank and the International Finance Corporation—and through the United Nations Special Fund, Canadian consultants can make a strong bid for work in many projects by selling their services to these organizations.

Members were grateful for the assistance they received from the Department at home and abroad, and from the Canadian Ambassadors and other officers of the Department of External Affairs in the countries visited. Trade Commissioners prepared detailed briefs, acted as interpreters, and arranged press receptions, luncheons, individual and group appointments, and tours. An additional help was the attractive brochure prepared in Spanish by the Department at Ottawa, which included biographical sketches of each mission member, with photographs, and an outline of the work of the Canadian consultants in Canada and throughout the world.

Building for the Future

Seen as a whole, and certainly in the long view, the mission can be judged an unqualified success. Members were most enthusiastic and, since their return, have been systematically following up leads and pursuing recommendations with the Department.

In South America, we had the impression that we were breaking new ground, not only as engineers but as Canadians. Language was no special problem; two of the mission members spoke Spanish fluently, many of the South Americans spoke

English, and French was understood by many of the officials we met, much to the delight of the French-speaking members of the mission. Their continent, of course, is not vastly different from our own: we share the problems of difficult terrain and sparse population, and the same goal of making the best use of natural resources to build up our manufacturing industries. With these things in common, achieving rapport with the Latin Americans was not difficult, and it is on this increased mutual understanding that we hope to build.

We Visited . . .

It would be difficult to name all the places we visited and the people we saw. Some might prove of interest, however, and I have included a few highlights in the following summary:

• *Buenos Aires* (Sept. 16-23)—Yacimientos Petroliferos Fiscales (YPF). Controls the petroleum industry. Possible opportunities for the consulting engineers in preparing feasibility reports, as well as in the evaluation of reserves, etc.

—Ministry of Public Works. Has previously done all its own designs for harbours, bridges, railways. This situation is changing; outside engineers are sometimes engaged.

—Ministry of Transport. Responsible for engineering and operation of all railroads, ports and airports. Will undoubtedly promote major engineering and construction projects in future as expansion plans, now being studied under the aegis of the World Bank, proceed.

—Industrial Development Bank. Loans money for development of industrial projects; will supply up to 70 per cent of the financing required for projects in three fields: energy, transportation and steel. Employs technical teams to make surveys; could possibly use services of consulting engineers.

—The Government Arsenal. Controlled by the Argentine Army; plays a strong role in industrial development.

• *Santiago* (Sept. 24-27)—Economic Commission for Latin America (ECLA). A UN organization with headquarters in Santiago; a consultative group for Latin American countries; serves as a stimulus and source of ideas; conducts economic studies; has information on Latin American economic development not available elsewhere; invites inquiries. Mission members enthusiastic about this visit; felt they might be useful to ECLA in conducting feasibility studies.

—Corporación de Fomento (CORFO). A government agency; sets up new industries in Chile; has efficient organization and highly trained staff; receives 6 per cent of Chilean budget and loans from World Bank and Eximbank. CORFO may be in need of outside consultants, particularly those with background in the process industries.

• *Lima* (Sept. 28-30)—Ministry of Development and Public Works. Administers "Plan Peruvía" (see *Foreign Trade,* October 22, 1960, p. 10) and the "Plan del Sur", a project for the development of southern Peru. World Bank is financing a study for expansion of transportation facilities; consulting engineer will then be appointed. Possible opportunities for Canadians in pulp and paper, mining, etc.

• *Bogotá* (Oct. 1-5)—Ministry of Public Works and Ministry of Development. Minister of Public Works outlined projects on which outside engineers could be engaged, principally those for which World Bank makes loans; projects include steel mills, electrification, railways, roads. (See *Foreign Trade,* September 10, 1960, p. 19.)

—Tours of industrial projects in Medellín and Cali, including textile mill in Medellín; visit to Corporación Autonoma Regional del Cauca at Cali, which is given over to development of the Cauca Valley; visit to Tequendama Falls power station, 19 miles outside Bogotá. •

Air Freight to Britain

CANADA lags behind the rest of the world in using air freight when shipping to the United Kingdom. Air shipments of Canadian goods to Britain in 1959, taken on the average, amounted in value to only 1.3 per cent of our total exports to this market. Of total United Kingdom imports from all countries, 3.4 per cent arrived by air.

Recent figures, moreover, show a remarkable rise in the use of air freight for over-all United Kingdom imports. In terms of value, the percentage has more than doubled in the last three years alone. This is quite high when it is remembered that for the most part Britain's imports consist of heavy foodstuffs and raw materials.

The extent to which air freight is used for imports of manufactured goods has increased spectacularly in certain categories and shows a consistent rise year by year for nearly all types of manufactures. For example, the percentage of imports, by value, of "cotton yarns and woven fabrics" arriving by air rose from 5 in 1958 to 8 in 1959. The equivalent percentages for "man-made fibres and woven fabrics" were 17 and 26. As for "clothing, footwear, travel goods, and handbags," more than 25 per cent of all imports are now arriving by air.

Even more striking, because of the weights involved, is what is happening in machinery. About 21 per cent of 1959 imports of non-electric machinery arrived by air—a rise from 16 per cent in 1958. No less than 34 per cent of imports of electrical machinery, apparatus and appliances came by air in 1959.

The low percentage of Canadian goods dispatched by air freight to Britain is explained in part by the high proportion of products exported to Britain that are bulky in relation to their value, but it is not to be explained by geographical distance. This point is brought home by the fact that our neighbour, the United States, shipped no less than 7.4 per cent by value of its exports to Britain by air in 1959. This is more than double the average of all the supplying countries and nearly six times that of Canada. More of our exporters might well take advantage of the excellent facilities for shipment by air and thus give the British customer speedier service.

—W. GIBSON-SMITH,
Commercial Counsellor, London.

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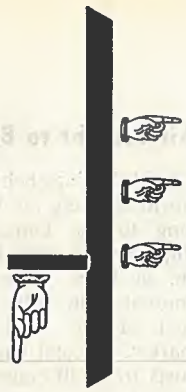


Advertising Abroad

In Mexico, television, with a potential audience of five million people, provides the best means of introducing a new product. Radio advertising later will help to maintain sales.

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

MEXICO CITY, with a population approaching five million, is a well developed consumer market and the use of various advertising media has long formed an important component in merchandising. Along the Paseo de la Reforma, the Madison Avenue of Mexico City, television is considered the best medium to introduce a new product; once it is established, radio announcements are preferred to keep the brand name before the public. The product image is important in a country where illiteracy is fairly high (about 38 per cent), so a visual medium is selected for the first stage of a publicity campaign. Depending on the advertiser's budget and the product, repeat messages by means of radio, newspapers, magazines or outdoor advertising should be considered.

Advertising Agencies

Both domestic and foreign companies with enviable growth records in this market give considerable credit to publicity campaigns organized by experienced local advertising agencies. Successful performance for a product in Toronto is no assurance that the same agency can repeat this in Mexico. To ensure the best advertising in this market the Canadian exporter should make a personal selection from one of the 125 agencies in this country. Seven of these are associates of well known international agencies with headquarters in the United States. Foreign advertisers should not restrict their search to these affiliated offices, however; the biggest and most successful agency in Mexico is a local company without any foreign connections.

Although advertising rates are comparatively low in Mexico, a publicity budget can often be reduced by using the services of a reliable market research firm. Some of the international advertising agencies have divisions within their organizations for this work, but only one company in Mexico devotes itself exclusively to market research. Most of its business comes from the advertising agencies. The Commercial Division of the Canadian Embassy can give Canadian exporters a good idea of sales prospects for a new product and advise whether publicity is worthwhile.

From the numerous agencies available, let us assume that one firm has been selected to handle a foreign account and that the budget for publicity has been approved. Translation is no problem because both management and employees are almost entirely Mexican and bilingual. They understand how to adapt designs, artwork and descriptive material to Mexican customs and preferences, which differ considerably from those in Canada. Artwork can be more imaginative and colours more violent, and if attractive señoritas are to appear in the ads, blondes have more appeal than brunettes.

Television

A good agency will first consider the possibilities of television for a product regardless of the end-use. Here is a medium that transmits on three channels in Mexico City and has a potential audience of five million people in the Federal District and adjoining states. There are also channels in Guadalajara (pop. 450,000), Monterrey (pop. 425,000), Chihuahua, Hermosillo, Torreón, Cd. Juárez (two channels) and Tampico—the cities that make up the principal urban markets in this territory.

A recent survey estimates that 395,000 television sets are tuned to the three Mexico City channels and 118,000 are in operation in the other cities. This represents a sizable group of affluent customers. If the product is made for industrial use it is likely that top management, the people to influence, own television sets. If it is a costly consumer product or a luxury item and high-income groups are likely prospects, these too are the people who have television in their homes. This medium is also effective for products that appeal to the low-income group because bars, restaurants, show windows and store demonstrations draw audiences.

Five-minute station breaks are the rule on Mexican television, so spot announcements lose their appeal because of the number shown.

A sponsored program is preferable if finances permit. One ingenious advertiser purchases the entire intermission between regular programs to run a brief story in cartoons. The cost is reasonable, about $800 per five-minute program, and interest is proved by the high audience rating.

Theatres

Despite the advantages of television, if this medium does not appeal to the advertiser or his agency, announcements in the theatres are usually considered. The theatres are still crowded in Mexico and during the newsreel showings three advertising announcements are inserted. For distribution costs of approximately U.S.$1,000, a silent coloured slide can be shown first in the better downtown theatres in Mexico City and then in the suburban districts. After three or four months the same announcement should have appeared in every city and town in Mexico. This form of advertising, however, does not offer the control that the sponsor demands. There is no assurance that the advertisement ever appeared as contracted in, for example, Chihuahua, or even in all of the theatres in Mexico City. Unless this publicity program is constantly supervised throughout the territory, the effectiveness of the medium cannot be gauged.

Radio

An advertiser is assured of a vast audience if he uses radio spot announcements. All forms of radio receivers are popular in Mexico—cars and taxis have them, portables are the vogue, and every house has at least one set. Commercials are loud and long and repetition must pay because repeat messages are the rule. Programs are about the same as those broadcast by commercial stations in Canada—popular music followed by occasional news reports. Radio is particularly effective in the interior, where television is not so common and the rates are low. A brief jingle and a few descriptive words on the product cost the sponsor the equivalent of U.S. 80 cents.

Publications

The newspapers, and to a lesser extent magazines, provide a more limited audience but these readers are in the higher income groups and are therefore more likely to be prospective customers. Mexico City newspapers now have the equipment for coloured advertisements so the product image appears in a more enduring form than on television. A regular one-page ad costs approximately U.S.$500 and the addition of one colour runs about U.S.$200. Mexico City has three popular morning newspapers and the other important markets have at least one. Compared with Canadian journals, however, circulation is small.

A wide range of local magazines are published, similar in style and content to *Look, Liberty, Time,* etc., but circulation is limited and publishers' figures are not too reliable. The Spanish edition of *Reader's Digest* is considered to be the best outlet, followed by the international edition of *Life*. Mexico does not yet have the industrial importance to warrant the publication of many trade magazines and the few there are are too limited in circulation to be effective. There is only one complete *Trade Directory* available.

Signs and Point-of-Sale

As for outdoor advertising, attractive and imaginative electric signs brighten the skyline of the principal cities. They are expensive to purchase and space rents are high, but these costs are balanced to some extent by low maintenance. Advertisers of high-volume, well known products like cigarettes, beer and tires use them to advantage. This medium is not effective nor economical for the introduction of a new product. Billboard space is limited and rentals are expensive; it is also difficult to ensure that the sign company will adhere to space allocations and the period of time contracted for.

There are other less expensive ideas to consider that will also achieve the objective of keeping a name and product before the public once a successful introduction has been made. Direct mail campaigns can be effective and reasonable in cost but point-of-sale advertising is preferred. Companies operating in Mexico attribute their success in advertising to the point-of-sale media such as counter cards, floor displays and dealer signs. Once the product is known to the consumer, this form of promotion applied at the moment of purchase has been proved to influence his selection. Regular supervision of the material on display is required, even though a charge is often assessed for the space.

Samples and premiums are used by some distributors of consumer products but not to the extent that they are in Canada or the United States. The usual form of sample distribution is a tie-in sale with an established product, a favourite offer for grocery and drugstore items. Permission must be sought from the Department of Economy before free samples can be distributed and these applications involve time and energy.

As far as forms of advertising are concerned, Mexico has everything that is available in Canada. Selecting the best type of publicity is a decision for an experienced local agency and it will also have the best qualifications to prepare advertising copy that will impress the Mexican customer. ●

What Is IDA?

Affiliate of the World Bank, the newly formed International Development Association enters the international aid field. What needs is it designed to fill? Will Canadians be able to participate in the projects it will sponsor?

JOHN D. BLACKWOOD,
Assistant Commercial Secretary, Washington, D.C.

A new international lending agency has been formed—the International Development Association (IDA) or, more popularly, Ida. Its purpose is to promote the economic growth of the underdeveloped member nations of the World Bank and it will function as an affiliate of the Bank.

The International Development Association came into being in August in Washington, D.C., when initial subscriptions pledged passed the $650-million mark. The figure, representing 65 per cent of the total proposed capitalization, was sufficient under the terms of the charter to put it into force. Canada officially joined IDA on August 9, pledging as its initial subscription U.S.$37.83 million. Membership is restricted to those nations now belonging to the World Bank.

Why add another set of initials to the already confusing array of international and unilateral aid institutions? The original idea came from Senator A. S. Monroney of Oklahoma. Supporters of his proposal felt that a new agency was needed which could offer development assistance on a multilateral basis, but on easier terms than those provided by the self-supporting World Bank and International Finance Corporation.

Formation of IDA was suggested by the United States at the 1959 annual meeting of the World Bank and the Executive Directors were asked to formulate a charter. The resulting Articles of Agreement have now been accepted by a majority of members, and the IDA is ready to begin business. The first loan applications may be considered late this fall.

Purpose

Article I of the Articles of Agreement defines the purposes of the International Development Association as follows:

> "To promote economic development, increase productivity and thus standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finances to meet their important development requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development . . . and supplementing its activities."

The Association may finance any project that makes an "important contribution" to economic development, whether or not it is revenue-producing. Thus social projects such as housing, water supply and sanitation may claim some assistance from IDA. For the most part, however, it is expected that funds will be allotted to projects similar to those now financed by the Bank, as these continue to rate high priorities in developing nations.

Loan Operations

This newest international financial institution will share the Board of Governors, Executive Board, management and staff of the World Bank. The distinctive feature of its operations—in contrast to those of its parent organization—will be the flexibility and leniency of its loan terms. Loans by the World Bank are made at going rates of interest in the leading money markets, with normal commercial terms; they are repayable in the same currency that is borrowed. The Association's charter, on the other hand, will allow its Executive Board wide latitude in tailoring loan terms to specific situations.

Terms of assistance will be as IDA "may deem appropriate". Long periods of repayment or long periods of grace may be allowed; it may grant exceptionally low interest charges or waive interest altogether; it may accept complete or partial repayment in the borrower's currency. Guarantees by the recipient government will not be mandatory. World Bank President Eugene Black has pledged that, "although

IDA'S PROPOSED INITIAL MEMBERSHIP AND INITIAL SUBSCRIPTIONS

	(millions of U.S. dollars)
Group I	
Australia	$20.18
Austria	5.04
Belgium	22.70
Canada	37.83
Denmark	8.74
Finland	3.83
France	52.96
Germany	52.96
Italy	18.16
Japan	33.59
Luxembourg	1.01
Netherlands	27.74
Norway	6.72
Sweden	10.09
South Africa	10.09
United Kingdom	131.14
United States	320.29
Total	763.07
Group II	
Afghanistan	1.01
Argentina	18.83
Bolivia	1.06
Brazil	18.83
Burma	2.02
Ceylon	3.03
Chile	3.53
Republic of China (Taiwan)	30.26
Colombia	3.53
Costa Rica	.20
Cuba	4.71
Dominican Republic	.40
Ecuador	.65
El Salvador	.30
Ethiopia	.50
Ghana	2.36
Greece	2.52
Guatemala	.40
Haiti	.76
Honduras	.30
Iceland	.10
India	40.35
Indonesia	11.10
Iran	4.54
Iraq	.76
Ireland	3.03
Israel	1.68
Jordan	.30
Korea	1.26
Lebanon	.45
Libya	1.01
Malaya	2.52
Mexico	8.74
Morocco	3.53
Nicaragua	.30
Pakistan	10.09
Panama	.02
Paraguay	.30
Peru	1.77
Philippines	5.04
Saudi Arabia	3.70
Spain	10.09
Sudan	1.01
Thailand	3.03
Tunisia	1.51
Turkey	5.80
United Arab Republic	6.03
Uruguay	1.06
Venezuela	7.06
Vietnam	1.51
Yugoslavia	4.04
Total	236.93
Grand total	1,000.00

IDA will make 'soft loans' in the sense that they will provide for repayment obligations which impose a much lighter burden on the borrowing country's balance of payments than do loans by the Bank, IDA will not be a soft lender". The close association with the highly regarded parent body will give IDA the benefit of the Bank's experience and should ensure effective use of resources.

Resources

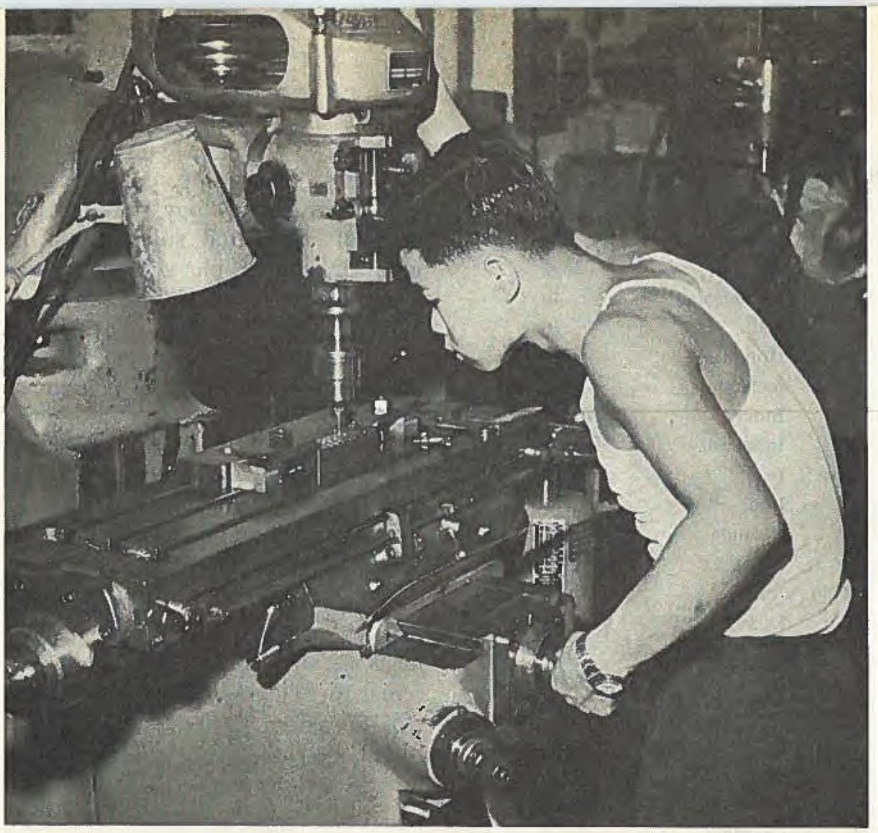
If all eligible countries join IDA, the initial subscriptions will total $1 billion; almost four-fifths will be in gold or convertible currencies. The members are divided into two groups. Seventeen of the more industrialized nations will pay all of their subscriptions in gold or freely convertible currencies. This group consists of the United States ($320 million), United Kingdom ($131 million), France and Germany ($52.96 million each), Canada ($37.83 million) and also Australia, Japan, South Africa and most Western European nations. Contributions for the group total $763 million.

The second group, consisting of 51 countries, will pay only 10 per cent of the initial subscription in gold or convertible currencies; its total subscription will amount to $237 million. The remainder will be paid (at least at the outset) in local currency. IDA also may acquire, subject to the approval of the member concerned, foreign currencies held by other members—such as those accumulated by the U.S. through sales of farm surpluses under P.L.480. IDA will only use such additional resources when this will not distort normal trade patterns or disturb the internal economies of the countries concerned. To the extent that the Association permits hard currency loans to be repaid in local funds, its convertible resources will decrease. Accordingly, the Charter provides for a periodic review of resources and possible increases in subscriptions.

Opportunities for Canadians

The large-scale projects financed by the Association should offer varied opportunities for Canadian consultants, contractors and suppliers of equipment to participate in these projects. In introducing legislation to enable Canadian participation in IDA, Finance Minister Fleming stated:

> "The articles of agreement also provide that in the procurement of goods and services required for projects which it is financing, the Association shall give due regard to considerations of competitive international trade. The Association will seek to subject the procurement of goods and services to the maximum amount of international competition and, whenever possible, to international competitive bidding. Firms from all member countries, including Canadian firms, will thus have the opportunity to provide the goods and services to be financed by the Association." ●



—H.K. Government Information Services.

Rapid growth of the plastics industry in the Colony has been based on use of most modern equipment, such as this machine for cutting steel dies for plastic toys.

Hong Kong Develops Plastics Industry

Booming industry uses large amounts of imported plastic raw materials. What is our share of this trade and who are our competitors?

D. J. McEACHRAN, *Assistant Trade Commissioner, Hong Kong.*

THE manufacture of plastic products in Hong Kong began only about twelve years ago, but it is one of the Colony's major industries. There are at present over 400 registered factories in operation, ranging from the largest, with over 1,000 employees, to small cottage-type operations with from two to three workers. Over the past few months there has been a noticeable consolidation within the industry, so that at the moment there are approximately thirty undertakings that can, by Hong Kong standards, be considered large (i.e., over 100 workers). Women employees outnumber men because a great amount of unskilled and tedious hand labour is used to assemble the many parts for finished toys and flowers.

Most of the finished articles are exported, mainly to the United States, Britain, Australia and Canada, though increasing quantities are going to European countries, Africa, and adjacent Southeast Asian markets, particularly Malaya. Injection, extrusion and blow-moulding machines and moulds are all used and some of these are imported, but many of the machines and virtually all of the moulds are made in Hong Kong. Some of the larger factories make their own machines and the medium and small operators buy from local machine assemblers. These machines, though they are styled after European and American designs, are adapted to local labour conditions and are generally not suitable for use in more highly industrialized countries such as Canada. Moreover, the machine manufacturers are not well set up to develop export markets and consequently replacement parts and after-sales service can be difficult to obtain—at least on short notice.

Raw Materials Imported

No plastic raw materials are produced locally, and consequently Hong Kong is a very substantial importer. For example, during the calendar year 1959 Hong Kong imported from all countries more than Can.$18 million worth of plastic materials of all types. Hong Kong is virtually a free port and all plastic raw materials used in moulding and extrusion are free from import duties, irrespective of origin, and there is thus no direct preference for these materials when they are imported from Commonwealth sources. On the other hand, because a great proportion of the industry's output is exported to Commonwealth markets, the subsequent importer can claim preferential rates of duty provided sufficient Commonwealth content can be shown. The industry thus has in fact a considerable advantage when importing raw materials from the U.K., Canada, Australia and other Com-

monwealth suppliers. In Britain, for example, imports of plastic articles from Hong Kong receive preferential rates of duty if the manufacturers or exporters are able to show sufficient Commonwealth content. For plastic toys, buttons and electrical goods, the required Commonwealth content is 50 per cent and for virtually all other plastic goods 25 per cent. This indirect preference explains to a large extent the high percentage of Commonwealth-produced plastic raw materials that the Hong Kong industry imports.

The accompanying tables give statistics covering imports of all plastic raw materials into Hong Kong from 1957 to May 1960. For those plastics that Canada supplies in considerable amounts, the figures on volume and value are included. It should be pointed out that the statistical breakdowns employed by the Department of Commerce and Industry of the Hong Kong Government changed considerably on January 1, 1959, and although every attempt has been made to amalgamate accurately the old classifications with the new, the figures for 1957-58 may not in all cases be precisely comparable with those for 1959-60.

TABLE I

Hong Kong Imports of Polystyrene and Styrene Copolymers

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	6,402	11,371	5,517	9,265	5,239	8,327	2,502	3,668
United Kingdom	2,771	4,770	3,230	5,271	3,634	5,494	1,583	2,347
Australia	185	180			423	312	26	21
West Germany	1,384	2,309	301	523	727	1,200	618	851
Italy	2,135	3,885	1,294	2,100	2,405	3,351	960	1,158
United States	454	789	727	1,227	4,190	6,076	4,168	5,425
Others	10	20	220	347	7	14	4	
TOTAL	13,341	23,324	11,289	18,733	16,625	24,774	9,861	13,470

TABLE II

Hong Kong Imports of Polyvinyl Chloride and Vinyl Copolymers

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	2	5	5	9			4	8
United Kingdom	1,120	1,526	709	941	1,292	1,403	592	669
Taiwan			42	61	82	114	15	21
West Germany	129	174	36	60	65	119	2	5
Italy	119	205	79	129	18	27	13	19
United States	22	41	10	37	1	2	4	9
Japan	199	363	485	702	724	847	539	531
France	224	422	42	75	59	94	11	18
Others	78	121	22	44			1	1
TOTAL	1,893	2,857	1,430	2,058	2,241	2,606	1,181	1,281

What Is Imported

Polyethylene injection and moulding compounds—These are now imported in greater volume than any other single plastic raw material. They are widely used in the manufacture of film, bags, tubes, flowers, toys, cups and beakers, and bottle stoppers. Canada supplies about 10 per cent of Hong Kong's requirements of polyethylene and is the third largest supplier after the United States and the United Kingdom, who hold about 45 and 40 per cent of the market respectively. In 1959, imports of polyethylene totalled some 9,670 long tons and it is expected that purchases will continue to expand. Canada's present share in this business is worth over Can.$1.5 million a year. Polyethylene film, tubes, sheets and scraps are also imported; the United Kingdom is the largest supplier, followed closely by Australia and the United States.

Polystyrene compounds—These come second in importance, with 1959 imports of over 7,400 long tons valued at Can.$4.1 million. The material is used extensively in the moulding of a wide range of plastic products, including toys, chopsticks, kitchen and household wares, buttons, combs, toothbrushes and hairbrushes, etc. Up to the end of 1959 Canada was the largest supplier, but during the first five months of 1960, exports from the United States somewhat exceeded Canada's. Hong Kong, purchasing some Can.$1½ million a year worth of Canadian polystyrene, is our third largest customer for this material, after West Germany and the Netherlands.

As the figures reveal, the U.S. share of this market has expanded greatly since 1957 but Canada's has decreased year by year. This can be partially explained by the fact that Hong Kong exports to countries offering preferential tariffs have not grown at the same rate as exports to those countries without Commonwealth preference. Thus the Commonwealth Preference Certificate is no longer worth as much as it was in the earlier days of the industry. It is interesting to note that over the past ten years, plastic raw materials carrying a preference certificate have assumed a set price differential above non-Commonwealth material. At this time, it is doubtful whether the actual value of the certificate is equal to this inflexible differential. The result is that, if Canadian manufacturers were to reduce prices, competitive suppliers would probably do the same in order to maintain the differential and thus Canadian materials would be no more attractively priced.

TABLE III

A—Hong Kong Imports of Polyethylene Moulding Compounds

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	83	162	560	1,075	1,353	2,644	2,378	4,224
United Kingdom	3,299	7,456	3,251	6,470	13,358	25,665	8,376	16,277
Australia	1	2	233	298	464	732	273	432
United States	1,780	4,283	4,713	9,234	11,484	21,873	10,052	18,046
Japan	160	1,122	980	3,359	75	116	121	177
West Germany	400	609	477	768	314	730	308	490
Italy	5	49	110	221	165	328	132	260
Netherlands	367	485	803	1,021	28	55	123	200
Others	60	97	4	10	1	12	1	1
TOTAL	6,155	14,265	11,131	22,456	27,242	52,145	21,764	40,107

Before 1959, polyethylene imports were included in an n.o.p. category so that figures for 1957/58 cannot be taken as exact.

B—Hong Kong Imports of Polyethylene Film, Tubes, Sheets and Scrap

	1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA			43	47
United Kingdom	1,154	1,065	499	519
Australia	393	453	476	663
West Germany	314	248	101	73
United States	296	257	437	471
South Africa	120	121	50	47
Netherlands	122	110	100	90
Others	64	60	13	15
TOTAL	2,463	2,314	1,719	1,925

Previous years' figures included as imports of polyethylene moulding compounds, Table III-A.

TABLE IV

Hong Kong Imports of Phenol, Cresol, Urea and Melamine Formaldehyde Moulding Compounds

	1957	1958	1959	1960 5 months
	(thousands of pounds)			
United Kingdom	1,555	1,156	1,788	619
West Germany	279	467	150	65
Netherlands	118	114	114	136
United States	204	93	34	20
Japan	5	125	52	17
Others	118	88	90	182
TOTAL	2,279	2,043	2,228	1,039

TABLE V

Hong Kong Imports of Acrylic Resins, Sheets, Rods and Tubes

	1957	1958	1959	1960 5 months
	(thousands of pounds)			
United Kingdom	306	213	204	52
United States	231	329	112	32
Denmark	64	137	145	64
West Germany	79	67	105	46
Japan	4	35	27	4
Netherlands	5		22	4
Others	12	46	32	6
TOTAL	701	827	647	208

Polyvinyl chloride resin—This is being compounded in Hong Kong. Consumption of Japanese material has increased considerably during the past four years but the use of United Kingdom products has declined. At the moment, these two countries enjoy equal sales to Hong Kong but it is to be expected that Japan's keen prices and quick deliveries will enable her to gain an increasing share of this market, at the expense of other suppliers. Canada's present exports of this material to Hong Kong are negligible and are not expected to rise. Polyvinyl chloride finds ready use in the manufacture of belting, footwear, toys, rattanware coating and electrical wire insulations. In addition to the P.V.C. resin, Hong Kong imports substantial amounts of sheeting and film. The sheeting is used for footwear, travelling bags, upholstery, tablecloths, wallets and pocketbooks; the main use for the film is in rainwear and shower curtains. Japan holds the majority of this business.

Thermosetting resins—These include phenol, cresol, urea and melamine formaldehyde moulding compounds. They find wide application in Hong Kong for the manufacture of electric-light fittings, cases for vacuum flasks and jugs, bottles and bottle caps, and many other small articles that can be adapted to compression moulding. Imports of all resins in this group approximate 1,000 long tons per year, a trade in which Canada does not participate. Phenol formaldehyde moulding compound of low quality is made in Hong Kong in small amounts but total demand is not large enough to warrant high-quality manufacture. Cast phenolic resin produced from phenol and formaldehyde is turned out by several factories; the consumption of phenol for these purposes totals about 10 tons a month. The United Kingdom supplies some 80 per cent of the requirements of phenol formaldehyde compounds, with smaller quantities coming from West Germany and the Netherlands. The con-

sumption of urea formaldehyde resins, supplied largely by Britain and used for adhesives, is very limited because there are practically no plywood manufacturing facilities in the Colony.

Acrylic resin—These imports are largely in sheet form and are used primarily to make mahjong tiles and umbrella handles. The principal sources of this material are the United Kingdom and the United States, but West Germany and Denmark are rapidly increasing their sales to this market.

Cellulose film—Thirty per cent of this is supplied by the United Kingdom and 30 per cent by Japan, with the remainder coming from Italy, France and the United States. Canada enters this trade to a very limited extent; she supplied some 7,000 pounds of total 1959 imports of 3½ million pounds.

Plastic moulding materials, n.o.p., and plastic film, tube, sheet and scrap n.o.p.—These imports originate principally in Japan, the United Kingdom, the Netherlands and West Germany.

With the exception of polyvinyl chloride sheeting, cellulose acetate and cellulose nitrate films, imports of plastic in finished forms are negligible and the probability is that this situation will not change to any great extent. The rapid and continual expansion of the local industry is attributed to several factors, including the ready supply of suitable and comparatively cheap labour; the Colony's central location for the supply of raw materials from both European and North American countries; the advantages of Commonwealth Preference tariffs in finished goods markets, and the proximity to Southeast Asian markets that are taking increasing quantities of plastic goods made in Hong Kong.

There are excellent prospects for continued expansion of the Hong Kong industry in the production of products with a high labour content. This will, of course, bring a parallel increase in the volume of imports of plastic raw materials. ●

Switzerland Imports Wood

SWITZERLAND's productive forest areas, which cover 2.4 million acres, are a good example of how the country's natural resources are conserved and used. The annual cut of 2.5 million cubic meters from the public forests (about 70 per cent of the total forest area) is controlled by federal law. Of this annual production, 78 per cent is from coniferous trees and 22 per cent from deciduous trees. Approximately 40 per cent is used for firewood and the other 60 per cent for other purposes.

Imports meet a large part of Switzerland's total wood requirements. These imports fall into three main categories: firewood, pulpwood, and timber and lumber.

France supplies almost two-thirds of the firewood imported; the other third comes mainly from Austria and West Germany. Finland provides 53 per cent of the imported pulpwood, followed by West Germany (28 per cent), Austria (13 per cent), France (4 per cent), and other countries (2 per cent). A Swiss purchasing co-operative, whose members represent 10 of the 14 pulp mills, handles 85 per cent of the imported pulpwood.

The predominant sources of supply for lumber and timber are the countries bordering on Switzerland; 56 per cent of the deciduous woods come from France and 17 per cent from other European countries. Africa and Asia supply 27 per cent and Canada only a fraction of 1 per cent. Coniferous woods are imported from Austria (36 per cent), West Germany (24 per cent), France (23 per cent), and the rest of Europe (almost 17 per cent); Canada is a minor supplier of softwood planks. France provides 97 per cent of the wooden railway ties needed.

Most types of wood and lumber require import licences, but these are usually granted freely. In addition, deciduous wood imported from Canada and several other countries is examined for "botryche noir", a species of wood beetle. A nominal charge is made for this service and for the certificate stating that the wood is free of this pest. There is also a sales tax of 5.4 per cent (which applies to both domestic and imported wood), collected at the time of import.

Canada exports little wood and lumber to Switzerland. One obvious reason is the high cost of transportation which makes Canadian wood relatively non-competitive with European wood. In addition, most Swiss importers buy wood of the N-list grade, whereas Canadian exporters have been offering only R-list grade. Swiss importers always demand very high quality graded lumber.

In this market there is little demand from importers for creosoted wood, including railway ties; semi-finished wood parts, such as furniture dimension, handle blanks, etc.; spools and bobbins; and pine pattern stock. There is an interest in certain grades and species of softwood lumber and in prime quality hardwood veneer logs.

Any Canadian exporter who is able to make competitive offers for woods of interest to Swiss importers or other woods that may be of interest should forward c.i.f. European port prices to the Commercial Counsellor, Canadian Embassy, Berne, who will bring offers to the attention of interested Swiss importers.

JOHN H. NELSON,
Assistant Commercial Secretary, Berne.

88043-5—3½

Taiwan Makes Progress

Taiwan boosts exports of processed and semi-processed materials as industries expand. Demand for imported raw materials, machinery and metals is expected to grow.

R. H. GAYNER, *Assistant Trade Commissioner, Manila.*

TAIWAN'S exporters of sugar and rice had a difficult time of it last year. A sharp dip in world prices of sugar (Taiwan's biggest export) and a reduction in the export quota by the International Sugar Conference cut 1959 sugar shipments to U.S. $65.9 million, a 22.2 per cent drop from 1958. Total exports were valued at U.S.$160.6 million. There was also a serious slump in Taiwan's second most significant export, rice; sales abroad in 1959 totalled only U.S.$23.5 million, 17.9 per cent below 1958. The two main causes were a disastrous flood in the middle of the west-coast plains in August and reduced exports to Japan.

Industries Are Growing

However, despite these setbacks Taiwan's total exports dropped by only 2.4 per cent from 1958, thanks to rising sales of processed and semi-processed products. Stimulated by the Government's efforts to develop industry, Taiwan's textile manufacturers boosted exports by 482 per cent in 1959 over 1958; pulp and paper shipments climbed by 226 per cent, vegetables 188 per cent, other agricultural products 119 per cent and timber, plywood and plywood products 67 per cent. There was a general increase of 283 per cent in the export of processed goods (total value, U.S.$21.99 million).

In addition to encouraging industrialization, the Government is also seeking to attract investment. Taiwan has one of the highest population densities in the world and with a population of ten million, its greatest asset is a cheap labour force. But to develop this labour potential the Government has had to look abroad for capital. Early in 1960 a new foreign investment act was passed, liberalizing the terms under which foreign capital could enter the country. In the few months since passage of the law there has been a great deal of interest shown abroad and several projects have been discussed, among them the erection of a steel mill and of pharmaceutical and fertilizer plants.

Monetary Stability

Since the Chinese Nationalist Government took refuge in Taiwan in 1949, the chief concern of the monetary authorities has been to prevent a runaway inflation, such as occurred on the mainland during and after the war. The lack of credit facilities, the extreme severity of credit restrictions, and the general feeling of political insecurity combined to work against any significant development in the island's economy. However, in the last two or three years there has been an important change. The monetary authorities now feel that their problems are under control and that they are prepared for the inflationary tendencies generated through relaxation of credit restrictions and reduction of interest rates.

In 1959 a composite exchange rate of New Taiwan $36.08 to U.S. $1.00 was adopted to replace the former confusing and restrictive multiple exchange rate system. The new system provides that an exporter who earns foreign exchange receives a certificate which carries the right to use foreign exchange for imports. The exporter can either use this certificate or sell it on the open market. The certificate has an intrinsic value equal to the amount of the foreign exchange earned. If the exporter wishes, he can sell the

EXPORTS FROM TAIWAN

	1958	1959
	('000 U.S. dollars)	
Sugar	84,689	65,929
Rice	28,621	23,506
Textile products	2,083	12,127
Canned pineapple	7,454	8,349
Tea	6,245	7,071
Bananas	6,245	6,599
Timber and products	3,273	5,468
Other agricultural products	2,306	5,072
Ores, metals and products	2,221	3,887
Citronella oil	3,546	3,244
Chemicals	1,671	3,019
Pulp and paper	843	2,748
Others	14,712	13,621
Total	163,909	160,640

Source: *Taiwan Commercial Bulletin*, February 29, March 2, 1960.

IMPORTS INTO TAIWAN

	1958	1959
	('000 U.S. dollars)	
Chemical fertilizers	19,472	22,220
Machinery and tools	14,800	21,634
Ores, metals and products	18,341	21,401
Vessels, vehicles and parts	7,385	14,073
Crude petroleum and fuel oil	15,607	13,266
Chemicals	6,321	4,932
Raw cotton	823	4,808
Electrical appliances	3,291	4,504
Pharmaceuticals	7,309	4,475
Oils and waxes	2,661	3,880
Rubber and manufactures	3,662	3,619
Silk and manufactures	1,026	2,810
Timber	1,639	2,699
Wool and manufactures	1,363	2,645
Paints and dyes	2,239	2,640
Paper and pulp	2,909	2,328
Scientific instruments	1,848	2,297
Plastics and products	1,460	1,397
Leather and hide	1,178	1,040
Others	14,318	13,698
Total	127,652	150,366

Source: *Taiwan Commercial Bulletin*, February 29, March 2, 1960.

foreign exchange certificate to the Bank of Taiwan at a rate of NT $36.08 for U.S.$1.00. If he sells it on the open market he will obtain about NT$40.00 to U.S.$1.00.

CANADA'S EXPORTS TO TAIWAN

	1958	1959	1960 (6 months)
	(Canadian dollars)		
Wood pulp	313,272	817,409	457,401
Aluminum	57	53,069	
Brass	8,716	87,003	27,987
Copper	23,670	11,986	13,202
Zinc	150,966	25,901	60,183
Asbestos	34,464	97,771	29,020
Plastics	83,826	125,567	16,144
Others	552,069	487,212	638,792
Total	1,167,040	1,705,918	1,242,729

CANADA'S IMPORTS FROM TAIWAN

	1958	1959	1960 (3 months)
	(Canadian dollars)		
Plywood, hardwood		497,512	93,312
Mahogany	937	42,913	7,793
Hoods and shapes, knitted	48,504	25,651	16,204
Others	110,025	149,836	45,346
Total	159,466	715,912	162,655

Source: Dominion Bureau of Statistics.

Restrictions on importers have also been relaxed. Those who export processed products are allowed to bring in raw materials or machinery and equipment amounting to the full value of their exports instead of having to surrender a portion of their foreign exchange earnings to the Bank of Taiwan. Foreign currency loans have been extended for the financing of imported raw materials, and working capital in local currency has been provided to importers.

Imports Increase

Taiwan's imports totalled U.S. $244.3 million last year compared with U.S.$232.7 million in 1958; the figures include United States non-military aid. Most of the increase was accounted for by bigger imports of capital goods and raw materials for processing and re-export.

United States aid to Taiwan was significantly reduced in 1959. The value of commodity imports financed by U.S. aid totalled U.S.$73 million in 1959 compared with U.S. $82 million in 1958. By far the largest proportion of this was in the form of surplus agricultural products (beans, wheat and cotton).

Canadian Trade Expands

Canadian trade with Taiwan continues to be small. In 1959 we exported to Taiwan goods valued at Can.$1.7 million and bought Can. $715,912 worth in return. Details of this trade are given in the table.

In the spring of this year a goodwill trade mission organized by the Vancouver Board of Trade visited Taiwan. Reports from Taipei indicate that the mission was impressed by the determination of the Chinese to improve their status and by the progress that has been made so far.

In the past few years Taiwan has been in the market for ores, wood pulp, machinery and equipment, and technical knowledge. The reduction of U.S. aid, plus the growing interest in Taiwan as a potential field for investment, (particularly in the appliance, textile and food industries) indicates that there will be an increasing demand for raw materials, machinery and metals. ●

AGRICULTURE

New Zealand Seeks New Outlets

New Zealand takes stock of the vulnerability in world markets of its four major exports—meat, butter, cheese and wool—and makes plans for a more secure future.

W. J. COLLETT, *Assistant Commercial Secretary, Wellington.*

NEW ZEALAND today is fully aware of its dependence in the next decade on earnings from agricultural exports to pay for imported goods to meet the needs of its economy. As the Minister of Economy put it in his 1960 *Economic Survey* " . . . every effort must be made to enlarge and diversify markets for our export products and to persuade other countries to moderate their policies of agricultural protectionism".

With increasing world population and improved standards of living, New Zealand expects an expanding market for its primary agricultural exports. But the fact that it has become a specialized supplier of food products deliberately adapted to the eating habits of the British is a handicap to rapid future expansion and diversification of trade. The United Kingdom absorbs 95 per cent of New Zealand's exports of butter, 91 per cent of the cheese, and 95 per cent of the mutton and lamb. About 36 per cent of New Zealand's wool is shipped to Britain for disposal there and in Europe.

Diversification Needed

The seriousness of the country's dependence on exports is illustrated by the relationship between production and export of principal farm products: 80 per cent of the butter produced is exported, 92 per cent of the cheese, 95 per cent of the lamb, and 97 per cent of the wool. Of these, wool is fortunately a raw material and fears about wool prospects within the European Common Market are minimal. The deepest concern is for meat and dairy products.

Diversification of trade implies more than simply entering new markets with the same products: it also involves adapting the products to the peculiarities of these markets. The Prime Minister emphasized this earlier this year in his address to the Industrial Development Conference: "It has been said . . . that most of our agricultural research stops at the farm gate. As we have become leaders in this kind of research, it is surprising that others are ahead of us in the processing and marketing of primary produce (apart from one aspect, and that is our system of co-operative dairy processing) . . . All the trends of the present show that [our] relatively slow advance in the processing and marketing of farm produce will set us behind the rest of the world, particularly when we try to break into new markets."

Exports Are Rising

Exports of farm produce in the year ended in March climbed by 35 per cent over 1950; cheese was the only major export that had sales lower than ten years ago.

In 1954, the U.K.'s 15 years of bulk purchase of dairy produce and meat ended. Now, with free marketing, prices of these products have fluctuated considerably with changes in supply and demand and New Zealand exporters feel that they must seek new markets. The United States and members of the EEC are increasingly important customers. In 1959, 15 per cent of New Zealand's exports (mainly wool and beef) were sold in the United States, earning £43 million; 14 per cent, mainly wool, went to the EEC countries.

Meat Earnings Decline

Meat production, mainly of lamb and mutton, increased in 1959-60. Exports, however, totalled only £72 million for the year ended March 1960, compared with £82 million in 1958-59, even though this year's output was 58,000 tons larger. The decline in export earnings is the result of lower prices in Britain because of increased supplies from New Zealand, a rise in domestic killings in the U.K. brought on by the dry season, and offerings of poultry and pork at strongly competitive prices.

As a result of low prices, buying prices in New Zealand for lamb and mutton fell below floor levels fixed at the beginning of the season. Deficiency payments of £900,000 were made to farmers on mutton and for the first time on lamb from the Meat Industry Reserve Account. Prime lamb prices have now recovered, thanks largely to a drop in Australian shipments and reduced domestic production in Britain.

Some ewe mutton is going to the United States and Japan for manufacture, but most of it is shipped to South America and the Mediterranean area. An encouraging sign to New Zealand frozen-beef ex-

porters has been U.S. purchases of 81 per cent of their beef and veal shipments last season.

Meat exporters realize, however, that they must seek new markets and reduce dependence on Britain and the United States. The New Zealand Meat Producers' Board, therefore, acting jointly with the New Zealand-owned Freezing Works Association, formed the New Zealand Meat Export Development Company in June 1960. The objective of the new company is to encourage, in co-operation with the trade and the Meat Board, orderly development of the meat export trade to sporadic and underdeveloped markets.

Butter and Cheese Records

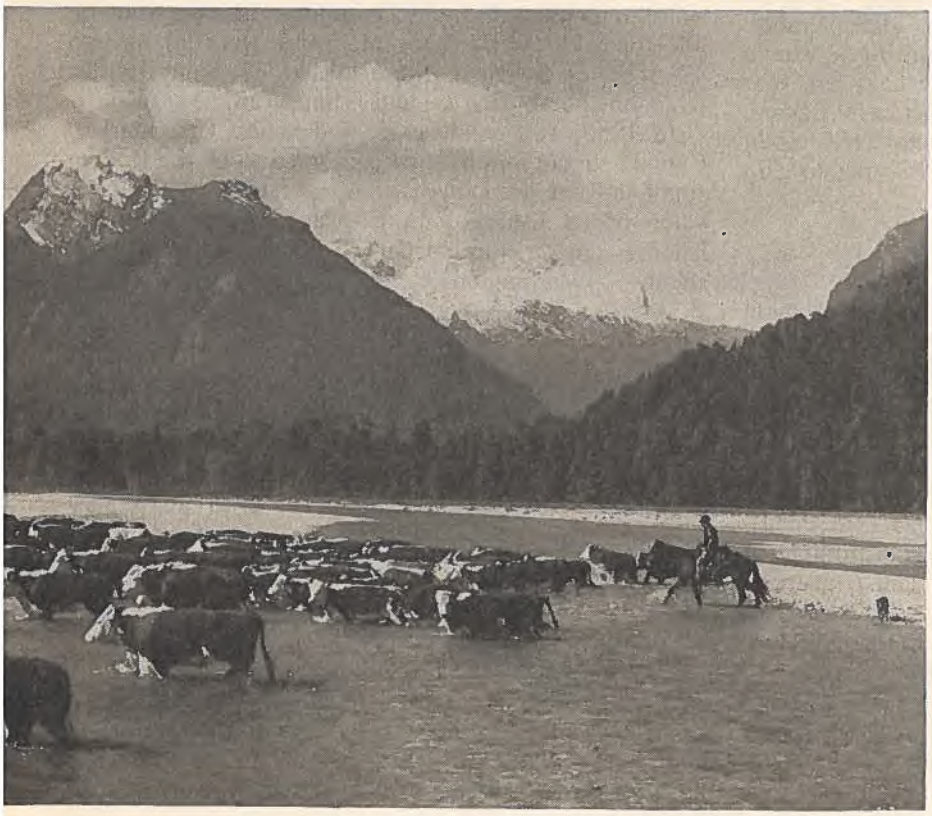
Butter consumption is rising and cheese holds steady following a weakened British market in the first quarter of 1960. Exports of 160,000 tons of butter earned a record £63 million for New Zealand during the year ended March 1960. A total of 89,000 tons of cheese, exported mainly to Britain, earned £21 million, another record increase despite unsteady prices.

Butterfat production, however, is expected to decline to 544 million pounds in the year ended in March because of dry weather in some areas earlier in the season. This represents about a 2 per cent drop below the previous year. Prices for the 1960-61 season correspond with guaranteed prices of the year before and incentives are retained for diverting more butterfat to cheese manufacture.

At the 29th Dominion Dairy Conference in Wellington last June, the Government and the Board reached agreement on the basic butterfat prices, amalgamation of the Dairy Board and Dairy Commission from the beginning of the 1961-62 season (legislation will be necessary), retention of the dairy products price-fixing authority, and financial arrangements with the Reserve Bank on the dairy industry's trading account. No agreement has been reached on the price for butter sold on the local market.

Amalgamation of the two dairy organizations by next season is intended to promote greater efficiency and the solution of the industry's internal and external problems. The trading account of the dairy industry will continue with the Reserve Bank but a higher interest rate will be charged on money for capital purposes. Up to 50 per cent of any surplus will be distributed to dairy factories as in the past. Another provision, yet to be ratified, is that when the dairy industry account is in substantial deficit, the normal annual payout to factories of 50 per cent of any trading surplus will be reduced to meet that deficit, but a minimum payout of 25 per cent will be allowed.

This isn't a cattle drive in Western Canada but in New Zealand. Many of the cattle being rounded up as they ford the Arawata River will help to increase shipments of frozen beef to a number of foreign markets, today including the United States.



Wool Sales Improve

Sheep flocks increased in 1959-60 a little less than 2 per cent over last year to 46.9 million, and wool production is estimated at 565 million pounds, compared with 540 million in the previous year.

The improved range of prices for New Zealand wool boosted exports to £107 million for the year ended March 1960, £30 million more than the previous season. The higher prices enabled the Wool Commission to dispose profitably of large stocks purchased in the 1958-59 season under its floor-price scheme.

In summary, New Zealand's internal economy and fiscal policy are largely influenced by the success of profitable disposal of four primary products—meat, butter, cheese, and wool. It is fortunate that the export market seldom weakens for all four in any one year. But even the most optimistic are concerned about New Zealand's vulnerability and recognize the need for broader foreign markets. ●

Commodity Notes

Aluminum

BRAZIL—Brazil's annual production of aluminum is expected to increase by 20,000 tons in 1963 when a new factory, to be constructed by the Companhia Nacional de Aluminios at Poços de Caldas, begins production. The new company will be formed with 50 per cent Brazilian capital; the Aluminum Company of America (ALCOA) and the Hanna Corporation will contribute to the remainder. Total investment in the project is estimated at U.S.$36 million. Present demand for aluminum in Brazil is some 30,000 tons a year, about half of which is supplied by Brazilian producers. It is expected that with the growth of the Brazilian engineering industry, the demand for aluminum will rise sharply in the near future—Sao Paulo.

Banana Chips

JAMAICA—The first shipment of "Calypso Banana Salties" was flown to the United States in September. The chips, made by Janaco Enterprises Ltd., won a special award at a Washington display held last year by North American potato-chip manufacturers. Banana chips are popular in Jamaica, and are expected to win a share of the multi-million-dollar U.S. potato-chip market—Kingston.

De-inked Newsprint

UNITED STATES—A $4 million plant for conversion of waste newsprint into usable newsprint is being built in Fairfield, New Jersey. The mill, which is expected to be in production in January 1962, will produce 45,000 tons of usable newsprint a year and will have a future potential of 80,000. The process, developed by a newspaper publishing firm in New Jersey, uses about 90 per cent waste paper and 10 per cent chemical fibre. It marks the first solution to the problem of removing ink from the waste product and converting it to newsprint.

The process has already proved a commercial success in experiments in rented paper mills. According to the firm that has developed the invention, the product will be competitive in both price and quality with Canadian newsprint. The plant will have a machine producing 230-inch wide newsprint at a rate of 1,200 feet per minute and is expected to turn out about 150 tons a day. Less than 10 per cent of the output will be used by the New Jersey publishing house. The remainder will be sold to newspapers in New Jersey, New York, Pennsylvania, Maryland and New England —New York.

Fish

UNITED STATES—For the tenth consecutive year, imports of fish products into the United States have set a new record. Fish imports in 1959 totalled $366.5 million, a gain of 12 per cent over 1958 and 85 per cent above 1950. Imports of fish products for food totalled a little over $311 million, and for industry $55.5 million.

The U.S. is still the world's leading importer of fishery products; imports contributed the following share to its over-all supply: groundfish and ocean perch fillets and blocks 67 per cent, frozen tuna 50, shrimp 42, fresh or frozen northern lobster 42, spiny lobster 89, canned crabmeat 71, and fishmeal 28.

In 1959, 108 countries shared in the U.S. market. Canada, Japan and Mexico continued to be the leading suppliers and accounted for 63 per cent of the total value of all fishery imports. Canada was again the leading supplier, principally of fresh or frozen fish and shellfish—Washington.

Glass Bottles

JAMAICA—A £300,000 glass factory known as the West Indies Glass Co. Ltd. will start making bottles next spring. The plant is financed by local bottle-users in conjunction with the Development Finance Corporation, a government body empowered to assist new industry. The decision to build the factory was made after tests proved that local deposits of silica sand are suitable for glassmaking—Kingston.

Iron Ore

SWEDEN—The workable deposits of iron ore in the Central Swedish mining districts are likely to total at least 650 million tons, according to recent estimates. An assessment made in 1950 put the deposits at only

400 million tons. The ore finds correspond to a volume of 255 million tons of iron as against 150 million tons under the 1950 assessment—Stockholm.

Iron and Steel

SWEDEN—The Swedish steel industry has concluded a long-term agreement with the East German company, Deutsche Stahlund Metall-Handels GmbH, for deliveries of high-quality steel. The agreement foresees continuous deliveries until 1965 to a value of $15 million at present prices. However, no prices have been fixed because they will be a matter of discussion from time to time. A similar agreement is said to have been signed between British steel groups and the East German company—Stockholm.

Iron and Steel Scrap

INDIA—Supply of iron and steel scrap in India is expected to reach 531,000 long tons during 1960, of which at least half will be available for export. Heavy medium scrap, borings and turnings are expected to account for 240,000 long tons; skulls, rolls, etc., 25,000 tons; No. 1 pressed bale sheets 21,000; detinned pressed bales 15,000 tons, and No's. 2, 2A and 3 pressed bales 230,000 tons.

In 1959 exports of scrap, almost all to Japan, amounted to 290,000 long tons, up from 108,000 in 1958. Despite the rapid expansion of its iron and steel industry on the one hand and a continuing steel shortage on the other, India continues in the anomalous position of being unable to keep pace with the accumulation of scrap—New Delhi.

Isotopes

SOUTH AFRICA—South Africa recently shipped its first consignment of South African-made isotopes to a firm in the Netherlands. Since then, the Council for Scientific and Industrial Research which owns the cyclotron has received a request for radioisotopes from Britain. The consignment sent to Holland consisted of bismuth 206, a radioisotope that doctors use to find brain tumours. There are several difficulties in exporting these isotopes; one is their short half-life—Cape Town.

Pepper

INDIA—Malabar black pepper prices tumbled during the first week in October to such an extent that the Indian Pepper and Spices Trading Association in Cochin declared an emergency in the trading of pepper futures and closed the market for two days. The Board of the Association fixed floor prices for trading in October and December contracts at Rs.236 and Rs. 206.25 per 50 kilograms. Recent weakness in Indian stock markets and curbs on lending by the Reserve Bank are reportedly among the factors responsible for the price drop. Floating stock in terminal markets and in the jungle, plus the proximity of the next harvest, leave prices susceptible to further adjustments. Timely buying from overseas, especially by the Soviet Union and East European countries, is considered to provide the best prospect of price stabilization—Bombay.

Pulp

SWEDEN—The Swedish Cellulose Company (SCA) has decided to expand its sulphite factory at Obbola to a capacity of 110,000 tons of unbleached pulp a year from the present 40,000 tons. Extension costs are calculated at about $12 million—Stockholm.

Shoes

NORWAY—The Norwegian footwear industry will face serious difficulties if shoe imports continue at the present high rates. During the first four months of 1960, Norway imported 385,000 pairs, compared with 190,000 in the corresponding period of last year and 550,000 in the whole of 1959. The 20 per cent EFTA duty reduction from July 1 has given imports an additional boost. Trade circles foresee imports of about one million pairs this year. The United Kingdom was the largest supplier in 1959 but Italy has now taken the lead. Norway's own industry turned out 4.9 million pairs last year. Total retail sales of footwear rose by about 14 per cent during the first half of this year compared with the same period of 1959—Oslo.

Television Sets

NORWAY—Regular television transmission started in Norway at the end of August this year. The Norwegian State Broadcasting System operates the only TV transmitter in the country, and will offer a minimum of eight hours' regular viewing per week for the first year or two. Over 10,000 television sets were sold in Norway during the first half of 1960, and at the end of June the number of TV licence-holders totalled 16,876.

Norway uses European standards in transmission; before Canadian sets could be used in this country they would therefore have to be adjusted to conform to the following standards: number of lines in a complete picture 625, scanning (cycles per second) 15,625, number of pictures per second 50, band width (Mc/sec.) 7, distance between audio- and picture-carrier waves (Mc/sec.) 5.5—Oslo.

Timber

VENEZUELA—The Government has established the "Laboratorio Forestal de Los Andes", to expand timber production by improved technical methods. It hopes to reduce timber imports, which are currently valued at some 120 million bolivars a year—Caracas.

Jamaica

Market for Electrical Appliances

Sales of electrical appliances in Jamaica will increase as consumer income rises. Removal of restrictions on dollar imports benefits the Canadian exporter but also our biggest competitor—the U.S.

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

RISING wages and new housing schemes in Jamaica can mean increased sales and profits for Canadian appliance manufacturers, provided they are willing to meet competition from the United States.

During 1959, Canadian and U.S. exports of electric refrigerators and stoves to Jamaica rose sharply, thanks to the removal of restrictions against dollar imports, though the bulk of sales went to U.S. manufacturers. Jamaican businessmen now report that Canadian prices of refrigerators have remained static during the first six months of this year, while U.S. prices have dropped between $10 and $15 per unit. This has resulted in a further increase in the U.S. share of the market—from 56 per cent in 1959 to 70 per cent during the first six months of 1960. Canadian exports dropped from 14 per cent to 11 per cent during the same period.

Air Freight Advantages

Local importers say that a number of firms are shipping appliances to Jamaica via Miami in carload lots, either by truck or rail, and from there to Kingston by means of delayed air freight at rates as low as 6 cents per pound. Delays on this type of freight normally amount to one week or less, though three weeks is not uncommon during peak periods such as Christmas. Freight for immediate delivery is on a sliding scale: 20 cents per pound for shipments of less than 100 pounds, 15 cents per pound for 100-1,099 pounds, 10 cents for 1,100 pounds up to 3,300 and 8 cents over 3,300. Airlines will act as forwarders provided the necessary documents are supplied. There is no storage charge for goods awaiting shipment under the delayed freight plan provided they are turned over to the airline on arrival in Miami.

Of particular interest to Canadian manufacturers is the provision in the Jamaican customs tariff that goods arriving by air freight are assessed duty on the cost of the item plus one-quarter of the air-freight charges, rather than on the full c.i.f. value. This, plus the low air-freight rates, is a definite stimulus to air cargo and considerable quantities of merchandise are now coming in this way.

Rail, Truck, Other Costs

Excellent rail service connects Canadian centres and Miami. At present heavy appliances can be shipped from Toronto to Miami at $6.63 per 100 pounds for shipments less than 16,000 pounds, $4.05 per 100 pounds for 16,000 pounds minimum, and $3.65 per 100 pounds for 18,000 pounds minimum.

A number of trucking lines have vehicles travelling empty to Florida to pick up loads of fruit and arrangements can be worked out to carry truckload lots, or less, of bulky items such as furniture and appliances on a charter basis. Principal advantages of shipping via Miami are quicker delivery and elimination of costly packaging, which sometimes amounts to between $5 and $10 per unit. The saving is, in many instances, more than enough to offset the slightly higher cost of shipping via truck and air.

The normal mark-up taken by the appliance trade in Jamaica is 40 per cent of the landed cost. Most of the large appliance dealers import direct and distribute to smaller retail outlets at a 15 per cent discount. Because few of the small stores maintain repair facilities, the importer is generally responsible for guaranteeing and servicing.

Jamaica extends to all members of the Commonwealth a preferential tariff advantage which, for appliances mentioned in this article, is 5 per cent, with the exception of gas or kerosene stoves which have a 10 per cent margin.

These Products Sell

Refrigerators—Jamaica's warm climate makes it difficult to keep foodstuffs, even for a short time. Refrigerators are therefore a necessity for all who can afford them and sales have remained high for the past few years.

The standard 9 cubic-foot model in white with shelves on the door for extra capacity is the most popular model and sells for about Can. $267.30. Larger models are also in

demand; the 11 cubic-foot type retails for about Can.$321.30 and the 13 cubic-foot for Can.$378.

REFRIGERATOR IMPORTS

	1958	1959	1960 6 mos.
Units	4,384	5,144	3,898
Value		('000 £)	
Total	312	346.7	210.1
Britain	190.2	95.5	28.2
United States	86.5	194.1	150.1
Canada	32.2	48.6	26.6

Because Jamaica has 40-cycle current, distributors of Canadian and U.S. refrigerators use a small step-down transformer to reduce the voltage from 110 to 95; 60-cycle units can therefore operate, though at somewhat reduced efficiency, without overheating.

Freezers—The popularity of domestic freezers is increasing rapidly, though total sales are still relatively small. During 1959, over 300 were imported, mainly from the United States. The 9 cubic-foot chest type which retails for Can. $324 is the most popular. The 13 cubic-foot freezer sells for about Can.$405 and the 20 and 25 cubic-foot models for Can.$675.

Kerosene Stoves—A large portion of the population do all their cooking on two-burner kerosene stoves. These are popular mainly among families living in the new low-cost housing schemes or in two or three room apartments. Stoves enjoying the biggest sales are the two-burner table-top model which sells for Can.$8.10 and the large floor model which sells for Can. $13.50.

Electric Ranges—The relatively high cost of electricity in Jamaica (3 cents per kilowatt) has tended to restrict the sale of electric stoves in comparison with gas units. Imports are shown in the following table.

ELECTRIC RANGE IMPORTS

	U.S.	U.K.	Can.
		('000 £)	
1958	11.3	9.5	1.9
1959	17.0	8.4	6.3
1960 (6 mos.)	15.9	.6	1.2

Biggest sellers are the 20-inch model at Can.$189, the 24-inch model at Can.$216, and the 30-inch at Can.$270; the 24-inch size is the most popular. Standard four-plate units with baking and grilling elements are preferred. Glass windows and automatic timers are additional selling features, but only a small price differential can be charged.

Privately built homes are normally wired to take 220-volt current and can accommodate North American-type stoves which draw 9 kilowatts. Lower priced housing units on the other hand have only light wiring and government inspectors limit appliances that can be used in such houses to those drawing a maximum of 7¼ kilowatts.

Gas Ranges—Gas and electric ranges are now standard equipment in the medium and high cost homes being built in Jamaica. The potential market is growing rapidly and should continue to do so as incomes rise. Local importers report that gas stoves outsell electric ones by about five to one because propane gas is cheaper than electricity.

GAS RANGE IMPORTS

	U.S.	U.K.	Can.
		('000 £)	
1958	40.5	90.8	10.6
1959	97.3	78.0	6.9
1960 (6 mos.)	72.6	44.8	1.3

The standard 20-inch four-burner unit at about Can.$162 sells best, followed by the 24-inch stove retailing at Can.$182 and the 30-inch at Can.$216. Full-sized ovens with grills are preferred.

Washing Machines—Until recently most washing was done by hand. But this is slowly changing, and buyers now rank washers fourth on the list after refrigerators, stoves and water heaters.

The regular wringer-type washer sells best, and retails for Can. $210.60. A number of overseas suppliers provide 40-cycle motors, though 60-cycle ones will operate if the voltage is reduced. Because Jamaican statistics group washers with floor polishers, vacuum cleaners and other portable or semi-portable electrical appliances, it is impossible to tell what percentage of the 1958 imports (valued at £125,000) was washers. Chief suppliers are Britain, the United States and Germany; Canada is in seventh position. According to Canadian export statistics, 50 washers were shipped to Jamaica from Canada during 1959 and 21 in the first three months of 1960.

A number of fully automatic machines were imported during 1959, but they have a limited market. Of the automatics, the agitator and spin-dry type, retailing for about Can.$364.50, is the most popular, though there is usually some trouble converting the motors to work on Jamaica's 40-cycle current. Step-down transformers are unsatisfactory because the speed of the spinning action is reduced and clothes are not thoroughly dried.

Air Conditioners—Air conditioning is still in its infancy in Jamaica, but should gain swift acceptance during the next few years. Members of the trade feel that the market has just been scratched and that much larger sales can be expected when Jamaicans begin to use air conditioning in their homes. Most air-conditioning units being brought in at present are of the window type and are used mainly in office and hotel rooms. Local importers estimate that over 600 units were brought into Jamaica during 1959, chiefly from the United States.

The 1-ton model at Can.$324, the 1½-ton model at Can.$405, and the 2-ton model at Can.$459 are the most popular.

Water Heaters—Although hot water heaters are scarce in the older houses, they are high on the priority list of most new home owners. Glass-lined electric heaters of 15-gallon capacity retailing for about Can.$94.50 are the biggest sellers of the storage type, with the 30-gallon unit at Can.$121.50 the next best. Water heaters, like stoves, use more electricity and must operate on 220 volts. Most tanks are

equipped with two heating elements, a 1,000-watt unit at the bottom and an 800-watt unit at the top.

The geyser-type gas water heater which outsells the electric storage-type unit by about five to one is available in two sizes. The smaller one sells for Can.$48.60 and supplies one gallon of water per minute with a temperature rise of 40 degrees. The larger unit retails at Can. $105.30 and supplies 3½ gallons per minute with a similar temperature rise.

In introducing a new brand into the market, local distributors face competition from established products and advertising is frequently necessary. Canadian suppliers can provide advertising materials, brochures, etc., or work out a co-operative advertising program to help ease the local representative's job of establishing the product.

The Jamaican market for domestic appliances should continue to expand during the next few years as consumer income rises. Competition will undoubtedly increase, however, and Canadian firms interested in capitalizing on the opportunities should establish personal contact with local distributors, and work closely with them in order to benefit from their experience in this market. ●

Australia

The Market for Electronic and Communication Equipment

Canadian companies active in this specialized field will want to study this review of the Australian industry that makes clear where opportunities for imported equipment lie.

L. D. BURKE, *Assistant Commercial Secretary, Sydney.*

AUSTRALIA imports, exports and manufactures electronic and communication equipment and also most of the components required to manufacture and assemble such equipment. When the market is sufficiently large to support domestic manufacture, the local industry can meet all Australian demand, as it does for products specially designed and developed to fill a particular Australian need for communication or electronic equipment. In fact, sometimes it can compete in export markets. Imports into this country normally consist of a wide range of specialized electronic and communication equipment, but also include standard items of foreign manufacture that are particularly competitive because of price or quality. The following paragraphs give a description of the industry in terms of the types of products manufactured in this country, exported and imported.

Electronic Equipment

Mass-Produced Equipment and Components—Mass-produced electronic equipment, such as radio receivers and television sets, is made locally in sufficient quantities to meet domestic requirements. There are, for example, 20 local manufacturers of television sets. Notwithstanding this, Australia imports appreciable quantities of cheaper portable transistor radios and (to supplement domestic production of radios) expensive short-wave receivers, the market for which is limited.

Standard components required for the mass-produced items—such as resistors, capacitors and valves—are also available from Australian suppliers. This does not, however, rule out sales opportunities for specialized parts and for foreign products that are particularly competitive. Low-leakage condensors used in electronic measuring equipment are imported, for example; so are photo-multipliers and German-made resistors which find a ready market because of their price and performance. At the same time, Australia exports to various markets resistors, television and radio and starting-motor condensors, tuners and automatic timers. The principal market is New Zealand.

Electronic Laboratory Equipment—Some types of electronic laboratory equipment, such as oscillators, oscilloscopes, and measuring bridges, are manufactured locally. However, the bulk of requirements, particularly where exacting standards must be met, are still purchased abroad. Imports include specialized signal generators, large chart recorders, capacitance and re-

sistance boxes used to measure the capacity of circuits, standard cells and, in the field of control equipment, key and study switches. The user market is technically well advanced but apparently is not large enough to support local manufacture of all domestic needs. Principal customers are the Atomic Energy Commission, the universities, and research laboratories in the large units of industry.

Automation Electronic Control Equipment—A new market is opening up in Australia for general automation electronic control equipment as local firms continue to introduce automation. Suppliers from the United Kingdom and the United States have been particularly aggressive in this field and although business admittedly is still modest, it has grown rapidly in the past few years and offers increased opportunities. Industries that have already switched over to more automation include manufacturers of building materials and automotive parts, and newspaper publishers. The steel industry in Australia has one operation using a closed television circuit to handle quality and production control. Best prospects for sales of automation electronic equipment would probably be the paint, sheet metal and soap manufacturers. Increasing labour costs have encouraged the trend towards mechanized production.

Nuclear Industrial and Research Equipment—Australia imports an appreciable volume of nuclear equipment for industrial and research purposes. Specific items for industry include thickness gauges and eccentricity testers from Britain and Germany and, for the more expensive types, from the United States. Laboratory items include scalers and counters used to measure radiation. Present customers are the hospitals, industry and the Australian Atomic Energy Commission. Within two or three years, industry will probably be the largest customer in this country for nuclear equipment for both research and production.

Medical Electronic Equipment—The market in Australia for medical electronic equipment used for surgical, pathological, electro-medical and X-ray purposes is partially supplied by domestic manufacturers. For example, medical X-ray equipment is produced here and also electronic devices for incorporation into such equipment—electronic timers, relays, etc. In the diagnostic field, there are Australian manufacturers of cardiographs and these instruments satisfy the medical field adequately within specified spheres. Cardiographs of a specialized nature are also purchased from abroad. In the treatment field, products such as ultrasonic and microwave therapy equipment and electro-surgical units are imported to supplement local manufacture.

Specialized Electronic Equipment—There may also be a small market here for geiger counters not made locally in commercial quantities, and for radar equipment. The market for the latter is limited to civil aviation companies and the armed forces. There is a rapidly expanding market for computers, particularly those used in accountancy and in the processing of scientific data.

Communication Equipment

In communication equipment, Australia is well advanced technically. Communication transmitters and receivers, mobile radio equipment, microwave lengths and instrument-landing equipment are among the lines manufactured. Exports form an important part of the industry's business. The major markets have been New Zealand and the neighbouring Asian countries, but sales of highly specialized products such as equipment used to guide aircraft as they approach and land at airports have been made to the United Kingdom. Complete radio broadcasting systems have been supplied to New Zealand and South Africa; vehicle-to-vehicle communication equipment to Singapore and Malaya, and substantial amounts of radio communication equipment to India and Pakistan.

Telecommunication Equipment—Practically all telecommunication equipment in Australia is imported, principally from the United Kingdom. In this field, opportunities appear most promising for picture transmitters used by newspapers and for overseas telecommunications, weather-chart transmitters and the radio transmitters used to link up these machines as a system, vacuum-tube communication systems for buildings, and message-receiving machinery, including teleprinters. Apparently there is also a potential market for direct writing equipment if a satisfactory unit can be offered.

Specialized Communication Equipment—In specialized communication equipment, there are possibilities for selling relay television equipment (the trade calls it gap-filling equipment), closed circuit television systems applied in commerce, industry, education and hospitals, and staff location equipment.

How to Approach Market

This brief outline of the electronic and communication equipment industry in Australia, it is hoped, will highlight for Canadian exporters the general lines in which sales opportunities appear most promising. Canadian firms who wish to determine whether specific items can compete in Australia should provide this office with the following information on the products they have for export:

- Catalogues
- List prices and discounts
- Full technical description of equipment, including a list of typical users or applications
- Details of the components used, thus permitting customers to determine the possibility of obtaining replacement parts locally
- A complete list of installation and service instructions—often as important as catalogues in effecting sales. ●

Tying by hand millions of knots, skilled Persian women weave a rug, following a pattern sketched by the designer. One square metre may contain a million knots.

Iran Exports Carpets

An ancient industry based on skill, patience and few raw materials helps Iran's export position; wins markets throughout the world.

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

IRAN is sometimes better known for her handmade carpets than for her delicious caviar and abundance of oil. This is understandable, because carpetmaking is an old and highly developed industry that today provides some 17 per cent of Iran's annual exports (excluding oil). This industry is not without problems, however, as it is vulnerable to the whims, tastes and prosperity of foreign buyers.

During 1959 over $17 million worth of carpets were exported to more than 50 countries; the principal markets were Germany, United States, United Kingdom, Switzerland, and France. The relative demand from each of these countries was:

Germany	—	34	per cent
United States	—	15	" "
United Kingdom	—	11	" "
Switzerland	—	10	" "
France	—	4.5	" "

The Industry Itself

Carpetmaking in Iran is a family business in which all members of the household—old and young—play a part. It is estimated that some 150,000 persons are actively engaged in the industry, although a more realistic figure (including the nomadic workers) would be 200,000. There is only one carpetweaving company in Iran and it has workshops and branches throughout the country.

Weaving is centered in Kerman (southeastern Iran), Tabriz (Northwest), Kashan, Qum, Isfahan, Naeen, Mahalat, and Yazd (central Iran), Shiraz (south), Arak Tafrash and Hamadan (western Iran), Meshed (northeast) and the tribal communities such as Baluch (southeast), Qashqaee (south), Turkemans (north) and Afshars. The quality of the carpets from these various parts of Iran is well known to the many buyers who come here every year to replenish their stock.

Weaving

Carpet-weaving methods in Iran have not changed over the centuries. Tracing a pattern sketched by the designer on a cotton base, the weaver hand-ties the wool pile. In each square metre of a finely woven carpet, there are almost one million knots, each tied separately with wool of exactly the same colour as the drawing or pattern. It takes skilled workers from two months to two years—sometimes longer—to complete a carpet, although much depends on the size and quality of the finished product.

From a very young age, children can be seen crouching on the platforms supporting the woofs and the warps to which they must tie their

little knots. As they grow older, their speed and alertness improves to the point where it is difficult for the layman to follow the darting skilled fingers that tie the intricate knots. The completed carpet is passed to the shearer, whose job it is to give a uniform thickness to the wool pile. The carpet is then washed with water or chemicals, according to the wishes of the buyer.

Designs and Colours

Although new markets have demanded new designs and colours, traditional designs like Abbassi, Eslimi and Shah Shafi are still popular. Carpet designs vary according to locality and after a few weeks in Iran even the layman can quickly spot the attractive design and blue colour of a Kerman carpet or the rather heavy wine-coloured background of rugs from Hamadan. Lately, foreign buyers have shown unusual interest in the more unconventional and less well known patterns of the "tribal" carpets.

Iranian carpets have a unique reputation in export markets for their quality and for the fastness of their dyes. The Moslem rug-weavers use age-old colouring agents like indigo, madder, shells, almonds, pistachios, walnuts and pomegranates, and guard their recipes as closely as their formulas for non-alcoholic drinks.

Though Iranian carpets have various designs, colours and sizes, they can all be classified according to quality in the following manner.

• *Choice carpets*—these are considered to have fabulous artistic value and their prices cannot be determined by the usual methods.

• *First-class carpets*—these include the carpets of Naeen, Kashan, Kerman and some from Tabriz. Each square metre of these carpets sells at $40 to $80.

• *Second-class carpets*—these are the most widely used carpets; their prices are subject to market fluctuations. Current f.o.b. prices per square metre are approximately:

Kerman	$27	—	$54
Kashan	24	—	67
Isfahan	25	—	67
Qum	32	—	44
Shiraz	20	—	23
Hamadan	20	—	27
Tabriz	15	—	40
Meshed	17	—	24

• *Third class carpets*—these are the cheapest and the most inferior types, sold by the piece and seldom exported.

The value of a carpet varies with tastes of the particular export market. However, fundamental points in appraising a carpet include the quality of the material used, the pattern, the fineness of the weave, the colour and the type of aniline used.

Payments vary from irrevocable letter of credit at the time the shipment goes forward to six months after its arrival at destination. Carpets are also shipped to preferred customers on consignment.

Sales of Iranian carpets to Canada are somewhat higher than official statistics indicate, because some enter through other countries. At best, however, total Canadian purchases do not exceed $200,000 a year. Since more interest is being shown by well-known Canadian buyers, Iranian exporters are confident that sales to the Canadian market will increase appreciably over the next few years. •

IBRD Fosters Development

TOTAL loans by the International Bank for Reconstruction and Development on June 30, 1960, the end of its fifteenth fiscal year, stood at $5,067.9 million—which represents 265 loans in 53 member countries. New loans made in the 1959-60 fiscal year numbered 31 totalling $658.7 million.

Of the new loans, Asia and the Middle East together received, for the fifth successive year, the largest part, $273 million, bringing their 15-year total to $1,569 million. Africa this year accounted for $183 million for a total of $772 million, and Latin America received $134 million for a total of $1,053 million. Lending in Europe continued to fall, reflecting the ability of most European countries to finance their own needs or borrow in the market: new loans reached only $69 million, for a total of $1,356 million. Mauritania and the United Arab Republic were new borrowers.

The loans continued to show a concentration on basic facilities: transportation, power, mining, heavy industry and agriculture. Transportation was the biggest category, at $245 million. This included an oil pipeline to the Sahara ($50 million), Suez Canal improvement ($56.5 million), and general improvements in the former Belgian Congo, India and Pakistan ($95.5 million).

Loans for developing electric power totalled $208 million and the resulting projects will add more than one million kw. of generating capacity in member countries. The loan to Italy ($40 million) was the Bank's first investment in nuclear power; it will be used for construction of an atomic power plant. Iran and Peru were new borrowers in this category.

Loans for the development of industry aggregated $146 million; that for iron mining in Mauritania ($66 million) was the largest of all loans in any category for the year. Most of the other loans for industry took the form of assistance to local development banks.

Agriculture received a greater share of lending than for some years past, with a total approaching $60 million. Of particular interest in this category were the Bank's first three loans for agriculture in Africa ($18.2 million) to Southern Rhodesia, Kenya and the former Belgian Congo.

Total new loans for the year were slightly below the rate of the previous two years, but the effective doubling of the Bank's approved capital and the establishment of its affiliate, the IDA, may reverse this trend. •

Indonesia Announces Monetary Measures

New import regulations designed to keep down prices of necessities and raise living standards. Effect on our trade should be slight.

M. B. BLACKWOOD, *Commercial Secretary, Djakarta.*

LATE last summer the Government of Indonesia announced new monetary measures which became effective on August 25, exactly one year after the introduction of the sweeping monetary reform of 1959.

According to the government statement, the new measures have three broad objectives.

1. To give the people the opportunity of obtaining basic necessities, such as food and clothing, at lower prices.

2. To further the development of the State in order to raise the Indonesian standard of living.

3. To create a just and prosperous society in an efficient manner.

Under the new regulations, the official rate of exchange remains based on 45 rupiahs to the U.S. dollar. This is now known as the basic rate. The system of export and import levies (PUEK and PUIM), introduced one year ago, has been abolished. To lower the prices of essential food and clothing, the state enterprises handling these are to reduce their surplus profit or mark-up by 20 per cent. In place of the 20 per cent PUEK levy which formerly applied to all exports, a new export duty of 10 per cent has been established. It is calculated on the f.o.b. value of the goods at the basic rate of exchange. All export shipments continue to require licences.

New Import Groups

Imports also remain subject to licensing, but instead of the former six categories of imported goods there are now only two main categories:

- Goods essential to the economy of the country
- Other goods that are still needed.

Essential goods will be imported at the official or basic rate of exchange. Certain commodities that fall within the following general import classifications are included—books; chemicals; printing supplies and accessories; photographic supplies; packing material; gunnies; medicinal and pharmaceutical products; fertilizers; metalwares; building materials; paper, stationery; food and drink; technical articles; textiles, textile dyes, and weaving yarn.

For the time being at least, the essential imports are to be subject to a levy known as a "price component"; its purpose is to prevent speculation as a result of too sharp a drop in prices following the abolition of the former import levies (PUIM), together with the reduction in surplus profit. Over a period of time the price component is to be reduced gradually, but at present it is as follows:

1. Goods which formerly came in under Category I of the old PUIM regulations, in so far as they are not included in (2) below—0 per cent.

2. Goods which formerly came in under Category II and all kinds of weaving yarns—25 per cent.

3. All other categories—60 per cent.

The price component will be calculated in terms of the rupiah equivalent of the foreign exchange concerned.

The second main group, described as "other goods which are still needed", will come in at exchange rates based on Rp.200 to the U.S. dollar in so far as they are allowed to be imported. This rate is more than four times the basic rate of exchange and has been adopted for the purpose of discouraging less essential imports.

The second main group has two sub-groups. The first comprises goods that may not be imported except under a special permit from the Minister of Trade, because they are produced in sufficient quantity in Indonesia. Among these are:

Rulers, including "double decimeter" rulers
Exercise books
Blackboards
School slates
Black printing ink
Frame covers
Saddle bags
Chamois leather
Leather shoes
Leather bags

Soles and heels for rubber shoes
Rubber tapping cups
Bicycle chain covers, all kinds
Bicycle tires, particularly size 28″ x 1¾″ and all sizes fitting a 28″ wheel
Bicycles over 17″, other than racing bicycles
Chopping knives
Saucepans
Casseroles
Flat irons, charcoal-operated
Hoes, forks and pickaxes
Beer
Corned beef
Dried spiced pork and liver paste
Maizena flour
Purol essence
Manufactured paints for building and machinery, with the exception of paints for ships and spray paints
Turpentine
Radio receivers in cabinets, complete or knocked down
Various kinds of textiles, especially those similar to types produced in Indonesia
Manila rope
Awnings
Bandaging gauze and medicated cottonwool
Cigarettes
Cigarette paper in book form
Matches
Mantles for pressure lamps
Dry batteries for flashlights
Car batteries completely manufactured
Sandpaper not for metal work
Cardboard protectors for toothpaste tubes
Strawboard under No. 100
Washing blue
Sealing wax and wax for sealing bottles
Hospital equipment

The second sub-group comprises goods that may not be imported because they are considered luxuries. It covers the following items:

Passenger cars with an f.o.b. price of more than U.S.$2,000

Watches
—the f.o.b. price of which exceeds Swiss francs 150 or the equivalent in another currency
—partly or completely made of precious metal
—decorated with precious stones

Cameras, the price of which exceeds U.S.$100

Jewellery, i.e., precious stones and precious metal

Yachts, whether or not driven by an engine

Carpets

Exceptions will only be made for goods in this group when the Minister of Finance grants special import permits to meet government requirements.

Import Duties

New import duties ranging from 0 per cent to 100 per cent have been announced. They will be calculated on the rupiah c.i.f. value, plus other charges, at the basic rate of Rp.45 to the U.S. dollar. There are four rates of duties.

List A—certain goods in the food and clothing and development categories, and other goods which were exempt in the old tariff—0 per cent.

List B—other food and clothing and development goods—20 per cent.

List C—goods not included in A, B or D—30 per cent.

List D—goods, the import of which is restricted or for which no foreign exchange is made available except under special permit from the Minister of Trade or the Minister of Finance—100 per cent.

All other duties which applied under the former system—that is, statistical duty, goods fee and entry tax—have been abolished. It is expected that this will reduce considerably the administrative burden on importers and government officials because the calculation of these various duties was both time-consuming and confusing.

Imports with Free Exchange

Holders of free foreign exchange —i.e., foreign exchange not registered as belonging to the State— may be allowed to use it to import certain kinds of commodities. The products covered and the conditions that will apply have not yet been announced. These matters are to be under the control of the Ministers of Trade and Finance. It has been stated, however, that the foreign exchange must be used for imports that will help to develop domestic production.

New regulations are to be announced for barter trade (the so-called consignments with counter-imports) in operation between certain areas of Indonesia and Singapore and Malaya.

In addition to the basic rate of exchange of Rp.45 to the U.S. dollar, the Government has stated that in certain exceptional cases a more favourable rate than the official one may be granted for foreign exchange surrendered in respect of certain services (invisibles). The tourist trade has been mentioned but so far there has been no further clarification.

All import applications that had not been approved when the new regulations came into force on August 25 have been rejected, except applications covering essential goods.

Transfers

A transfer tax of 100 per cent is now levied on bank sales of foreign exchange for transfer abroad for certain services (invisibles) determined by the Minister of Finance, such as:

Passages and other travelling expenses.

Ship's charter fees with certain exceptions (inter-island trade, vessels chartered by the government-owned shipping lines, Pelni and Djakarta Lloyd, or ships used for transporting pilgrims to Mecca or rice to Indonesia).

Transfers by firms for financing overseas branches in connection with patent rights and other obligations not usually met by profit transfers.

Transfers to the debit of non-resident accounts.

The imposition of the 100 per cent transfer tax on the basic rate for the rupiah has the effect of creating

another exchange rate of Rp.90 to the U.S. dollar.

As for transfers of foreign exchange into Indonesia, the abolition of the 20 per cent PUEK levy means that inward remittances and travellers cheques are no longer subject to this deduction when they are converted into rupiahs.

Credit and Bank Liquidity

New legislation empowers the Minister of Finance to restrict lending by and liquidity of banks. Those institutions which infringe the regulations (yet to be announced) must pay additional interest to Bank Indonesia, the Central Bank. Second offenders may have their operating permits withdrawn. State enterprises will also be subject to tighter credit control. Because one of the reasons for inflationary pressures in this country has been the granting of large credits by banks, the new regulations should be beneficial. They may be a means of keeping out of circulation money that might be used for other than sound economic purposes.

Interest rates on treasury bills have been greatly increased and now run from 3 per cent a year for three months to 5½ per cent for five years. Bank Indonesia will discount treasury bills (which was not done previously) but the discount rates have yet to be published.

The former import regulations gave prominence to essential goods but the new measures lay even greater emphasis on imports in this sector. Because most of Canada's exports to Indonesia have been in the category of essentials, little change in either the volume or pattern of our trade is to be expected. ●

In Colombia

Steel Sparks Metal Industry

Colombia's metal industry has trebled output since 1953, thanks largely to the Government's decision to build a steel mill and reduce dependence on imports.

J. H. BAILEY, *Commercial Secretary, Bogotá.*

DURING the war the Colombian metalworking and construction industries were badly affected when traditional European sources of supply were cut off. North American mills, fully occupied supplying Allied forces, were unable to spare enough steel for this market. After the war the Government, not wishing to see the economy strangled again, decided to build the country's first integrated steel mill at Paz del Rio. It hoped that the production of this mill, plus the steel fabricated in Medellin from scrap, would be sufficient to conserve foreign exchange and to meet basic needs in time of war. At the same time the Government hoped that the metal-using industries, if given a local source of supply and protection from imports, would be able to expand and diversify. The Paz del Rio mill, built by a French firm, with equipment manufactured in France to United States specifications, came into full production on October 13, 1954, and since then has largely met these requirements.

Basic Steel Production

Paz del Rio is in the Colombian mountains at the 8,500-foot level, 180 miles northeast of Bogotá. The mill receives its supplies of iron ore, coal and limestone from within a 25-mile radius. Reserves of iron ore in the area are estimated at more than 100 million tons containing 48-50 per cent iron and 1 per cent phosphate. Output is shipped throughout Colombia by rail and road, and some products have been shipped to the Caribbean area and even to the southern United States.

Production totalled 104,000 ingot tons in 1959 from a 500-ton blast furnace; this was turned into 77,000 tons of steel in a Thomas converter and a 15-ton electric furnace. The steel in turn was made into rails, reinforcing bars, structural shapes, mine arches and wire. During 1960 and 1961, thanks to an investment program of more than $14 million, the following changes will be made: installation of a rolling mill (capacity 50,000 tons a year) for steel sheet production (from 0.3 to 3 millimetres); a sintering plant for iron ore; modifications to the 43 coke ovens that will allow for higher production, and an increase in wire

STEEL PRICES IN COLOMBIA

Square bars and rounds	Price per metric ton
⅜ inch	$147
½ "	143
¾ "	136
1 "	134
Angles	
1 x 1 x ⅛	154
3 x 3 x ¼	147
4 x 4 x ⅜	146
5 x 5 x ½	145
6 x 6 x ⅝	143
"T"S	
1 x 1⅛ inches	193
1¼ x 1¼ x 5/16 inches	155
Wire for screws	
Nos. 4 to 8 BWG	196
No. 14 "	199
No. 18 "	206
Galvanized wire	
No. 14 BWG	184
No. 18 BWG	193

output. There will also be miscellaneous additions and modifications in compressed air distribution, automatic handling equipment, etc., that will improve the workings of the plant. The rolling mill will come from the Acerio del Pacifico in Chile and the other equipment from the U.S. and Europe. It is expected that the World Bank will supply about $12 million and the remainder of the capital will come from Colombian sources.

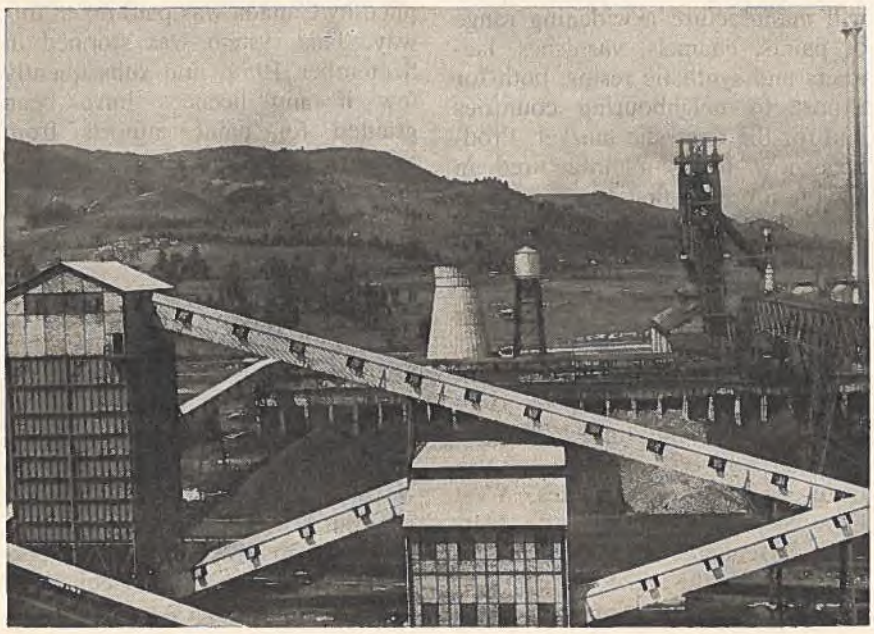
The only other steel producer in Colombia is the Empresa Siderurgica de Medellin. This company, using scrap as its raw material, turned out about 15,000 tons of steel in 1959. At present a new five-ton electric furnace is being installed that will boost production in Medellin and in the company's subsidiary plant near Bogotá. In addition to its basic steel production, the company operates a modern butt-welding pipe mill (using imported sheet steel) and a casting plant for products ranging from railway equipment and cast-iron pipe to specialized goods for factories in the bustling industrial city of Medellin.

Metal Industries Profit

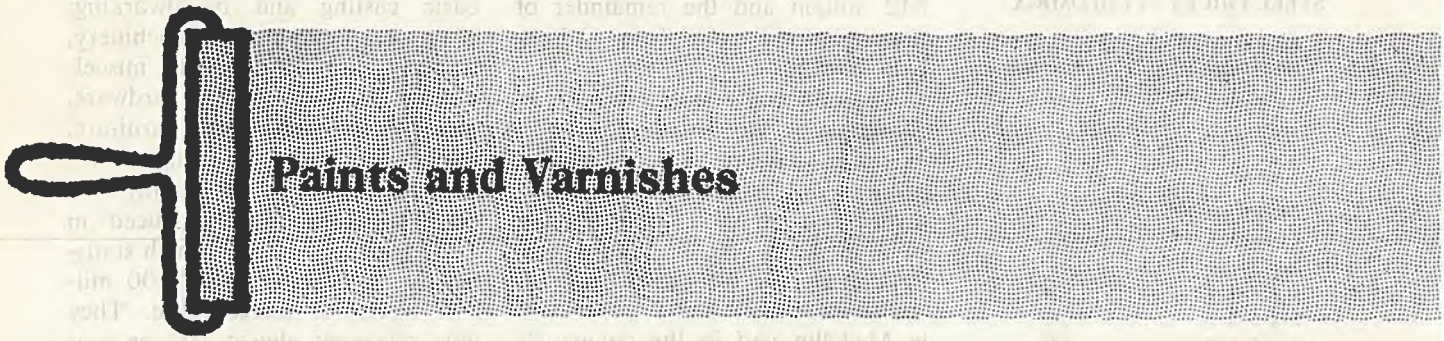
The introduction of large-scale domestic steel production, plus a general business boom in Colombia, has led to at least a trebling of output from the metallurgical industry since 1953. This increase stems from the creation of new industries and expansion of the old. There are now over 180 metal industries almost evenly divided as follows: basic casting and metalworking; electrical equipment; machinery; transportation equipment; miscellaneous products such as hardware, metal home and office furniture, kitchen and bathroom equipment.

The metal industries employ over 30,000 persons and produced in 1957 (the last year for which statistics are available) over $100 million worth of merchandise. They now represent almost 10 per cent of the country's total production and are steadily expanding; each year, out of total industrial investment, the metalworking industries account for over 11 per cent. This rate of growth is assured for some years because of the Government's declared policy of aiding domestic production.

Although the metal industries are saving Colombia more than $27 million a year in foreign exchange (compared with 1953), over $132 million worth of metal goods a year are still being imported. Hence, even with the announced introduction of new factories for automobiles and other steel products during the next two years, there should still be wide scope for other new enterprises to take part in the expansion of Colombia's metal industries. ●



Opened in 1954, the Paz del Rio plant, built by French engineers, was Colombia's first integrated steel mill. The plant is now being enlarged, a rolling mill installed, and various improvements made to step up efficiency. The program involves an investment of over $14 million.



The Market in Egypt

Canadian producers can write off the Egyptian market for the time being; opportunities may develop if foreign exchange position improves. Saudi Arabia, Ethiopia and Sudan more hopeful.

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

THE paint industry in the United Arab Republic's Egyptian Region is by no means highly developed. There are four factories in Alexandria, one of which was established as long ago as 1894 as a branch of a British firm, and a number of small producers whose products are not sold or advertised nationally. These plants could better be termed paint mixers rather than paint manufacturers; almost all their raw materials are imported. No statistics of production by quantity, value or type of paint are available; the Federation of Industries has never considered the industry important enough to collect information about it. However, it is apparent that local production meets perhaps half of the country's requirements of the cheapest qualities.

Local Production Encouraged

Traditionally, Egypt has relied heavily on imports of most manufactured goods including paints, varnishes, enamels and lacquers. In spite of the drive to industrialize in recent years (the Second Five Year Industrial Plan is just beginning), Egypt has placed little emphasis on developing the paint industry. It is only in the last year that the planning authorities have paid attention to the need to produce better grades of paint for the growing finished consumer and capital goods industries. Thus the Second Five Year Plan includes a project to expand a new firm, The Paints & Chemical Industries Co.

This new company, formed in 1958, expects to go into production this year under licence and supervision of a Danish firm, S. Dyrup & Co. Initial output is planned at 1,000 tons a year, increasing to 2,700 tons by 1965. The company will manufacture a widening range of paints, enamels, varnishes, lacquers and synthetic resins, both for export to neighbouring countries and for the domestic market. Products now being manufactured in Egypt for the first time include domestic gas and electric appliances, cars, trucks, tractors, railway rolling stock, pumps and agricultural equipment, all of which require types of paint previously not made here.

As local production grows, imports will be prohibited. In 1959 however, Egypt imported 1,500 tons of paint and 270 tons of varnish from a variety of sources. West European countries—West Germany, Denmark and the Netherlands—were the chief suppliers of paint; Communist countries—Yugoslavia and Communist China—provided about 20 per cent of the total. The United States sold 150 tons valued at E£68,000 and Canada five tons valued at E£2,380. Communist countries, principally China, supplied more than half of the total imports of varnish, and Western Europe (Germany) the remainder.

Under Egypt's severe import licensing programs during the last few years, paint has never been considered essential. Since bilateral payments agreements exist between Egypt and Communist countries it is easier to obtain licences to import from these sources. But for consumers who required high quality paints, of the kind available in Europe and North America, it was possible up to late last year to buy foreign exchange on the "free" market at a premium of 60 to 70 per cent over the official rate; paint supplied by Canada was paid for in this way. This system was stopped in September 1959, and subsequently few if any licences have been granted for paint imports from Western countries. As a matter of academic interest, import duties on paint, varnish, etc., total 32 per cent ad valorem (Egypt has a single column tariff applicable to all countries).

At the present time Egypt has no packing regulations, but in accordance with a recent law on weights and measures, the metric system will be mandatory after November 15, 1961, and litres and kilograms will replace quarts, gallons and pounds. A new law pertaining to the labelling of consumer goods stipulates that Arabic must be

used exclusively, or at least as prominently as any foreign language. Letter of credit is more or less the standard financing practice for imports in the United Arab Republic.

As will be surmised, opportunities for the sale of Canadian paint do not exist today in the Egyptian Region of the United Arab Republic. Future possibilities depend on an improvement in the foreign exchange position, and the ability of local industry to meet the country's requirements. With an improved standard of living, demand should be greater for good quality paints which may not be obtainable locally.

Of the other countries which this office covers, Saudi Arabia offers the best opportunities for Canadian exporters. No statistics are available on imports but there is no local production and, apart from petroleum, little industry of any kind. The market therefore is confined largely to house and building paints.

The Sudan and Ethiopia also have no local production. The Sudan imports about 1,000 tons a year, mainly from the United Kingdom, the Netherlands and other West European countries. Ethiopia imports some 700 tons a year from the same sources. The Sudan is steadily relaxing its import restrictions as the foreign exchange situation improves; Ethiopia does not restrict imports. Canadian exporters whose prices, including freight, are competitive with those of West European suppliers might explore possibilities in these markets. ●

Businessman's Bookshelf

Economic Development in the United Kingdom Dependencies

Central Office of Information. 48 pages. Free.

THE United Kingdom dependencies cover an area of over 1.8 million square miles as compared with Canada's 3.9 million and contain some 75 million people. Together they form a huge potential market. They now account, in terms of value, for about 4.5 per cent of world exports and about 4.7 per cent of world imports. Total exports, at $3.3 billion in 1958, and imports at $4.0 billion were both exactly twice the respective 1949 values. Agriculture is still the basis of most of these economies and—supplemented in some cases by minerals (to the order of $650 million for the whole year) and manufactures—has been the significant factor in the importance of the territories in world trade. One of the major problems has been the great dependence of the various territories on the returns from one or two commodities which are subject to violent price fluctuations in world markets.

This pamphlet describes briefly the measures, both public and private, undertaken to promote economic development and diversification in these territories. The study outlines some of the problems involved, the financial aid and technical assistance programs, and their effect. The text is supplemented by several tables illustrating the production and trade of the various units of the area.

Order from: United Kingdom Information Office, 119 Adelaide St. W., Toronto, Ontario.

Europe Today: A Report on the European Economic Community

The First National City Bank of New York. 39 pages. Free.

THE Rome Treaty establishing the European Economic Community has been in existence almost three years and the Common Market itself has nearly completed its second year of active operation. This little booklet, the second of a series, brings the reader up-to-date on current labour supply, wage rates, investment incentives and market potential in each EEC country. It also deals with investment and production and briefly discusses trends toward mergers, agreements, co-operation, and reorganization of production and distribution facilities in the private enterprise sector of the Common Market.

The study also describes the background of both the EEC and the EFTA, and presents economic and trade comparisons between the two. The approach is

distinctly slanted to the U.S. businessman, but the booklet nevertheless contains much information of value to his Canadian counterpart.

Order from: The First National City Bank of New York, 55 Wall Street, New York 15, N.Y.

Marketing in Latin America

By Frank Montgomery Dunbaugh. 290 pages. $7.50.

THE dynamic Latin American market, with its growing industrialization and rising purchasing power, offers wide scope for imaginative marketing techniques.

Making the North American executive aware of the Latin markets that can be penetrated by creative thinking is the first objective of this book. After arousing the exporter's interest, Mr. Dunbaugh suggests an enlightened approach to the markets and also points out some unanticipated pitfalls.

Among the phases of Latin American marketing covered are distribution, advertising, public relations, selling capital and consumer goods, and licensing. Case histories drawn from well-known U.S. firms are used to illustrate the various current techniques.

Comprehensive and detailed but written in a light and stimulating manner, Mr. Dunbaugh's book is a valuable tool for the marketing executive.

Published by: Printers' Ink Book Company, 635 Madison Avenue, New York 22, N.Y.

Survey of Markets and Business Year Book, 1960

Edited by B. M. Hamilton for the Financial Post. *238 pages. $4.00.*

WHAT is Canada's fastest growing city? How many people live in the Toronto metropolitan area? How many industrial plants has Moose Jaw? What is the number of persons paying income tax in Prince Edward Island?*

The 36th edition of this familiar marketing guide will answer all these questions and hundreds more. It starts out by giving, for 400 or so marketing areas, comparative figures on population, on personal disposable income, and on retail sales. It then gives marketing data on the provinces, cities and towns. Section two surveys national business (national income, employment, municipal finance, price movements, etc.) and section three covers national industry.

Manufacturers, importers, advertising and market-research men, Chamber of Commerce members, industrial development committees, and even public speakers —all these should find this hardy annual helpful.

Order from: Maclean-Hunter Publishing Company Limited, 481 University Avenue, Toronto, Canada.

*Answers: Edmonton; 1.5 million; 42; 8,911.

Europa Year Book 1960, Volume II

Europa Publications Limited. 1,179 pages. $25.00 (two volumes $44.00).

LAST July we reviewed Volume I of this comprehensive reference work, in which Europa plans every year to cover all the countries of the world. Volume II, which deals with Africa, the Americas, Asia and Australasia, includes a preliminary section on international organizations not found in the first volume. The United Nations gets brief though thorough treatment; so does the Commonwealth, the French Community, the Organization of American States, the Colombo Plan, the Arab League, and others.

The biggest portion of the book is, of course, the systematic listing of facts about all non-European countries from Afghanistan to the Yemen. In the task of handling so much material the editors have tried to compress rather than omit and readers may in some instances quarrel with the result. (We are judging from our perusal of the Canadian section.) But if one accepts these limitations, it is a valuable reference.

Published by: Europa Publications Limited, 18 Bedford Square, London, W.C.1.

Trade Commissioner on Tour

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

Toronto—Nov. 21-25 Vancouver—Jan. 27-31

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.

Trade and Tariff Regulations

Communist China

SHIPPING REGULATIONS—Canadian exporters desirous of selling to Communist China will be interested in the regulations concerning the dispatch of goods and other merchandise.

In so far as shipments by post are concerned, the normal service is extended to Communist China, except that parcel post service is suspended. Regular postal service to Communist China is available for letters, printed matter, commercial papers and samples. Dutiable articles in letter packets are, however, not admitted.

Parcels for shipment by post are limited in size to three and a half feet in length, width and depth combined. The maximum dimension in any one direction must not exceed six feet; or, if in the form of a roll, the length and twice the diameter must not exceed three feet three inches. The greatest dimension in any case must not exceed two feet eight inches. The maximum weight for parcels containing printed matter is six pounds nine ounces, except for sewn or bound books, which may be sent up to eleven pounds; for commercial papers the weight is four pounds six ounces and for samples one pound.

Shipments in excess of the limits of weight and size indicated above must go by express or freight.

Under the export control regulations of Canada, administered by the Department of Trade and Commerce, the following goods may be forwarded freely to any country in the world without an export permit, including Communist China, if they are of Canadian origin: advertising matter, except technical data; books; magazines and periodicals. Such commodities of United States origin may not be exported from Canada unless permission is obtained.

United States

TARIFF COMMISSION TO INVESTIGATE IMPORTS OF CELLULOSE FILAMENTS—Having found in the course of the "peril point" investigation of the Trade Agreements Extension Act of 1951, as amended, that an increase in duty or additional import restriction on the articles described below is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the United States Tariff Commission, in accordance with section 3(b)(1) of the said Act, instituted an investigation on October 10, 1960, pursuant to section 7 of the said Act, for the purpose of determining whether such articles are, as a result in whole or in part of the customs treatment reflecting the concession granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The imported articles covered by this investigation are cellulosic filaments of rayon or other synthetic textile (except acetate filaments) not exceeding 30 inches in length, other than waste, whether known as cut fiber, staple fiber, or by any other name, provided for in paragraph 1,302 of the Tariff Act of 1930.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t. on January 31, 1961, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Interested parties desiring to be heard should write the Secretary of the Commission at least five days before the date set for the hearing.

Venezuela

SUSPENSION OF FOREIGN CURRENCY OPERATIONS—Cabled advice of November 7 from W. D. Wallace, Commercial Counsellor, Canadian Embassy, Caracas, reports, "Venezuela suspending foreign currency operations for 48 hours." There are prospects of possible changes in the Venezuelan exchange system. Further details will be published as soon as they are available.

Tours of Territory

Tours by Trade Commissioners in their territories during November and December, which were published in previous issues, have been cancelled because the officers are being recalled to Ottawa to attend the Export Trade Promotion Conference convened by the Minister of Trade and Commerce.

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 1.0253124.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 7	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01181	84.67	(1)
Austria	Schilling		.03770	26.52	
Australia	Pound		2.1964	.4553	
Bahamas	Pound		2.7455	.3642	
Belgium and Luxembourg	Franc		.01965	50.89	
Bermuda	Pound		2.7455	.3642	
Bolivia	Boliviano	Free	.00008537	11,713.72	
British Guiana	Dollar		.5720	1.75	
British Honduras	Dollar		.6864	1.46	
Brazil	Cruzeiro	General Category*	.004265	234.46	*Oct. 18 (2)
		Special Category	.001622	616.64	
		Official selling	.05155	19.40	(3)
Burma	Kyat		.2048	4.88	
Ceylon	Rupee		.2059	4.86	
Chile	Escudo	Free	.9271	1.07863	(4)
Colombia	Peso	Certificate	.1456	6.87	
Congo, Republic of	Franc		.01965	50.89	
Costa Rica	Colon	Official	.1737	5.76	
		Controlled free	.1466	6.82	
Cuba	Peso		.9753	1.02532	tax 2%
Czechoslovakia	Koruna		.1355	7.38	
Denmark	Krone		.1417	7.06	
Dominican Republic	Peso		.9753	1.02532	
Ecuador	Sucre	Official	.06502	15.38	
		Free	.05704	17.53	
Egyptian Region, United Arab Rep.	Pound	Official	2.8007	.3570	
		Export account selling	2.4100	.4149	
El Salvador	Colon		.3901	2.56	
Fiji	Pound		2.4734	.4043	
Finland	Markka		.003048	328.08	
France, Monaco, etc.	New Franc		.1990	5.02	(5)
French Territories, Africa, etc.	Franc		.003980	251.26	(6)
French Pacific	Franc		.01095	91.32	(7)
Germany	D Mark		.2338	4.28	
Ghana	Pound		2.7455	.3642	
Greece	Drachma		.03251	30.76	
Guatemala	Quetzal		.9753	1.02532	
Haiti	Gourde		.1951	5.12	
Honduras	Lempira		.4877	2.05	
Hong Kong	Dollar	Free*	.1715	5.83	*Oct. 28
		Official	.1716	5.83	
Iceland	Krona	Official	.02567	38.95	(8)
India	Rupee		.2059	4.86	
Indonesia	Rupiah	Official	.02167	46.14	(8)
Iran	Rial		.01287	77.67	
Iraq	Dinar		2.7309	.3662	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 7	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7455	.3642	
Israel	Pound		.5418	1.84	
Italy	Lira		.001572	636.13	
Japan	Yen		.002709	369.14	
Lebanon	Pound	Free	.3063	3.26	
Mexico	Peso		.07803	12.81	
Netherlands	Florin		.2585	3.87	
Netherlands Antilles	Florin		.5209	1.92	
New Zealand	Pound		2.7455	.3642	
Nicaragua	Cordoba	Effective buying	.1478	6.76	
		Official selling	.1383	7.23	
Nigeria	Pound		2.7455	.3642	
Norway	Krone		.1370	7.29	
Pakistan	Rupee		.2059	4.86	
Panama	Balboa		.9753	1.02532	
Paraguay	Guarani	Official	.007710	129.70	
Peru	Sol		.03631	27.54	
Philippines	Peso		.4877	2.05	
Portugal & Colonies	Escudo		.03404	29.38	(9)
Singapore and Malaya	Straits Dollar		.3203	3.12	
Spain and Dependencies	Peseta		.01625	61.52	
Sweden	Krona		.1891	5.29	
Switzerland	Franc		.2265	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2725	3.67	
Thailand	Baht	Free	.04613	21.68	(8)
Turkey	Lira		.1084	9.22	(8)
Union of South Africa	Pound		2.7455	.3642	
United Kingdom	Pound		2.7455	.3642	
United States	Dollar		.9753125	1.0253124	
Uruguay	Peso	Free	.08802	11.36	(10)
Venezuela	Bolivar		.2911	3.43	
West Indies Fed.	Dollar		.5720	1.75	(11)
	Pound		2.7455	.3642	(12)
Yugoslavia	Dinar	Official	.003251	307.60	(8)
		Settlement rate	.001543	647.99	

*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.

Markets in Brief

MEXICO

Area: 760,000 square miles, about one-fifth Canada's size.

Population: 34.6 million; growth rate about 3.4 per cent per year.

Climate: varies from tropical in coastal regions to temperate in central plateaus.

Language: Spanish; sales literature in Spanish preferred.

Currency: peso; fixed rate, U.S.$1.00= 12.50 pesos. There are no exchange controls.

Weights and measures: metric system.

Capital: Mexico City, altitude 7,300 feet.

Main entry points: on Pacific Coast—Guaymas, Manzanillo, Mazatlán, Acapulco; on Gulf of Mexico—Tampico and Veracruz; at U.S. border—Matamoros, Nuevo Laredo, Piedras Negras, Ciudad Juarez, Mexicali, Tijuana.

Marketing centres: Mexico City (population, 1960 census) 4.8 million; Guadalajara 734,000; Monterrey 601,000; Puebla 285,000; Mérida 177,000; San Luis Potosi 174,000.

Economy: principally an agricultural country producing grain, livestock, industrial crops, fruit, vegetables. Considerable industrial development in progress, which the Government actively encourages. Mining is important, particularly base metals and precious minerals.

Total Mexican imports: 1959—U.S.$1,007 million; 1958—U.S. $1,129 million. Imports per capita, approximately $29.10. About 8.5 per cent of these imports enter through trade zones.

Chief imports: 1959 (in per cent)—machinery, instruments, electrical and transport material 47.8; chemical products 15.6; other manufactured articles 12.6; raw materials non-combustible 7.5; foodstuffs 3.6; combustible materials and lubricants 2.6.

Chief suppliers: 1959 (in per cent, Mexican statistics)—United States 72.9, West Germany 6.6, United Kingdom 3.8, Canada 2.6, Italy 2.0.

Value of imports from Canada: 1960 (6 months)—Can.$15,-134,425; 1959—Can.$27,766,214; 1958—Can.$31,564,008.

Chief imports from Canada: 1959 (in per cent)—newsprint 27, cellulose products 18, aluminum in primary forms 6, drugs and chemicals 5, machinery and parts 5, asbestos fibre 4, agricultural implements 3.

Total Mexican exports: 1959—U.S.$721 million; 1958—U.S. $708 million.

Chief exports: 1959 (in per cent)—foodstuffs 26.5, cotton 21.2, metals and minerals 16.5, manufactured articles including machinery 9.6, combustibles and mineral lubricants 4.2, chemical products 2.5.

Chief markets: (in per cent, Mexican statistics)—United States 60.7, Japan 7.2, Germany 2.5, United Kingdom 1.9, Netherlands 1.8, Canada 1.3 (Canada ranks fourth by Canadian statistics).

Value of exports to Canada: 1959—Can.$34,615,081; 1958—Can.$32,058,587.

Chief Canadian purchases: 1959 (in per cent)—raw cotton 54, fresh tomatoes 10, green coffee 7, peanuts 3, sisal, istle and fibres 2.

Dollar exchange: dollars are freely available for all permitted imports but a wide range of commodities are subject to import licensing and to substantial duties.

Prices: quote in U.S. dollars c.i.f. or c. & f. the nearest border point of entry.

Samples: permitted entry under bond or treated as normal imports if of commercial value, otherwise free. Some samples prohibited entry without payment of duties such as canned foodstuffs and finished consumer goods.

Transportation: regular flights from Vancouver and Montreal-Toronto; sailings from east coast and west coast ports; road and rail transport facilities available.

Trade agreements: most-favoured-nation agreement with Canada. All countries enjoy equal tariff treatment.

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

Canadian banks: none.

Correspondence: airmail preferable; letters 10 cents per half ounce.

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
Apartado 25364
Mexico 5, D.F.

Reference: special edition of Mexico, *Foreign Trade*, October 11, 1958.

Roger Duhamel
QUEEN'S PRINTER

If undelivered return to:
The Queen's Printer, Ottawa, Canada

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

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.

Trade and Commerce Can Help You