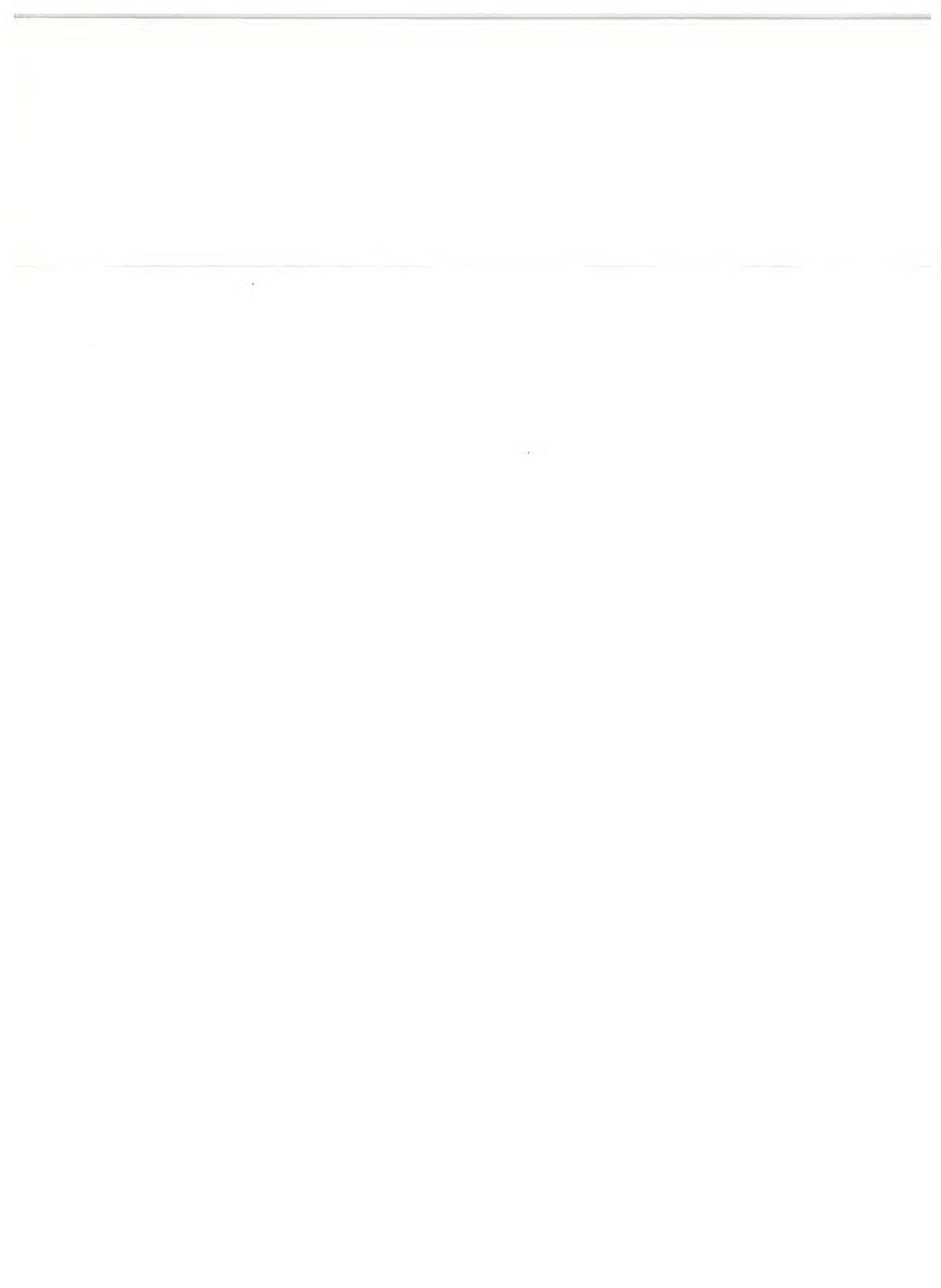


AUGUST 13, 1960

foreign trade



THE AUSTRALIAN MARKET REVIEWED (page two)



foreign trade

Established in 1904

OTTAWA, AUGUST 13, 1960

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COVER

These buyers on the show floor at Elder, Smith & Co. Ltd. of Melbourne, Australia's largest wool brokers, are examining sacks of wool before the auction begins. Wool retains its importance in Australia's export trade and as a foreign-exchange earner though prices have dropped in the last five years. For a complete review of Australian production, investment, foreign trade, etc., see pages two to eleven.



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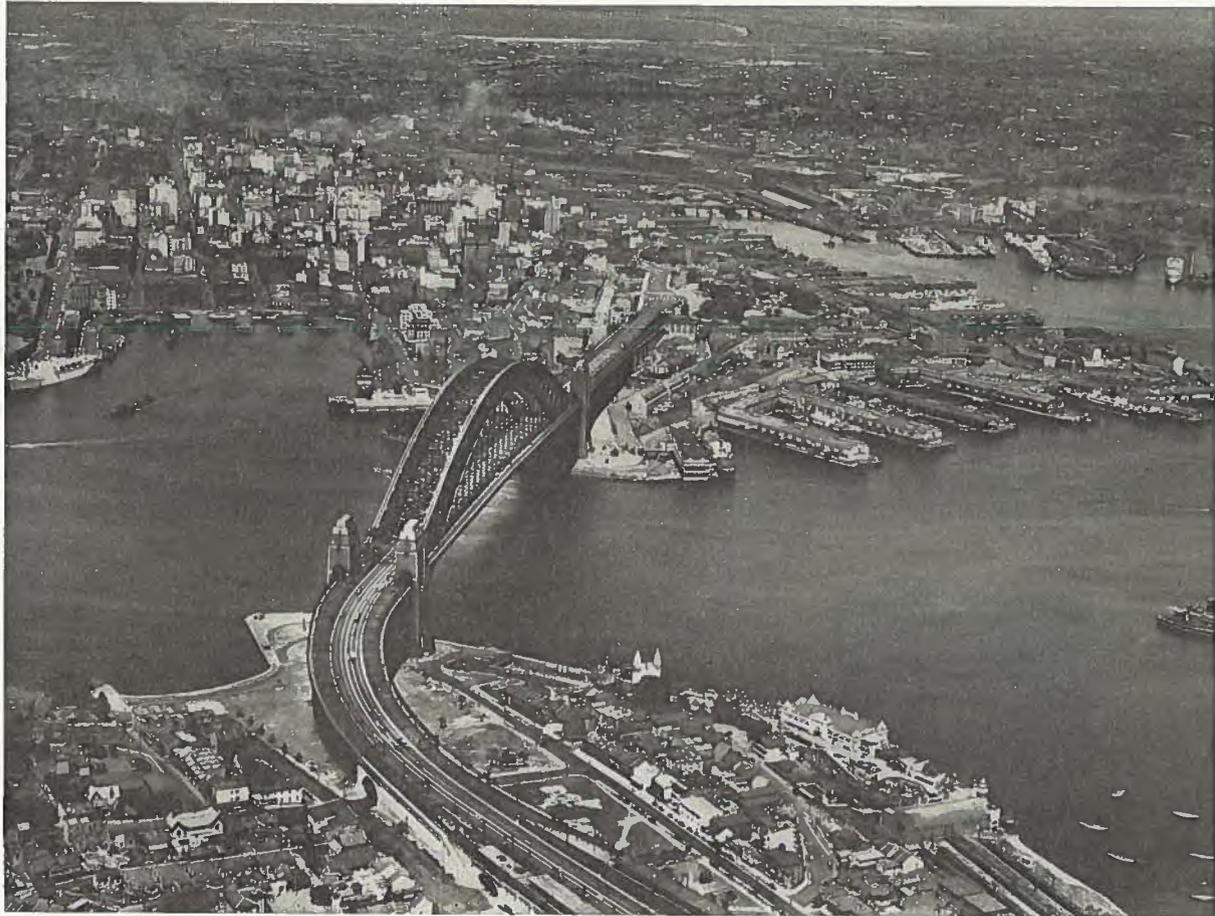
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The great "coathanger" bridge across Sydney's beautiful harbour that covers twenty square miles.

Production

**Foreign
Investment**

**Foreign
Trade**

**Trade
with
Canada**

**Future
Outlook**

The Australian Market

S. V. ALLEN, *Commercial Counsellor, Sydney.*

Production

AUSTRALIA is riding the crest of an unprecedented boom as production and employment continue to rise. Industrial output is climbing more rapidly than a year ago, with basic industries such as steel and cement growing faster than average. Farm income has been satisfactory and returns from wool especially good.

Buoyant conditions prevail in both home and non-home building. Home unit starts, at an annual rate of 84,000 in 1959, rose to an annual rate of 91,000 in the first quarter of this year. Capital expenditures planned by industry during the first six months of the year were more than 22 per cent ahead of the same period in 1959. Electricity generated continues to increase—about 11 per cent in the first quarter of this year over January-March of 1959.

Most consumer goods industries are prospering and motor vehicle sales and registrations continue to keep pace with domestic production. Some saturation in demand for specific electrical appliances has been apparent, but retail sales exclusive of motor vehicles are running at quarterly rates about 8 per cent above corresponding 1959 figures.

New car registrations are currently reaching a record and are 20 per cent above last year; unfortunately the building of suitable modern highways throughout the country is lagging. One promising development that may encourage tourists from overseas is an extensive and much needed major hotel-construction program, with the possible outlay of A£40 million in Australian capital cities alone. Fifty-one motels were built in Australia last year and thirty more are planned.

Expansion of the large retail chain stores continues. Suburban retailing, including supermarkets, is growing rapidly throughout the country. Large stores in capital

cities which have branched out to the suburbs on a wide scale have also shared in the general increase in retailing, though they have achieved only two-fifths as large a gain as the suburban retailers.

Instalment Buying Increases

Instalment buying has increased phenomenally in recent years and financing facilities for this purpose have also expanded. Trends during the last half of 1959 indicate that sales under new agreements in 1960 may reach about A£290 million—an annual increase of about 10 per cent. About 73 per cent of this instalment credit covers the purchase of motor vehicles but the buying of household equipment (notably television sets and electrical appliances) and personal goods is being more and more financed on time. The per capita growth of time sales has risen from slightly over A£10 in 1953 to about A£34 in 1959. In comparison with a 300 per cent growth in instalment buying over six years, advances by banks in Australia have

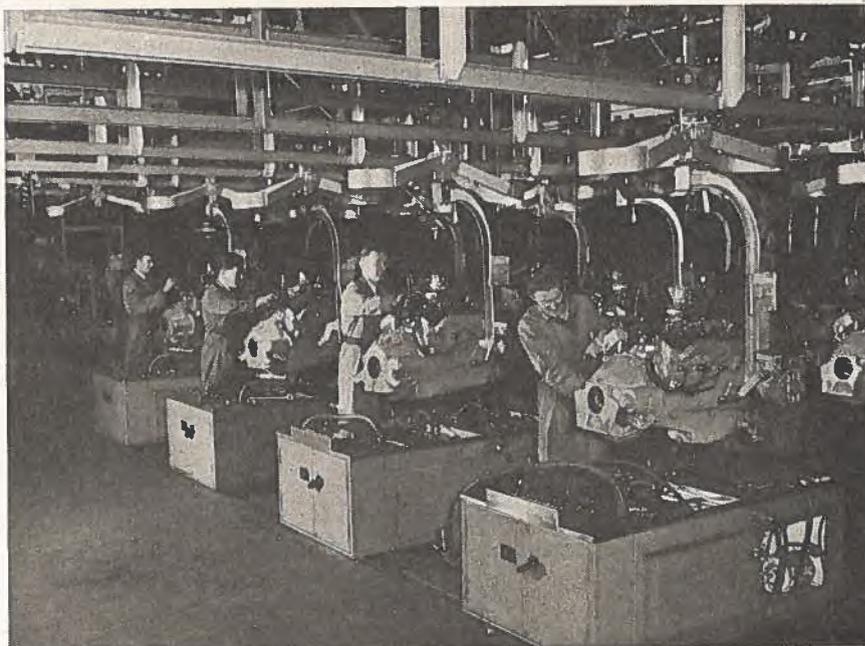
gone up only 43 per cent. By the end of 1960 the instalment debt will total well over A£400 million.

Employment High

Expanding employment opportunities and virtually full employment have been recorded monthly since January 1959, the lowest point for several years. During the year 1959 employment rose by 75,000, half of which went to manufacturing. With rising wages (up 6.5 per cent in 1959), labour relations have been stable, with strikes limited to local and non-basic trades in the past year. Recent cost-of-living indexes indicate that inflation, which threatened the economy early in 1960 because of authorized wage increases in late 1959, may have been checked. It is generally, but not officially, accepted that an annual rise of 2 to 3 per cent in price levels is inevitable.

The outlook is encouraging for continued industrial growth, but the need of and scope for a substantial improvement in productivity are widely recognized. The expansion of Australia's industrial output over

Australia's motor vehicle industry, that started in a small way 40 years ago, now manufactures or assembles nearly 335,000 vehicles a year. The picture shows the engine assembly line at the Ford plant in Geelong, one of the eight main producers.



the past decade has been faster than in other Anglo-Saxon countries, and there are no signs of appreciable change in the pace of progress.

Agricultural Production

Agricultural efficiency continues to improve. Output is now half as much again as during the war years, with the same work force. But steadily rising costs and inflated land values are causing concern.

The value of rural production in Australia in the past year—despite a bad drought in some areas, especially Southern Australia—was about A £1,285 million, or 4 per cent higher than in 1958-59. Average net farm income, however, has declined by 11 per cent in the past four years from the average for the preceding four years.

Meat output rose sharply because of favourable overseas demand, especially for beef and veal, and the outlook remains encouraging. Wool production, at 1,690 million pounds, was 6 per cent greater than in the previous year, with sales at A £370 million, the best return since 1956-57. Average greasy wool prices, 58s.5d. a pound, were 20 per cent higher than in the previous year and exports larger in both value and volume (especially to European and Asiatic countries) contributed substantially to the country's income. Since 1954, however, wool prices have dropped about 5 per cent a year and this trend, in the face of rising production and marketing costs, is worrying the industry.

Although wheat sales have gone up about 50 per cent, abnormal world surpluses, accompanied by dependence on intergovernmental negotiations and trade agreements, create an uncertain outlook and the cost of producing wheat has risen above the prices obtained in the export market. The Wheat Prices Stabilization Fund, which formerly made up the difference between actual export prices and the guaranteed return (estimated cost of production) of 14s.10d. per bushel, is now exhausted and subsidies on this

year's sales may total A £2.5 million. There is speculation about the Government's need to subsidize further wheat exports to the extent of possibly A £6.7 million a year on 100 million bushels. Trade agreements or special arrangements with the United Kingdom, Japan, Ceylon, Malaya and West Germany ensure the sale abroad of two-thirds of Australian wheat exports. Declining flour sales and the unfavourable long-term prospects are also causing concern.

The dairying industry is also receiving compensation for overseas sales of butter made at a loss, but exports of dairy products rose from A £42 million in 1958-59 to A £53 million in 1959-60. There was overproduction in the cane-sugar industry for the third year in succession and export returns as well as volume were lower. Fruit production, including dried vine fruits, decreased because of seasonal difficulties and lower prices received abroad meant smaller exports. ●

Foreign Investment

AUSTRALIA'S balance of payments in recent years has been well supported by an inflow of private capital from overseas. The United States has lately become a more important source although the United Kingdom is still the largest investor. Strenuous official and private efforts are being made to increase the interest of foreign investors in the development and diversification of local industry. The objective is to help bridge the gap between outlays for imports and services and earnings from exports. Total capital inflow, including appreciable unremitted profits of Australian subsidiary companies, has totalled about A £1,000 million since the end of World War II.

Recent official figures covering Australia's balance of payments show that "identified" overseas investment in companies in Australia

in 1958/59 reached A £118.1 million compared with A £98.0 million in 1957/58 and A £103.3 million in 1956/57. Some details on the form of investment and countries of origin are given in the table below.

Undistributed income, which usually is reinvested in Australia, totalled A £25.5 million, or 40 per cent, of the United Kingdom investment, an increase of A £7.0 million compared with 1957/58. Undistributed income accounted for A £30.6 million, or nearly 70 per cent, of United States investment, an increase of A £11.6 million compared with 1957/58.

Probably 60 per cent of direct investment funds in the past ten years were British in origin, and 30 per cent of United States (mainly) and Canadian origin. The remainder

OVERSEAS INVESTMENT IN AUSTRALIA

Form of Investment	1958/59	1957/58	1956/57
	(in millions of Australian pounds)		
Undistributed profits	58.7	39.7	45.6
Other direct investment	40.0	50.4	47.8
Portfolio investment	19.4	7.9	9.9
Total overseas investment	118.1	98.0	103.3
Country of Origin			
United Kingdom	63.5	58.2	60.9
United States	43.8	24.8	27.3
Others	10.8	15.0	15.1
Total	118.1	98.0	103.3

is credited to other overseas countries, about one-third of it to New Zealand. In the past, the policy of many United Kingdom companies has been to open branches, whereas American investment has involved more wholly or partially-owned subsidiary Australian firms.

A recent Department of Trade publication lists some 800 American firms with industrial connections here; 183 have subsidiary or affiliated Australian organizations. The rest are associated less intimately with Australian enterprises through royalty or licensing arrangements involving little or no capital or investment. Something over 400 United Kingdom firms are thought to have established branch manufacturing facilities in Australia, with substantial British control or ownership.

No precise analysis of the direction of foreign investment is possible, but United Kingdom organizations in Australia seem to predominate in the electrical engineering and electronic fields and in the supply of materials and production of foodstuffs and consumer durable goods, especially cars. They play a relatively smaller role in the production of clothing and pharmaceutical products. Machinery and equipment, motor vehicles, oil-refining, toilet goods and cosmetics, and other consumer goods are the most important fields for American subsidiaries, followed by electrical goods, chemicals, processed food, clothing, minerals and packing materials.

Oil Receiving Attention

Resource development, and especially the search for oil, is receiving increased overseas attention. Oil discovery in Australia is important in the context of balance-of-payments problems because over A £70 million is spent annually on importing petroleum for the country's seven refineries. Local sources for oil would thus release substantial foreign exchange for other uses. In consequence, the Government has

increased its oil-search subsidy to over A £1 million from half this figure last year and a quarter of it in 1957/58. Over 30 applications for subsidized seismic surveys and stratigraphic drilling operations have been granted. Official mapping and geological surveys are being undertaken throughout Australia, but especially in Queensland and Western Australia.

A recent report by the Manufacturing Industries Advisory Council, designed to advise the Government on overseas investment in this country, stressed the need for export franchises to be granted Australian firms as part of their working agreements with associated overseas con-

nections. It also accented the need for new outside capital for future expansion and the benefits of Australian access to overseas research experience, management skills and technical knowledge. Capital inflow over ten years was estimated to be 8 per cent of total private and public investment in Australia. Income payable on direct overseas investment in 1958/59 was given as 10 per cent of export income that year and actual payments at 5.4 per cent because of profits reinvested in Australia. Overseas control and participation by Australians in equity capital of large subsidiary operations of overseas investors are subjects of increasing public concern. ●

Foreign Trade

AUSTRALIA'S progress in achieving a more favourable import policy, and especially liberalization of dollar imports from 1958 onwards, has been based on the steady improvement in its own balance-of-payments situation, coupled with the strong over-all dollar position of the sterling area. The marked rise in Australia's export income from December 1958 on, and especially the high levels recorded for the six months October 1959 to April of this year, accompanied by the accelerated flow of investment funds from overseas, provided exchange resources sufficient to finance an enlarged import program without affecting the reserves seriously.

The over-all import target of A £800 million a year to which import licensing was geared in 1957 and 1958 was increased progressively in 1959 and finally abandoned in early 1960. Only about 10 per cent of Australia's imports remain under control from all sources. The items affected are mainly those of which Japan is an important supplier, with the result that quota licensing still applies to Canadian exports of such products as canned fish, dolls and toys, textiles and

wearing apparel. Primary aluminum, plywood and ball bearings are under administrative control and motor vehicles are not being licensed from the dollar area until October of this year.

The latest Reserve Bank returns show gold and foreign exchange balances abroad at A £436.2 million. This is about the same as in mid-November 1959 and 15 per cent higher than at the end of June 1959. But in recent weeks the bank's holdings have fallen faster than during the corresponding period in 1959, mainly because of the freer import policy.

May and June 1960, moreover, brought the largest monthly adverse commodity balances since August 1959 as a result of high imports (over A £90 million in both months) and a dip in exports. The impact of major relaxations in February will not be reflected in import returns until August or September, and because of appreciable declines in exports during the April-June quarter, future figures covering both are awaited with interest. It will be some months before the normal import level can be measured but—assuming capital inflow at recent

AUSTRALIA'S FOREIGN TRADE WITH SELECTED COUNTRIES

(ten months ended April 30 in A.£'000,000)

	Exports		Imports	
	1959	1960	1959	1960
United Kingdom	213.4	202.9	258.8	267.9
New Zealand	41.2	44.2	10.3	13.0
Canada	14.2	11.8	18.9	23.2
Malaya	11.4	10.4	9.2	14.2
Singapore	8.1	9.2	1.2	1.3
Hong Kong	9.9	7.6	3.3	4.1
India	8.9	13.9	17.6	15.6
South Africa	4.9	6.6	4.5	5.9
Pakistan	1.4	4.1	1.9	2.9
Ceylon	4.8	6.4	8.7	9.4
Borneo (Br.)	.9	1.2	10.4	12.5
All Commonwealth countries	354.7	354.0	366.9	394.0
Japan	83.3	110.6	24.3	32.2
United States	46.2	65.6	90.8	118.6
France	36.7	53.4	9.9	10.8
Italy	26.6	40.7	8.4	10.1
Germany	20.6	33.0	35.6	42.9
Belgium-Luxembourg	18.3	20.9	5.5	6.2
Communist China	11.7	13.1	3.1	3.6
Poland	9.4	9.3	.2	.2
U.S.S.R.	0.05	11.8	.3	.5
Iraq	1.2	6.5		
Philippines	3.4	4.2		
Czechoslovakia	4.3	6.6	1.9	2.0
Indonesia	1.3	2.8	25.6	24.9
All foreign countries	309.2	433.3	297.0	352.3
Total all countries	663.9	787.4	663.8	746.3

rates and no appreciable reduction in wool prices and with exports at the same level as 1959-60 (A.£ 940 million)—imports worth A.£ 1,000 million are forecast. Exports during the fiscal year 1959-60 earned A.£ 941.7 million, or A.£ 130.2 million more than in 1958-59. Imports during the same period totalled A.£ 928.4 million—A.£ 131.8 million more than in the previous year.

Trade with Selected Countries

Appreciable changes in the direction of Australia's export trade and sources of imports occurred during the past year, as the accompanying table shows.

As a source of imports for the latest ten-month period, Canada ranked sixth but as a market for Australian goods eleventh, with the U.S.S.R., with whom trade in wool predominates as it does with most of the larger industrialized export markets mentioned above. Exports to and from Canada, however, ac-

counted for less than 3 per cent of total Australian overseas trade for the period.

Promoting Exports

Late in 1958, the Government formed a high-level Export Development Council to advise it on aspects of Australia's export problems. Composed of outstanding business executives from industry and commerce, the Council has become an important factor in making the country export-minded and supporting the Government's efforts in expanding markets and diversifying the character and direction of exports. The target for increased export earnings is A.£ 250 million over the next five years.

In no previous year has so much been done to foster growth of Australia's foreign trade. The budget for overseas publicity in the United Kingdom market is to be increased by A.£ 60,000 to A.£ 456,000 in 1960/61; a large-scale, three-day

National Export Convention, attended by 200 leading industrialists and exporters, took place in Canberra in May; expansion of the Australian Trade Commissioner Service continues at an accelerated rate and more Trade Missions are planned. The Department of Trade has begun publication in Europe of a French-language prestige magazine. This is to be followed by a similar German-language publication. Export Development Council recommendations doubtless influenced these and other projects not yet announced.

Trade Missions Sponsored

The recent successful Australian Trade Mission to Canada is to be followed by a five-man mission to South America in a few months' time, and it has just been announced that a 38-man delegation will visit seven South East Asian ports by ship early in 1961. A special Australian Trade Mission ship visited Far East ports in 1958 and a large mission visited the United States and Canada in 1959. As a follow-up to its mission to Canada, Australia will again participate on a substantial scale in the Canadian National Exhibition in Toronto in August. In September Australia will undertake an ambitious trade-promotion program in Europe, where a conference of European businessmen on the investment and trading potential of Australia will take place, in conjunction with the Lausanne Fair at which this country will be guest nation.

Expanded export markets are crucial to future Australian development, and especially a greater diversification in the character and direction of its export trade. At present it is too vulnerable to overseas conditions affecting primary and especially agricultural products—notably wool, which normally earns 40-45 per cent of the export income. Moreover, the degree of Australia's economic interdependence with other countries in terms of trade relative to national income is very high and the traditional balance between export income and

Trade with Canada

import needs is too small for unrestricted future development unless an expanded external market with longer-term stability is created.

Australia's future export position will be affected appreciably by the rate and degree of development in South East Asia and the Far East, and while other export markets are also being cultivated aggressively, the emphasis on these adjacent and nearer areas is more pronounced. Australia's overseas trade in manufactured and semi-manufactured products has increased from A £62 million in 1954/55 to about A £100 million. Metals and metal manufactures, vehicles and parts, refined petroleum products, chemicals and pharmaceutical products, rubber products and leather products are currently exported in volume, especially to neighbouring countries.

The most serious current problem and one that may frustrate the development of exports of manufactured goods so badly needed is the noticeable trend towards a higher-cost economy. Nevertheless, as Australian secondary industry becomes more efficient, the aggressive measures under way will doubtless improve the export picture. None the less, exports of primary products will continue for some time to condition Australia's ability to improve and increase its industrial potential and to pay the rising import bill needed to sustain it. ●

The Melbourne Herald comes from the presses via an escalator into the publishing room, from which it will be distributed. Like many other Australian newspapers, it is printed on newsprint that Canada supplies. In fact, newsprint has for years ranked high among our sales to Australia; in the first quarter of this year, it topped the export list, with shipments worth nearly \$2½ million, a 30 per cent rise over the first quarter of 1959.

CANADIAN interest in the Australian market has been stimulated by important developments during the past year that favoured most overseas countries. Australia's marked relaxation of import control and currency liberalization measures from August 1959 on, followed by the almost complete disappearance of restrictions in February of this year, have reopened this market to Canadian products on a competitive basis to an extent unknown for years. With this relaxation and the negotiation of the new Canada-Australia Trade Agreement last year and its recent ratification, Canadian firms have revived old trade connections or are making new ones.

Only a few commodities of interest to Canada remain under import control but the licensing bases

for most of them are generous. Sales by Canadian firms of these restricted products will be determined mainly by price and other advantages against those offered by competing overseas suppliers. Otherwise a prosperous and expanding market is wide open.

Australia's industrial progress in the past seven years has been phenomenal and the outlook for certain Canadian products, especially consumer goods formerly sold here, is discouraging. For example, electrical and household appliances, garments, hosiery, textiles, tools and food products, for which Australia was once a market, are now manufactured locally and put on sale at prices with which overseas manufacturers cannot hope to compete. In fact, this country is well on the



Markets in Brief

AUSTRALIA

Area: 2,971,081 square miles.

Population: 10,061,222.

Climate: varies widely, from tropical to temperate.

Language: English.

Currency: Australian pound; one pound equals Can.\$2.2021.

Weights and measures: British.

Capital: Canberra, altitude 1,906 feet.

Chief ports: Melbourne, Sydney, Brisbane, Hobart, Adelaide, Fremantle.

Chief importing centres: Sydney (population) 2,054,800; Melbourne 1,777,700; Brisbane 567,000; Adelaide 562,500; Perth 389,000; Hobart 109,200.

Economy: mainly based on primary production, with a rapidly growing secondary industry which employs about 30 per cent of the total labour force and produces one-third of the national income. Wool, meat, fruits, wheat and base metals are the main primary products.

Total Australian imports: 1958-59—Can.\$1.75 billion; 1957-58—Can.\$1.74 billion (f.o.b.). Imports per capita approximately Can.\$174.

Chief imports: 1958-59 (in per cent)—crude petroleum 8.5; motor vehicles and parts 8.3; piecegoods, cotton and linen 4.9; electrical machinery and appliances 4.5; motive power machinery 4.34; drugs and chemicals 4.3; paper (printing) 2.13; rubber and manufactures 2.1.

Chief suppliers: 1958-59 (in per cent)—United Kingdom 38.6, United States 13.6, West Germany 5.4, Indonesia 4.0, Japan 3.8, Canada 2.9.

Value of imports from Canada: 12 months 1959—Can.\$54,194,116; 1958—Can.\$52,755,331.

Chief imports from Canada: (in per cent)—newsprint 24; primary aluminum 12.7; Douglas fir planks, boards 11; automobile parts 10.6; asbestos milled fibres 6.2; automobiles 5.8.

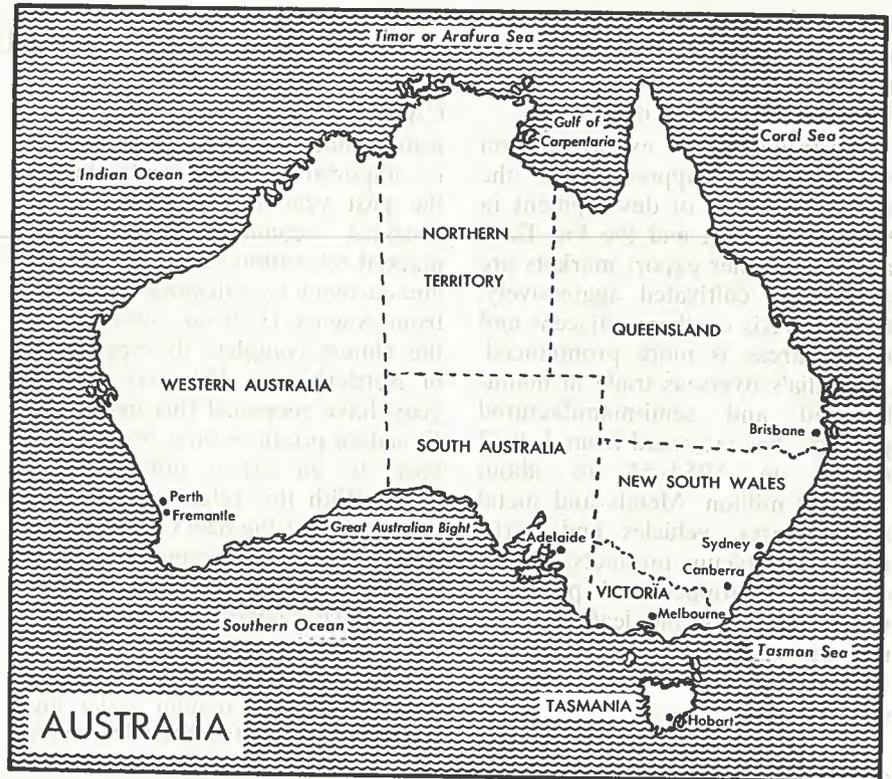
Total Australian exports: 1958-59—Can.\$1.78 billion (f.o.b.); 1957-58—Can.\$1.8 billion; 1956-57—Can.\$2.2 billion.

Chief exports: 1958-59 (in per cent)—wool 37, meats 12, ores and metals 8, wheat 4.7, cane sugar 4, butter 3.1, hides and skins 2.9.

Chief markets: 1958-59 (in per cent)—United Kingdom 31.7, Japan 12.7, United States 7.5, New Zealand 6.1, France 5.7, Italy 4, West Germany 3.6, Canada 2.0.

Value of Canadian purchases: 1959—Can.\$41,230,700; 1958—Can.\$32,920,121.

Chief Canadian purchases: 1959 (in per cent)—raw sugar 34, raisins 18, washed or scoured wool 7.5, corned beef 6.4, fresh mutton or lamb 6.4, fresh beef and veal 5.



Dollar exchange: freely available.

Prices: quote in U.S. or Canadian dollars, preferably c.i.f.

Samples: non-commercial value, free entry. Commercial value, deposit refunded on re-export.

Trade agreements: Canada-Australia Trade Agreement ratified June 30, 1960.

Import controls, documentation, customs tariffs, marking and labelling: no dollar discrimination after October 1, 1960, but import controls are maintained on about 50 products. For further information consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: no Canadian banks maintain branches in Australia, but all Australian banks are correspondents. Canadian and Australian banking systems are similar.

Correspondence: use airmail for all correspondence; surface mail takes up to eight weeks to arrive. Airmail costs 25 cents each half-ounce.

For detailed information on this market write to:

Commonwealth Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor for Canada
P.O. Box 3952 G.P.O.
Sydney, Australia

Commercial Counsellor for Canada
83 William Street
Melbourne, Australia

Commercial Secretary
Office of the High Commissioner for Canada
State Circle
Canberra, Australia

TABLE I—PRINCIPAL CANADIAN EXPORTS TO AUSTRALIA

	1958 (\$'000)	1959 (\$'000)	% Increase or decrease
Newsprint	9,300	13,021	+ 40
Automobiles and parts	7,485	9,617	+ 28
Aluminum	7,126	6,940	- 3
Lumber	8,338	6,422	- 23
Asbestos	3,562	3,477	- 2
Drugs and chemicals	2,038	2,390	+ 17
Iron and steel	1,719	1,904	+ 11
Wood pulp	1,192	1,733	+ 45
Fish products	819	840	+ 3
Office machines	1,454	811	- 44
Agricultural machines and parts	972	667	- 31
Wheat	2,488		-100
Other products	6,262	6,372	+ 2
Total exports	52,755	54,194	+ 3

road to becoming a volume exporter of products that even a few years ago were beyond its industrial competence.

The best future opportunities for Canadian exporters lie in the supply to Australia of traditional goods which have bulked large in our trade even under import control, or of essential raw materials, capital and highly technical goods, and semi-manufactured products for further processing which are competitive with overseas or Australian sources. In addition, some consumer products unique in design or value, normally competitive outside Canada, and enjoying the benefit of Australia's lower preferential rates of duty may find a ready market here with the assistance of good agents or distributors.

Canadian-Australian Trade*

The gradual relaxation of Australian import controls boosted Canadian exports to this market last year. It is not possible to measure the direct effect of this independent of other factors, such as competition and supply, which undoubtedly influenced the position of individual commodities. Moreover, for most of 1959 the large traditional items were under varying degrees and types of import control

*Canada's exports to Australia before World War II averaged \$32 million a year; the best postwar year was 1955, \$58.4 million.

TABLE II—PRINCIPAL CANADIAN EXPORTS TO AUSTRALIA

	Jan.- March 1959	Jan.- March 1960	% Increase or decrease
	(\$'000)		
Automobiles and parts	1,748	4,316	+148
Aluminum	1,752	3,171	+ 81
Newsprint	2,430	3,149	+ 30
Lumber	1,735	2,001	+ 15
Wood pulp	523	914	+ 75
Asbestos	482	718	+ 49
Iron and steel	324	709	+118
Agricultural machines and parts	217	342	+ 58
Fish products	81	242	+198
Office machines	298	141	- 53
Drugs and chemicals	461	134	- 71
All other products	1,081	3,198	+196
*Total exports	11,132	19,010	+ 89

*Figures for May 1960 include 147 items, the largest number during one month for many years.

TABLE III—SOME APPARENTLY NEW OR RENEWED EXPORTS TO AUSTRALIA

Product	Jan.-March 1959	Jan.-March 1960
Chain saws and parts	\$121,563	\$201,204
Metalworking machinery	158	166,676
Marine engines and parts	1,845	164,831
Nickel oxide		161,491
Synthetic woven thread and yarn	79,604	138,307
Scientific apparatus	82,806	116,403
Plastic films and sheet		80,615
Sausage casings	21,505	79,846
Synthetic woven fabrics		61,461
Tobacco		60,032
Electrical apparatus		52,707
Aircraft engines and parts	14,626	50,698
Furs, undressed		26,171
Acids, n.o.p.		26,132
Rubber products		24,515
Manufactures of non-ferrous metals	8,093	24,249
Bookprinting and litho paper		21,140
Newspapers and magazines		18,150
Whisky	479	15,231
Oilcloth		13,325
Selenium and salts		11,285
Electric meters	1,931	10,702
Cotton manufactures		9,206
Electric motors and parts		6,842
Wallpaper		6,152
Clocks and watches and parts		4,372

and changes one way or the other doubtless reflected, in part, official Australian opinion on the relative need for these imports. The net increase over 1958, however (disregarding the abnormal wheat ship-

ments of that year) was almost \$4 million or nearly 8 per cent, the biggest rise for some years.

Changes in our exports of major traditional items are given in Table I.

TABLE IV—PRINCIPAL CANADIAN IMPORTS FROM AUSTRALIA

	1958	1959
	(\$'000)	
Raw sugar	11,179	14,004
Raisins	7,416	6,687
Wool	3,438	3,388
Corned beef	2,652	2,301
Coconut oil	2,155	1,415
Fresh mutton and lamb	960	2,651
Fresh beef and veal	181	2,066
Dried currants	894	874
Sausage casings	706	700
Wine	587	581
Canned fruits	806	1,175
Other products	1,947	5,389
Total imports	32,921	41,231

The marked increases in 1959 for newsprint, wood pulp, automobiles and parts, drugs and chemicals and iron and steel were offset by substantial declines in our sales of lumber, aluminum, office machines and agricultural machines and parts. Similarly, for lesser items included in the figures for "other products", improved trade in many was counterbalanced by substantial decreases from 1958 in other minor items.

Sales Are Rising

Canadian export returns for the first quarter of 1960 provide encouraging though short-term evidence of the effects of the progressively liberal import measures adopted by Australia in late 1959.

In the three years 1957-1959, Canadian exports to Australia during the first three months of each year averaged \$11.25 million. During the January-May 1960 period, they totalled over \$33.7 million (\$19.1 million in 1959) an increase of 77 per cent. Exports to Australia during the last half of 1959 averaged \$15.5 million per quarter. Even if this growth is only partially sustained, it is clear that Canadian exports in 1960 will exceed the 1959 figure of \$54.2 million.

Comparative figures for the major traditional exports in the first three months of 1959 and 1960 are given in Table II.

In such a short period, allowance must be made for inventory-building shipments of major items ar-

ranged from August 1959 onwards but not recorded until the January-March 1960 returns. On the other hand, the full effect of the more extensive February 1960 relaxations, as well as previous ones, will not be measurable until the third and fourth quarters of this year.

The most significant increase is for "all other products", because the January-March 1960 figure includes many not recently exported to Australia from Canada. The spectrum of Canadian products broadened from 92 items during January-March 1959 to 160 during the first quarter of 1960. This trend will continue, but probably not as spectacularly. Some of the Canadian products introduced to Australia are set out in Table III.

Trade in the products listed in Table III will not necessarily be permanent and the quarterly rate in any single case cannot be projected

with confidence even for the rest of 1960. Australian import trade is undergoing adjustment both in sources and types of products after years of tight import control and it will be some time before the longer-term results of competitive selling against Australian and other foreign sources can be assessed. None the less, successful re-entry into the Australian market of an interesting variety and number of Canadian products is already apparent. New trade in other products will be recorded in later figures and some of the above items will increase.

Australian Exports to Canada

Canadian imports from Australia in 1959 expanded by about 25 per cent over 1958, because of larger shipments of sugar, fresh meats, dried and canned fruits and substantial diversification and growth in the items included in "other products".

Future Outlook

THE key to Australia's future growth and ability to import is the level of exports, plus the bolstering effect investment funds from overseas will continue to have on the exchange resources. One unofficial forecast recently indicated that the annual increase in national income may be limited to 2.5 to 3.5 per cent, the rate at which import expenditure can reasonably be increased in terms of export income unless major discoveries of oil (Australia's largest single import) can release exchange for the necessary substantial imports of capital goods.

Failing eventual improvement in export income combined with a sustained inflow of capital, a solution to Australia's balance-of-payments difficulties will involve either a drastically reduced rate of internal development or the reimposition of import control. In such circumstances the latter is more likely.

Australia's customs tariff has assumed greater importance since the

relaxation of import controls, as many manufacturing interests formerly protected from overseas competition by restrictions on imports have applied for a greater measure of tariff protection. In consequence, Tariff Board hearings and reports to the Government have been accelerated. The Government's policy is to encourage outside competition as an anti-inflation measure and to increase tariff protection only where the Tariff Board recommends this on the basis of proven need. Some increases have been made recently following such recommendations.

Notwithstanding these difficulties, the longer term outlook for expansion in industry and agriculture is promising. Employment continues at a high level, the country enjoys political, economic and industrial stability, and the high rate of immigration and growth in population is continuing. On balance, Australia is likely to be a growing and more important market for Canada. ●

New Zealand: an improving market

Larger sales of traditional exports have made possible relaxation of controls on dollar imports and have improved outlook for Canadian suppliers, particularly of semi-manufactured goods and of equipment and raw materials for country's growing industry.

J. H. STONE,
Commercial Counsellor, Wellington.

BUSINESS is good in New Zealand. The country has recovered from the recession of 1958-59, when lower prices for her main exports caused an internal slump and brought about intensified import control, and the prospects for the next twelve months are bright. Canadian manufacturers can share in this recovery; indeed, exports to New Zealand have been buoyant this year and further gains are expected.

The economic health of New Zealand has depended and continues to depend on the fortunes of the products of its grasslands: wool, meat and dairy products. Almost 95 per cent of export income comes from the sale abroad of agricultural products and a small decline in their price or a shrinking of traditional markets directly affects business activity within New Zealand. A fall in export income does not affect only the New Zealand farmer and packer. Because the country can no longer afford to import the approximate 45 per cent of all goods used domestically, it also hits commerce and even industry, which cannot always get the machinery and raw materials needed to carry out plans for the regular expansion required to keep pace with a growing population.

The recovery of New Zealand's export markets during 1959 has therefore meant a buoyant domestic business climate, which has been given further impetus by modest re-

ductions in taxation, government encouragement to industrial development, and an increase in the legal minimum wage rate. Retail trade figures for the first quarter of 1960 set a new record for this season at £123.5 million, about 15 per cent higher than in the same period of 1959. The number of unemployed, declining steadily since last July, reached a two-year low in April 1960 when there were only 644 "disengaged persons" in the whole country.

Import Controls Relaxed

For Canadian exporters, the most significant result of this recovery has been the almost complete elimination of discrimination against imports from the dollar area; only motor vehicles and parts still remain subject to separate licensing when they come from dollar countries. Over-all import control is still in force, however, with the 1960 import schedule providing for a modest increase in total imports to some £240 million, compared with actual imports of £231 million in 1959. Imports in 1960 will be, at

best, well below the £285 million total of 1958. A large proportion of consumer goods are still either prohibited or are on small token import quotas that in practice favour suppliers who were in this market in 1956 and 1957.

Canadian trade with New Zealand has been badly hit in the last few years, as Table I shows:

TABLE I
Canada's Trade with New Zealand

	Exports (in millions of dollars)	Imports
1955	22.3	7.3
1956	18.0	12.3
1957	17.0	11.8
1958	15.1	11.6
1959	13.4	8.6

Source: DBS Trade of Canada.

The steady decline in exports is attributed to the high prices of products from Canada, the emergence of neighbouring Australia as an industrial nation and, since 1957, rigid import controls which have affected suppliers in all countries. What the table does not show, however, is the steady recovery in our

TABLE II
CANADIAN EXPORTS TO NEW ZEALAND
selected months
(in thousands of dollars)

1958—November	\$ 879	1959—November	\$1,638
December	648	December	1,579
1959—January	467	1960—January	1,512
February	724	February	752
March	1,088	March	1,309
April	713	April	1,332
Six-month total:	\$4,519	Six-month total:	\$8,124

Source: DBS preliminary figures.

trade since import control, and especially dollar discrimination, began to be relaxed substantially during 1959. In the six months ended April 1960, Canada exported goods worth over \$8 million to New Zealand compared with \$4.5 million during the same period a year before.

This recovery in our trade is too recent to permit the drawing of valid conclusions about individual commodities from available statistics. It is apparent, however, that the increase is spread over a wide range of commodities, mainly semi-manufactured goods and equipment and materials for New Zealand factories. There is little indication and small prospect of the development of a significant new market for Canadian consumer goods, with the exception of a few products such as towels, sporting firearms, and others which offer designs different from those available in recent years. The volume of trade in these products is likely to be small, because import quotas for them are largely at a token level.

As New Zealand manufacturing industries mature, this market seems likely to diminish even further as an outlet for imported consumer goods. This trend, at first glance unfavourable to foreign trade, may in the long run work to Canada's advantage because consumer goods previously imported from other countries may be made here, using Canadian materials, components and machinery. At the moment, there is a strong demand for steel plate, wire and rod, textiles, chemicals, and industrial electrical equipment and components. In many cases the inability of traditional suppliers to quote reasonable delivery dates means opportunities for Canadian exporters. In addition, the limited choice of designs and patterns imposed by a period of enforced low imports has created a demand for goods that are different. Canada is a logical source of North American products because of the advantage we enjoy in customs duties under the British preferential system and the Canada-New Zealand Trade Agreement of 1932.

The past two years have seen great growth in the range of New Zealand light manufacturing and preliminary steps are being taken to develop basic industries. Under investigation are primary aluminum and iron smelting operations; a steel merchant bar mill and an aluminum fabricating plant are under construction, and an oil refinery will be in operation within the next few years. A second newsprint machine and the manufacture of wallpaper, (among other projects in the pulp and paper field) are definitely scheduled and add up to a \$100-million investment. In all, development projects of manufacturers announced during the last 30 months will call for investment of some \$200 million and involve over 240 individual plans.

To encourage this growth and thus reduce the country's dependence on a few export commodities and to lower the cost of imports by bringing in materials rather than finished goods, the Government has announced that it will assist manufacturers by building and renting factory space and by increasing tariff protection.

Canadian-made sausage casings are widely used by New Zealand's meat-packing industry, as this photograph, which was taken in an Auckland plant, demonstrates.



Tariff to Be Revised

The Government plans to partially introduce a new tariff this year and to complete a fundamental revision of the whole tariff during 1961. There have been no indications of how this may affect Canadian commodities, other than the initial announcement by the Minister of Finance that New Zealand manufacturers may expect increased tariff protection and the known general aim of reducing the cost to industry of imported materials and components.

The outlook for Canadian exports during the remainder of this year and for 1961 is good, barring unfavourable developments in New Zealand's own overseas markets. The decline in our exports has already been reversed, interest in Canada as a supplier is rising and, in general, importers and manufac-

turers look forward to a period of greater demand and fewer restrictions on trade. Canadian suppliers can capture an increasing share of this market by close attention to price and delivery, by establishing good new agency connections or

improving present ones, and by bearing in mind that a competitive market such as this responds well to personal visits. The Foreign Trade Service in Ottawa and the Trade Commissioner in Wellington can assist in the preliminary planning,

help to arrange itineraries, and provide introductions to businessmen and government officials within New Zealand. A trip at this time to this numerically small but high-income market may well pay dividends. ●

Fiji Offers Sales Opportunities

Canadian exporters already doing business with the West Indies might well find similar opportunities in Fiji. Economic development, proceeding apace, is brightening trading prospects there.

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

FIJI faces many problems, social and economic, in its progress towards greater self-sufficiency. Population is increasing rapidly. Merchandise trade is in chronic deficit and racial differences are hindering full exploitation of resources. To find solutions to these problems, a commission headed by Sir Alan Burns was established in 1959 by the British Colonial Office. Its report, published in March, made about 120 recommendations involving potential expenditure in excess of £14 million and partial reorganization of the administrative and landholding bodies. Though not wholly acceptable to all residents of Fiji with their differing secular interests and racial backgrounds, the report has sparked much discussion and some action.

Agriculture Gets a Boost

A few weeks ago the Fiji Government decided to accept a number of the commission's proposals and granted additional tax relief on expenditures for new plantings of coconuts. This, plus a campaign against coconut pests and diseases, will benefit Fiji's second strongest earner of foreign exchange (after

sugarcane). Funds are also allocated for research on rice seed and culture, trial blocks of Robusta coffee, a pilot scheme for growing tea from Malayan seed, and for maturing the cocoa industry from its embryonic stage. In addition the United Nations Technical Assistance authorities have been asked for the services of an expert to help develop the coffee industry.

All this spells much activity ahead in developing a diversified agricultural output. Rice is being emphasized currently as an alternative crop to sugarcane, and indeed with the Colonial Sugar Refinery's encouragement. Over £535,000 was spent on rice imports (8,092 tons) in 1959, mostly from Thailand. With a large part of the rapidly expanding population using rice as a staple in its diet, a concerted drive is being made to increase the local rice harvest.

Last year Fiji, a maritime country, spent more on imports of fish than meat—over £3 million, in fact. This has intensified demands for developing an organized Fijian fishing industry as well as support for cattle raising. A recent soil survey reveals more valuable land in

Fiji than was formerly believed suitable for farming, though there is a problem of finding large enough areas of uniform land. Even so, many feel that crops such as potatoes, maize, peanuts, pulses and tobacco deserve more encouragement than they have had in the past.

Timber—Neglected Industry

Many officials also feel that Fiji's 1.17 million acres of forest could be exploited to benefit Fijian labour and reduce the approximately £300,000 spent annually on timber imports. They say that imported timber has established itself in Fiji because it is seasoned and graded and available in the sizes and quantities required. They claim, however, that "imported timber is no more—and in many cases far less—durable than the better local timbers." But economic forests will remain standing until more trunk and access roads are built to open them up. Government and private interests are being urged to do just that.

Last year's lumber imports came chiefly from Canada—valued at about £248,724—with Australia and the United States picking up the remainder of the business, worth about £20,000 and £19,000.



—Public Relations Office, Suva.

Fijians gather in the rice harvest. The Government is emphasizing rice-growing as an alternative to sugarcane, in an attempt to cut down the large bill for rice imports.

The International Airport at Nandi has been completed, with facilities for handling jets—a boon to Fiji's growing tourist trade. The Government has accorded some tax relief to hotel owners to encourage expansion and improvement of hotel facilities to accommodate the growing number of tourists.

The new wharf in Lautoka, despite labour troubles that have disturbed construction progress periodically, is due for completion this year. Further investigations into port and cargo-handling facilities are planned for Suva and other harbours.

Capital funds from Australia have recently established a new company, Fiji Industries Limited, to make cement from local raw materials. This plant, with Australian equipment, expects to begin operations in 1961.

Another step ahead has been the formation of the Fiji Development Company in accordance with plans proposed by the Colonial Development Corporation. One of the initial

projects of the FDC is housing for low-wage earners. It merits noting that only 7 per cent of the population of 388,000 are wage-earners.

Foreign Trade

Fiji's traditional deficit on visible trade continued in 1959 at about the same level as the previous year's £3.6 million. However, this may be considered to reflect the expanding investment and trading programs designed to increase effective employment and raise living standards. Total trade of £30.1 million gave Customs a gross collection of £3.6 million to contribute to the Government's revenue of over £7 million. Unfortunately, over-all balance-of-payments figures are not available.

The United Kingdom, Australia, New Zealand, and Canada remain Fiji's principal trading partners, in that order, with Japan following close behind and overtaking the United States. Sugar valued at nearly £7 million tops the list of exports from the colony; coconut oil

FOREIGN TRADE OF FIJI

Exports		
	1958	1959
	('000 Fiji pounds)	
United Kingdom	5,990	6,012
Canada	2,227	1,534
Australia	1,420	1,214
New Zealand	1,826	1,414
Japan	172	381
United States	306	251
Total, including all markets	14,045	13,251
Imports		
	1958	1959
	('000 Fiji pounds)	
United Kingdom	5,967	4,471
Canada	426	437
Australia	4,665	4,762
New Zealand	1,229	1,273
Japan	496	919
United States	789	507
Total, including all suppliers	17,603	16,901

Source: *Statistical Digest*, Suva, Fiji.

FIJI'S TRADE WITH CANADA

Exports		
	1958	1959
	('000 Can.\$)	
Apples		2
Flour	26	38
Sardines	45	70
Salmon	54	50
Lumber	514	370
Plywood	15	13
Paper bags	25	20
Marine engines	69	65
Cars		22
Auto parts	6	1
Lamps, lanterns	20	19
Typewriters		1
Clocks, pens, pencils		5
Total, including all others	814	727
Imports		
	1958	1959
	('000 Can.\$)	
Unrefined sugar	5,204	4,762
Coconut oil	523	
Total, including all others	5,728	4,765

Source: *DBS Trade of Canada*.

earned over £2 million, unrefined gold about £1 million, and low-grade manganese £338,000. Banana exports slumped in 1958, evidently because of poorer quality.

Both total exports and total imports were slightly lower in 1959 than in the preceding year, despite the relaxation of import controls with Open General Licensing.

Canada purchased chiefly unrefined sugar from Fiji last year, but less than in 1958, though the balance of trade was in Fiji's favour by almost 4 to 1. The table of Canadian exports on page 14 indicates, however, that a few consumer products—such as apples, automobiles, typewriters, pens and pencils—are re-entering the Fiji market. Canadian exports of wheat flour and sardines made significant gains in 1959. On the other hand, our sales of lumber, salmon and paper bags declined.

Fiji is indeed a price market, with United States and New Zealand lumber absorbing a growing share of it. Today, both Japanese and South African canned fish are occupying more room on the shelves, with the latter's labels advertising a "salmon-type pack".

Fiji is a small market though the population has increased 12 per cent since 1956 and is expected to reach 500,000 by 1968. Purchasing power is low, with the result that importers emphasize price rather than quality. Canadian exporters successful in the

Jamaican market might well consider doing similar business with Fiji and other South Pacific islands. The Open General Licences open up broad sales possibilities. Although commercial power is still largely in the hands of Europeans, more trading opportunities develop each year with the increase in Fiji-born Indian and Chinese entrepreneurs. Fiji businessmen consider Canada a traditional trading partner and welcome new sources of supply at competitive prices. ●

How's Business in Northern Ireland?

Rising industrial output, good agricultural returns, brisk foreign trade marked 1959. Removal of nearly all restrictions on dollar goods has improved opportunities for Canadians.

W. R. VAN, *Trade Commissioner, Belfast.*

NORTHERN IRELAND during 1959 shared, through her association with Great Britain, her largest market, in the prosperity of the British Isles as a whole. The economic outlook for 1960 remains favourable.

Preliminary results of the 1958 Census of Production reveal that, compared with 1957, gross industrial production increased by about £21 million (almost 5 per cent) to £480 million. The Northern Ireland Government's Monthly Index gives the February 1960 figure for industrial production as 124 (base year 1954=100) compared with 125 in January 1960 and 117 for 1959. The textile group showed the largest percentage increase in relation to a year ago; figures for the food, drink and tobacco industries continue to rise.

Unemployment remains one of the major problems, though 1959

brought some improvement. Further industrial expansion is needed to absorb the increasing population and to reduce the present unemployment figure.

Agriculture Improves

Just as 1958 will be remembered in farming circles as the year of incessant rain, 1959 will be remembered as the year of continuous sunshine. Following this season of fine weather came an easy harvest and above-average crop yields. The outlook is good in nearly all sections of agriculture. The scheme for the eradication of bovine tuberculosis has made excellent progress. At the end of 1959 more than 80 per cent of the cattle in Northern Ireland were either fully attested or under supervision. The livestock population continues to increase; sheep passed the one-million mark

for the first time and cattle and pigs were not far short of that figure.

Among the problems facing agriculture are first, the possible detrimental effect on existing marketing arrangements as tariff barriers are removed within the European Free Trade Area, and second, the difficulty of finding new outlets for the increased production of milk, eggs, and pork products. Northern Ireland now provides 25 per cent of Great Britain's egg supplies. On the whole, however, the agricultural picture for Northern Ireland during 1960 appears bright.

Industry Progresses

Apart from certain black spots, especially in the aircraft industry, most sectors of industry achieved satisfactory results during the year.

The demand for linen has improved; during 1959 increased shipments of piecegoods went to Canada, the United States, Hong Kong, Venezuela and Thailand. Efforts are being made to meet competition, especially from linen goods produced in Eastern Europe. This has resulted in the closing down of a few firms and the amalgamation of

others; some have widened their field to include production of other textiles such as carpets. Ropes and twine, synthetic and woollen hosiery, woollen and worsted piece-goods are other branches of the textile industry that have continued to expand.

Shipbuilding is an important source of employment in Northern Ireland; launchings in the Belfast shipyard totalled 126,821 tons. With the recent launching of the 45,000-ton liner *Canberra* and the Royal Mail Line's *Arlanza*, the program of passenger-liner building was completed. A substantial volume of tanker and naval tonnage already in hand is expected to maintain high employment in the industry for the next twelve months. Competition for new tonnage is likely to prove keen.

As a means of providing employment and diversifying the economy, the Northern Ireland Government has been offering generous inducements to industry to settle in the area. Some concern is felt here over recent legislation passed in Britain to encourage new industry in the underdeveloped areas of both Scotland and Wales. It is felt that Northern Ireland's position may be prejudiced if industry can obtain equally good terms on the British mainland. Nevertheless, a number of new industrial projects have been started. These include plants for the production of ejector seats for high-speed aircraft, packaged pharmaceutical products, footwear, cameras and photographic equipment, chipboard, and textiles. Manufacturers of carpets, laces and children's outerwear, linen dress goods and a branded milk food expanded their plants.

Freight Services Expand

Northern Ireland, although it is separated from Great Britain by the North Channel and the Irish Sea, has the advantage of rapid and efficient freight services and transportation presents no problem. These freight services are continuing to

expand. A new "container service" operated by two fast motorships between Belfast and Liverpool recently went into operation. The British Transport Commission has added a new ship, its third, to its services between Belfast and Heysham. Several of the companies operating between Larne and Preston have also augmented their services, the first regular sailings for attested cattle have now been introduced, and a once-weekly service is provided between Belfast and Glasgow. There are scheduled services between Belfast and Eastern Canadian ports.

External Trade Increases

Over-all trade values during the years 1955 to 1958 inclusive have made a steady advance. Figures for 1958 are the most recent available. Following is a statistical summary.

Year	Imports	Exports	Total
	(in millions of £)		
1955	295.0	266.6	561.7
1956	300.7	274.1	574.8
1957	318.4	297.9	616.3
1958	328.0	293.7	621.7

Trade with Canada

Apart from trade with Great Britain, of which Northern Ireland forms an integral part, Canada ranks third as a source of supply, following the Republic of Ireland and the United States. The following statistics issued by the Northern Ireland Ministry of Commerce show import values (c.i.f.) into Northern Ireland for the years 1957/1958 from principal supplying countries:

Country of Origin	1957	1958
	(in millions of £)	
Republic of Ireland	27.7	24.5
United States	12.0	15.2
Canada	9.4	11.2

Canada's chief exports at the moment consist of wheat and forest products. About 50 per cent of the annual imports of softwoods (estimated value £2½ million) are of Canadian origin. Of the 1.2 million tons of animal feedingstuffs landed at Belfast in 1959, more than a million came from overseas suppliers,

chiefly Canada, Australia and the United States.

Opportunities for increased and diversified Canadian trade with Northern Ireland are good. With the removal of practically all the remaining restrictions on dollar imports, prospects seem favourable for the re-introduction of Canadian consumer goods in the market; canned foods are already being sold in increasing quantities. But competition from outside suppliers is becoming extremely keen. Moreover, it must be remembered that the population of Northern Ireland is only about 1.4 million, and that sales possibilities are consequently limited.

Trade with South Korea

The long-term outlook for Canada's export trade with the Republic of Korea appears good, despite the current problems of unsettled business conditions and Japanese competition.

Following the events of April and the subsequent resignation of former President Syngman Rhee, the tempo of South Korean purchases of foreign goods declined considerably. Uncertainty and a "wait and see" attitude have marked business under the temporary government, and sales of imported goods have suffered. Despite the general decline, however, imports from Japan have climbed sharply.

In a sharp reversal of policy, Japanese goods—which were formerly restricted and at times prohibited—have been allowed to enter South Korea in large quantities over the past few months. Korean importers, who must finance their purchases at interest rates of 5 to 6 per cent per month, are attracted by the short delivery times and competitive prices that the Japanese offer. Sales of Japanese capital equipment and consumer goods have shown the sharpest rise.

For Canada, the most promising opportunities seem to lie in commodities that Japan is not in a position to supply and in the long-term demand for raw materials. Korea is slowly developing its own processing facilities and this in turn should bring about an increased demand for raw materials and further opportunities for Canadian suppliers.



Commodity Notes

Cement

FIJI—The manufacture of cement in Fiji from local raw materials and its sale in Fiji and the South Pacific area is the aim of a new company, Fiji Industries Ltd., which has an issued capital of A £250,000. The ordinary shares are 10/-d. (F) each and these have been issued to the principal shareholders. The new company's authorized capital is A £500 million, divided into one million ordinary shares of 10/-d. each.

The Fijian Government has provided a plant and a 50-year lease for obtaining raw materials. Kiln, mills and plant will be brought to Fiji from Australia. It is expected that the cement works will begin producing in about a year—Wellington.

Chemicals

ITALY—It is reported that a contract has been signed between the Soviet Government and the Montecatini Company (one of Italy's biggest chemical industries), whereby the latter will build three large plants in Russia. One will produce maleic anhydride, another titanium dioxide, and the third acetylene, ethylene and gas—all raw materials for the manufacture of plastic materials, synthetic resins and artificial fibres. It is stated that the plants will begin operations in about 14 months. Italian technicians will direct construction and supervise operation of the equipment for the acetylene and ethylene plant—Rome.

Cocoa

BRAZIL—Brazil, the world's second largest cocoa producer after Ghana, produces an average of 177,000 tons a year. Exports in 1959 totalled 78,818 tons valued at Cr.\$3.9 billion. The largest percentage—44.6 per cent—was shipped to the United States, followed by the Netherlands 12.4 per cent, West Germany 11.4 per cent, and Poland 9.8 per cent—Rio de Janeiro.

Footwear

EEC—In the six countries of the European Economic Community, production of leather shoes has risen 43 per cent and slippers by 10 per cent in the period 1950-58. The major increases were 63 per cent and

18 per cent in West Germany, 22 per cent and 3 per cent in France, 52 per cent and 48 per cent in Italy, 40 per cent and 16 per cent in Belgium-Luxembourg. France is the largest footwear producer in the EEC, with 38 per cent of total EEC output, West Germany 36.2 per cent, Italy 16.35 per cent, the Netherlands 7.6 per cent, and Belgium-Luxembourg 5.3 per cent. The Six send 73 per cent of their shoe exports to countries outside the Euromarket, 30 per cent of which go to the EFTA countries—The Hague.

Iron

NEW ZEALAND—The New Zealand Government will form a company to look into the possibility of smelting New Zealand iron sands which occur in quantity on the west coast of the North Island.

Because extensive investigations into the extent and quality of the iron sands will be necessary and smelting problems must be studied, the final report is not expected before two or three years. The Government will then decide whether or not a nationalized steel-producing company will be formed—Wellington.

Iron Ore

NORWAY—The mining company Titania A/S, a subsidiary of Titan Co. A/S, Fredrikstad, will start operating its new iron ore mines at Tellnes in the autumn. These mines contain titaniferous iron ore and the annual output is expected to total about one million tons of crude ore. By separation this will produce about 300,000 tons of ilmenite concentrate and 22,000 tons of magnetite concentrate, all of which will be exported. Investment in the new plant will total about Kr.75 million. Expansion is expected in due course to increase output to three million tons of crude iron ore a year. The mines are estimated to contain some 200 to 250 million tons of ore—Oslo.

Minerals

SOUTH AFRICA—South Africa exported \$950 million of minerals in 1959, an increase of \$30 million over 1958. Gold exports increased by \$62 million, diamonds \$20 million, copper \$2.4 million and asbestos \$6 million; prescribed materials (mostly uranium) de-

clined \$13.4 million. Chrome ore, lead concentrates and coal all dipped slightly. Exports of manganese ore declined by 30 per cent, mainly because the ore was processed into ferro-alloys before leaving the country. The Union accounts for 43 per cent of the continent of Africa's mineral production—Johannesburg.

Oil

SINGAPORE—The Shell Company will build the first oil refinery in Singapore at Pulau Bukom; it will have a capacity of 20,000 barrels a day. The company has been granted the benefits of pioneer industry legislation. At present the Shell Company operates an installation at Pulau Bukom for storing, blending and distributing crude oil—Singapore.

Plastic Moulding Powders

INDIA—East Anglia Plastics Ltd. of the United Kingdom, an affiliate of Monsanto Chemical Company, is collaborating in the establishment of India's first plant for the manufacture of cellulose acetate moulding powders and P.V.C. compounds. The new company, East Anglia Plastics (India) Limited, will be located near Calcutta and will have an annual capacity of 2.9 million pounds of moulding powders and P.V.C. compounds on a two-shift basis. Imports of cellulose acetate moulding powder in 1959 totalled 1.3 million pounds and of vinyl resins (including P.V.C. compounds) 4.2 million pounds. As consumption is rising rapidly, a considerable proportion of India's requirements will still have to be obtained abroad.

Other plastic constituents already made in India include phenol formaldehyde moulding powder, polystyrene moulding powder, and urea formaldehyde moulding powder—New Delhi.

Powdered Milk

VENEZUELA—Two United States firms and a Venezuelan company have announced the formation of a new company, Industrias Lacteas de Perija (ILAPECA), for making powdered milk and other dairy products. The new plant will be built at Machiques, near Maracaibo, and is due to go into operation next October—Caracas.

Pulp and Paper

NEW ZEALAND—Production of pulp and paper for the year ended March 31 has risen, mainly in paper other than newsprint and paperboard; newsprint output equalled that of the previous year. Pulp and paper exports now total just over £6 million a year.

The main increases in production for 1959-60 compared with 1958-59 were: paper other than newsprint 5,300 tons, paperboard 4,000 tons, and fibreboard 1,800 tons. Output of wood pulp for 1959-60 totalled 247,000 tons against 235,000 tons in the previous

year. New Zealand used about 60 per cent of the chemical pulp—Wellington.

ISRAEL—Israel's first plant for producing pulp from agricultural waste was recently opened at the American-Israeli Paper Mills at Hadera, between Haifa and Tel-Aviv.

The expansion increases the mills' annual production capacity from 17,000 to 40,000 tons of various grades of paper, which will meet most of the country's requirements.

The new plant, which will buy about \$2 million worth of straw and corn stalks annually from Israeli farmers, will supply about half the mills' cellulose needs. It is expected to save the Treasury about \$4 million a year in foreign exchange—Athens.

Sulphur

TAIWAN—Government authorities in the Republic of China (Taiwan) are said to be considering the decontrol of imports of crude sulphur. Industrial demand for sulphur in Taiwan has grown to the point where local supplies can no longer fill the demand—Manila.

Tires

CHILE—Industria Nacional de Neumáticos (INSA), Santiago, Chile, a subsidiary of General Tire Company Inc. of the United States, recently began exporting tires to the Argentine. The company also expects to sell to the same market other products such as rubber transmission belting, conveyor belting and rubber hose—Santiago.

Trailers

JAMAICA—An agreement has been signed between Kelly's Engineering Works of Kingston and Freuhauf International Trailer Ltd. of New York to build trailers in Jamaica. Ultimately the firm, to be known as Freuhauf West Indies Trailer Ltd., will build the complete range of trailers now made by the U.S. company, including heavy equipment trailers, house trailers, and covered trailers. The vehicles will be exported to other islands in The West Indies Federation and to Latin America—Kingston.

Trucks

INDONESIA—Arrangements for the sale of 1,000 British Ford trucks and accessories to the Government of Indonesia have been made between Adams and Harvey Ltd., export shippers of London, and the Ford Motor Company. The contract, which was secured against German competition, is said to involve nearly £2 million. Payment of the credit will be spread over five years. Delivery of the trucks and accessories is expected to be completed in 1960—Djakarta.

What is the best way for Canadians to approach M.W.'s import department with offers of their products? Here is specific advice, gathered in interviews with this Chicago merchandising giant.

NOTHING typifies better the American genius for mass distribution than the mail-order catalogue business. This merchandising phenomenon is centered in Chicago.

The "Big Four" in the mail-order business—Montgomery Ward and Co., Sears Roebuck & Co., Spiegel Inc., and Aldens Inc.—all got their start in Chicago and still direct their vast merchandising empires from this city. Together they employ about 300,000 persons, including some 40,000 in the Chicago metropolitan area, and their sales total over \$5½ billion.

How to Sell Montgomery Ward

Chicago's rise as the mail-order capital is attributed to several economic factors. These include the city's pre-eminence as a hub of transportation and distribution, its nearness to the center of U.S. population, its manufacturing facilities, and its dominance in the printing industry.

Officials of the Big Four point out that the use of the term "mail-order" is popular but not complete. Actually, all four operate retail stores in addition to their catalogue business. Ward's has always been known as a mail-order house but this is now something of a misnomer. Its retail and catalogue stores account for 88 per cent of the company's total sales and catalogue orders received by mail direct from customers account for 12 per cent. Total sales have been

hovering near one billion dollars since 1948 and rose to \$1.222 billion in 1959.

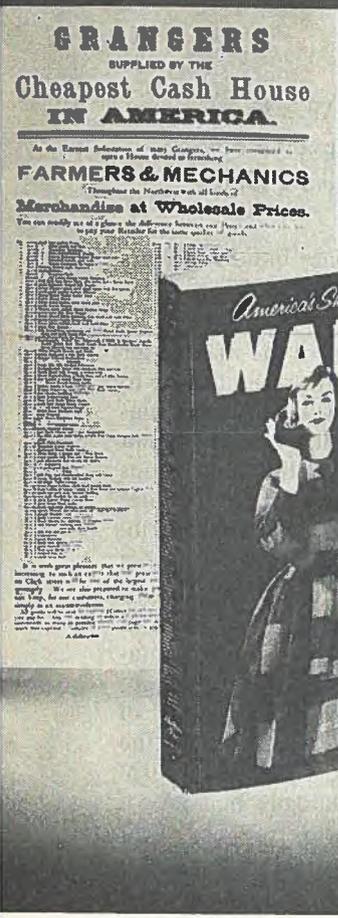
Today's version of the mail-order business bears slight resemblance to earlier days, when the rural population depended on it for store-bought clothes, tools, and other necessities of life. The famous catalogues are still issued, but in a different form.

Montgomery Ward & Co. started business in Chicago in 1872; it was founded by two partners with a capital of \$2,400. Their initial catalogue was a single sheet, eight inches by twelve, giving a list of articles offered for sale and the prices. Sales were strictly for cash. By 1875, the catalogue had grown to 72 pages.

In catalogue number 45, issued in 1889, Ward's announced that 25,000 items were listed, that it was doing business in excess of one million dollars a year, and that it employed 250 to 400 clerks. Staffed today by some 60,000 employees, the Ward merchandising empire includes 11 mail-order plants and distribution centres, 254 retail stores, and 574 catalogue stores. The catalogue output consists of big semi-annual general books, seasonal sales supplements, and special publications offering sporting goods, cameras, farm equipment, and other lines. Ward's issues 45 million catalogues each year.

Today the mail-order shopper discovers everything from mink coats and diamond rings to dishwashers and power lawnmowers in the attractively designed, 1,000-page tomes that are aimed not only at rural folk but also at the higher income classes. One thing that has not changed is the popularity that mail-order enjoys. Mail-order firms did a record business of \$4.9 billion in 1957—\$1.2 billion or 33 per cent greater than ten years ago.

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



At Montgomery Ward, responsibility for the selection, purchase and pricing of merchandise for both mail-order and retail-store distribution rests with the merchandising group. This group is headed by the general merchandise manager and his three divisional managers. It is Ward's policy to buy direct from leading manufacturers whose reputation for fine craftsmanship and quality merchandise is well established. Some merchandise is sold under the maker's label, although frequently these same companies manufacture merchandise to Ward's specifications and standards and the products bear the Ward label. Ward's owns and operates two factories—a large paint plant and a wire products plant—which make some Ward merchandise. It has buying offices in Chicago, New York, Oakland, and Los Angeles. The main buying office in Chicago handles the procurement of home furnishings, farm equipment, and hard lines. The New York office is

- 2 Lotta Hoop Skirts \$1.00
- 12 new style Ruches, for the neck \$1.00
- 1 Call Bell, best Silver Plate, side strike, and 1 Butter Knife \$1.00
- 7 Grain Bags and 1 Pair Buck Gloves \$3.00
- 1 Silk Lined Case, containing one Extra Plated Knife, Spoon, Napkin Ring and Gold Tooth Pick \$1.00
- 6 Fine Combs, 6 Coarse Combs, 1 Hair Brush and 5 papers English Pins \$1.00
- 1 Hoop Skirt, 1 Bustle, 1 Hair Braid \$1.00
- 5 Boxes Paper Collars, 3 Neck Ties and 1 Collar Button \$1.00
- 5 Linen Shirt Fronts \$1.00
- White Rose Blankets, each \$1.50

These were some of the items for "Farmers & Mechanics throughout the Northwest" that were listed on the single-sheet MW original catalogue issued in 1872. Today shoppers, rural and urban, leaf through 1,000 pages that offer everything from diamonds and fur coats to hairpins. But orders by mail now account for only 12 per cent of MW's total yearly sales of \$1.2 billion.

responsible for buying wearing apparel and all soft lines, and those on the Pacific Coast buy a number of merchandise lines from Pacific Coast sources, primarily for distribution in that area.

The merchandising group is made up of a number of buying departments, each of which specializes in a type—or in several closely related types—of merchandise. Buying departments are headed by department managers who have a staff of buyers and their assistants.

Ward's has several hundred buyers, each of whom is a specialist in a group of closely related merchandise. One may be an expert on toboggans, another on sports clothing or hardware; several buyers with thorough knowledge in a related field like sporting goods are grouped in a merchandise department which is headed by a merchandise manager.

All of these buyers are regularly in touch with their store personnel, their managers, and district and regional managers. These buyers

know what the public wants and what the competition has to offer. At the same time, sales representatives of United States firms visit their offices regularly. It follows that these buyers know from day to day which merchandise is most in demand and where they can buy it to best advantage.

Although the buyers know what the best merchandise is and where it can be bought to advantage, they cannot know exactly how much of a product must be purchased for the entire chain. This is where their regional management and their staffs, down to the store level, contribute their knowledge and experience. In addition, the mail-order house merchandisers provide the results of their sales experience from previously issued catalogues.

In short, the buyers select the merchandise and make it available to their retail and mail-order facilities so that those branches in turn can place their orders for specific quantities and delivery dates with the buyer in the Central Buying Office. Only then is a specific order placed.

Purchasing Foreign Products

This system also holds good for foreign merchandise. However, another member is added to the team, the import department, which operates abroad as the single buying agent for all buying offices. Through the import department the company co-ordinates all its foreign activities, such as requests for samples and quotations, correspondence with established sources and agents, placement of orders, shipping instructions, payment for deliveries (usually done on letter of credit), and payment of ocean freight, import duties, and customs clearance.

Although these activities point to a buying function, it must be emphasized that it is the aim of the import program to promote the purchase of foreign goods. In other words, the import department also has a distinct selling function. In fact, it could be said that it acts

virtually as a sales manager for overseas sources. Import personnel have a thorough knowledge of the company's policies and practices. By constant exposure to domestic merchandise, they know the types of goods the branches need and in what price and quality ranges.

By regular visits overseas, import personnel keep abreast of foreign developments, currency situations, new merchandise, and new sources. By drawing on the expert knowledge of their buyers, they are in a position to inform overseas manufacturers of their merchandise requirements and of trends in new styles, designs, etc. Furthermore, after the groundwork has been laid, their buyers will travel and become personally acquainted with foreign markets.

To do all this effectively and in a properly organized manner, Montgomery Ward's import operation functions as a central co-ordinator, and as a buying agent for and selling agent to the buying offices. It is the foreign supplier's direct point of contact.

Selling to Ward's

All of the major mail-order houses carry imported merchandise in their catalogues. Generally speaking, foreign products are accepted or rejected on the same basis as domestic goods. The determinants are quality, price, design, delivery, and reliability of supply. At the present time, about 4 per cent of Ward's sales volume is represented by merchandise manufactured outside the United States. They buy a limited amount of merchandise from Canada—such as ice skates, skis, toboggans, boats, and some power tools.

In Montgomery Ward & Co., the import department is the point of initial contact for foreign firms wishing to offer their products. Usually a U.S. buyer will examine any product brought to his attention. Ward's is no exception. If the buyer did not operate on an open-door policy, he might miss an opportunity. It is

the buyer's job to know as much as possible about the lines for which he carries responsibility.

A Canadian firm that wishes to approach the import department of Montgomery Ward & Co. should, however, take a number of steps first.

First of all, Montgomery Ward & Co. should not be approached with the intention of determining the saleability of a product or the competitive situation in the U.S. market. These factors should be determined, as far as possible, before visiting Ward's. The buyer expects the seller to make his sales pitch in a knowledgeable way. He is willing to listen, but he expects the salesman to be just that—a salesman, not a market research man.

There are a number of ways to prepare for a call on this firm. First of all, obtain a catalogue and determine whether the company carries a line similar to your own. In most cases, it does. Check the prices, construction, and points where your own product seems to differ. If this initial check seems favourable, then order merchandise of competing lines from Ward's. This will allow you to make a first-hand study of the competition you face and will help you develop the sales line with which to approach Ward's. Obviously, a Ward's buyer will not change his sources of supply without reason. Perhaps you can offer a lower price and equal quality, or the same price for higher quality, or better still, a lower price and higher quality. This is what the buyer wants to know and you should be prepared to tell him what you can offer.

You can obtain a catalogue by sending two dollars in U.S. currency (which will be credited on a first order of twenty dollars or more) to Montgomery Ward's Export Department, C227, Chicago 7, Illinois.

Calling on the Buyer

When you come to Chicago (or New York, for soft lines) you

should allow sufficient time to visit the retail outlets of Ward's competitors. Examine the lines they carry and be prepared to compare your product with them. You are in competition with the products these stores carry as well as those that Ward's sells.

The U.S. buyer is interested in the cost of an article laid down in the city of destination, in U.S. funds and duty-paid. That is the price—not an f.o.b. factory price in a Canadian city that he has never heard of before and in Canadian dollars. The import department does work on an f.o.b. factory price when purchasing, but the buyer is the man who must first be sold. Manufacturers are requested to submit their propositions in writing and in duplicate.

Be prepared to discuss private labelling, quantity discounts, delivery time, factory capacity, and all the other factors that usually figure in a sale to a quantity purchaser. Ward's does not usually insist that it have an exclusive. It does find that some foreign firms with whom it works usually do not sell to other outlets in the U.S. because Ward's requirements frequently take up most of a foreign factory's exportable production. It prefers that a supplier have sufficient production so that an order does not mean that the producer becomes dependent on Ward's to keep his plants operating. Although Ward's merchandises about 100,000 different items, it stands to reason that it does not always sell enormous quantities of every single one.

Summary

This, then, is the situation. Ward's is one of the major merchandising organizations in the United States. It does issue catalogues—but of even greater importance, it has many retail outlets spread across the U.S. Not only does Ward's carry imported merchandise, but it has established an import department to handle foreign purchasing. This department welcomes offers from foreign manufacturers. ●

Canada's Trade with the Commonwealth

Sales of Canadian goods to Commonwealth countries this year are up 22 per cent over 1959 and our purchases from them up 31 per cent. Here is a thoughtful analysis of this heartening development and encouragement for potential exporters.

A. W. A. LANE, *Chief, Commonwealth Division.*

THE past year has witnessed continued expansion in Canadian trade with the Commonwealth and important developments in our commercial relations with other members of this community of nations. Since the middle of 1959, Canada's exports to Commonwealth countries have been running ahead of the 1958 figures by wide margins in some recent months. Imports from Commonwealth countries have been above previous years' levels since the second quarter of 1959. Total trade with the Commonwealth—both exports and imports—has increased at a more rapid rate in the first few months of 1960 than trade with non-Commonwealth countries.

Trade ties with our Commonwealth partners have been strengthened during 1959 and 1960 by the major steps that a number of these countries have taken towards dismantling their import restrictions on dollar goods. The coming into force of a new trade agreement with Australia on June 30, 1960, has provided a more satisfactory and up-to-date basis for an expansion and diversification of our trade with that country. Other recent developments in Commonwealth trade rela-

tions include the entry of the United Kingdom into the European Free Trade Association and the establishment of the new machinery for consultation and co-operation among Commonwealth countries agreed on at the Montreal Conference in September 1958.

Canada's sales in Commonwealth markets in the first five months of 1960 were 22.4 per cent above those in the corresponding period in 1959, compared with an increase of 11.5 per cent in our exports to non-Commonwealth countries. The rise in imports from Commonwealth countries in the first quarter of 1960 over the same period last year was 31 per cent, against a rise of 6.9 per cent from the non-Commonwealth countries.

There were notable increases in exports to the United Kingdom (up by \$67.8 million or 33.9 per cent), Australia (up by \$14.7 million or 77 per cent), Hong Kong (up by \$5.6 million or 180.1 per cent), New Zealand (up by \$3.3 million or 83.1 per cent), and the British West Indies—including the West Indies Federation, the Bahamas, British Guiana and British Honduras—(up \$2.9 million or 16 per cent). The first five months of this year also showed a promising expansion in our shipments to smaller Commonwealth markets, such as

CANADIAN EXPORTS TO COMMONWEALTH COUNTRIES

	1958	1959	1st 5 mos. of 1959	1st 5 mos. of 1960
	(in millions of dollars)			
United Kingdom	775.9	788.6	283.1	350.9
Australia	52.8	54.2	19.1	33.8
India	79.1	53.8	17.1	12.9
Union of South Africa	50.0	51.4	26.3	24.8
West Indies Federation	35.8	40.1	15.3	16.5
Pakistan	15.4	17.4	6.6	3.0
New Zealand	15.1	13.4	4.0	7.2
Hong Kong	6.1	11.3	3.1	8.6
Ceylon	5.5	4.9	2.6	1.5
Bermuda	3.3	4.5	1.5	1.8
British Guiana	4.1	4.4	1.5	3.1
Ghana	1.3	3.8	1.4	1.3
Bahamas	2.6	3.2	1.2	1.5
Malaya and Singapore	3.2	3.3	1.5	1.7
Rhodesia and Nyasaland	3.9	2.9	1.3	1.8
Malta	1.5	2.2	0.6	0.8
Total above	1,055.6	1,059.4	386.2	471.2
Other Commonwealth	3.1	4.2	1.5	3.6
Total exports to Commonwealth	1,058.7	1,063.6	387.7	474.8
Total exports	4,825.4	5,060.9	1,840.2	2,093.6
Exports to Commonwealth as percentage of total exports	21.8	20.9	21.1	22.2

Rhodesia and Nyasaland, Nigeria, British East Africa, and Malaya and Singapore.

The principal products contributing to the increase in Canadian sales to the United Kingdom were nickel (up \$13.2 million); lumber (up \$9.1 million); primary aluminum (up \$8.0 million); newsprint (up \$6.6 million); copper ingots, bars and billets (up \$6.1 million), and tobacco (up \$4.0 million). In our exports to other Commonwealth countries, commodities with the largest increases included passenger automobiles (up \$2.1 million to the Union of South Africa and \$1.0 million to the West Indies), automobile parts (up \$4.4 million to Australia), primary aluminum (up \$1.4 million to Australia), and newsprint (up \$2.2 million to Australia and \$1.3 million to New Zealand).

The expansion in total Canadian sales to the Commonwealth has been accompanied by the diversification of our exports to a number of Commonwealth countries. For example, from the first quarter of

1959 to the same period of 1960 the number of items that we shipped to the United Kingdom rose from 327 to 449, the number exported to Australia increased from 92 to 160, and the number going to Rhodesia and Nyasaland from 66 to 90.

Offsetting the increases in exports to some extent were declines over the first five months of this year compared with the corresponding period of last year in our shipments to India (\$4.2 million or 24.5 per cent), Pakistan (\$3.6 million or 54.5 per cent), and Ceylon (\$1.1 million or 42.3 per cent), largely as a result of the phasing of Colombo Plan shipments that make up a large proportion of our exports to these countries. Exports to the Union of South Africa also declined slightly, as smaller shipments of wheat and lumber more than offset larger sales of automobiles.

Import Restrictions Relaxed

In some fields where Canadian sales to Commonwealth countries have expanded—such as canned

salmon, butter, textiles, automobiles, household appliances, and office equipment and machinery—the expansion of our exports was made possible by the important trade liberalization measures carried out over the past year or two by the sterling members of the Commonwealth. In the United Kingdom, Australia, The West Indies, Malaya and Singapore, Rhodesia and Nyasaland, Ghana and most of the colonial territories there are few items still under import control. In the other Commonwealth countries which have not made as rapid progress in dismantling their restrictions, discrimination against Canadian goods has been removed.

These liberalization measures have reopened traditional markets in the Commonwealth for a wide variety of Canadian products, especially manufactured goods, and many Canadian exporters have been active in reviving old trade connections. Some of our exporters who have not sold in Commonwealth markets in the past have also quickly taken advantage of the new trade opportunities—sometimes with surprising results. For example, we are selling ballpoint pens in Hong Kong, power lawnmowers in Malaya, and shoe machinery in the United Kingdom. These developments suggest that Canadian industry need not have an inferiority complex about its ability to compete in foreign countries. Whether or not exporters have previously sold in Commonwealth markets, they should take a close look at the possibilities for doing business and the special advantages that they enjoy in selling there.

Commonwealth in World Trade

The Commonwealth countries currently account for almost 30 per cent of the world's trade. Their annual imports (excluding Canada) total about \$23.9 billion. In 1959 the Commonwealth purchased over \$1 billion worth of Canadian goods, or about one-fifth of our total ex-

CANADIAN IMPORTS FROM COMMONWEALTH COUNTRIES

	1958	1959 (in millions of dollars)	1st 3 mos. of 1959	1st 3 mos. of 1960
United Kingdom	526.7	596.6	107.7	142.2
West Indies Federation	43.0	50.8	7.0	8.9
Australia	32.9	41.2	7.6	5.2
India	27.7	29.3	5.4	6.1
Malaya	19.9	28.7	5.1	6.5
British Guiana	20.6	17.8	1.4	.7
Ceylon	12.9	15.1	3.0	3.3
Hong Kong	8.8	13.2	2.7	4.0
New Zealand	11.6	8.6	1.0	1.8
Mauritius and Seychelles	5.9	7.6		.7
Union of South Africa	8.0	6.6	.8	1.0
Fiji	5.7	4.8	1.6	1.5
British East Africa	5.1	4.3	.8	1.0
Ghana	2.1	4.1	.3	.5
Nigeria	2.4	3.1		.6
Bermuda	.5	1.6	.06	.1
Pakistan	.5	1.1	.2	.1
Rhodesia and Nyasaland	1.4	1.0	.03	.001
Total above	735.7	835.5	144.7	184.2
Other Commonwealth	.8	1.8	.4	6.0
Total imports from Commonwealth	736.5	837.3	145.1	190.2
Total Canadian imports	5,192.4	5,654.2	1,217.5	1,326.2
Imports from Commonwealth as percentage of total imports	14.2	14.8	11.9	14.3

ports. Commonwealth countries are particularly important as markets for certain specific types of goods. For example, in 1959 they took 91.1 per cent of our exports of tobacco, 47.6 per cent of our wheat, 67 per cent of our flour, 60.8 per cent of our automobiles and parts, 40.2 per cent of our primary aluminum, and 34.1 per cent of our copper.

The Commonwealth is, of course, a group of markets and not a single one. Although the United Kingdom is by far the largest purchaser of Canadian goods in the Commonwealth (accounting for nearly three-quarters of our total sales to these countries), Australia, the Union of South Africa, India and the West Indian territories (including Bermuda) each took more than \$50 million worth of Canadian goods in 1959. (A substantial part of our sales to India represented Colombo Plan shipments.)

These markets differ widely as a result of variations in climate, natural resources and economic advancement. The United Kingdom's imports consist largely of foodstuffs and industrial materials and it is therefore not surprising that our leading exports to Britain are wheat, primary aluminum and newsprint. However, there is scope for selling in the United Kingdom a wide variety of manufactured goods as well—particularly where Canadian products have an edge in styling or quality. (See *Foreign Trade* of February 13 and May 21, 1960.) In most other parts of the Commonwealth, manufactured goods make up a considerably larger proportion of total imports than in the United Kingdom and this affects the composition of our sales to them. Thus, our leading exports to individual Commonwealth countries other than the United Kingdom include automobiles, cotton fabrics, farm machinery and equipment, and marine engines. Fully or chiefly manufactured goods make up 87 per cent of our exports to the West Indies, 79 per cent of our exports to New

Zealand, and 71 per cent of our exports to the Union of South Africa, compared with only 23 per cent of our exports to the United Kingdom. Some Commonwealth countries are particularly important as markets for Canadian manufactured goods. For example, the West Indies ranks fourteenth in our total exports to all countries but fourth as a market for Canadian manufactured goods.

Most Commonwealth countries are making efforts to encourage the growth of domestic industry and this has inevitably affected our trade in some types of manufactured goods. However, offsetting this is the fact that, as these countries become more developed economically, their import requirements expand and become more diversified, thus creating opportunities for different types of Canadian manufactured goods. Our exports of consumer durable goods to Australia are considerably smaller than before the war but we are shipping larger amounts of such products as chain saws and marine engines (see article on page 2).

Effect of Economic Expansion

The pace of economic expansion in the Commonwealth countries also differs. Some of the newer members are developing rapidly, while in the more mature ones the rate of increase in national output is slower. This of course influences the growth of their imports. For example, from 1950 to 1958 imports increased by 85 per cent in Malaya and Singapore, 75 per cent in Ghana, and 132.6 per cent in the West Indies, compared with 45 per cent in the United Kingdom. The pattern of Canadian trade in recent years has reflected these variations in the rate of economic growth. Our average exports to the United Kingdom in the five-year period 1955 to 1959 were 120 per cent higher than in 1935-1939, compared with an increase of 172 per cent for exports to other Commonwealth countries. Canadian exporters would do

well to investigate the possibilities of getting in on the ground floor in some of the fast-growing Commonwealth countries in Africa and Asia. The Department of Trade and Commerce has recognized the growing importance of Africa by establishing Trade Commissioner Offices in Salisbury, Rhodesia and Nyasaland (1955), Accra, Ghana (1957) and Lagos, Nigeria (to be opened this fall).

Advantages in Trading

In spite of the great differences to be found within the Commonwealth, its member countries have some important things in common. The substantial measure of similarity in methods of doing business, in government administration, and in legal practices tends to provide a more stable basis for conducting trade. In most Commonwealth countries English is the official language even where other languages are also spoken. A number of members of the Commonwealth exchange important tariff preferences. Canada receives preferential treatment on most dutiable imports into the United Kingdom, Australia, New Zealand, Rhodesia and Nyasaland, and the West Indies. We receive preferences on a substantial number of products in Malaya and Ceylon and on about a dozen in the Union of South Africa. These preferences are of particular importance to Canadian exporters of manufactured goods. Entry of the United Kingdom into the European Free Trade Association will reduce the value of our preferential margins on some products produced by the Continental members of this regional grouping, but most of our preferences in the British market are not likely to be affected significantly by this development.

Some of our more important preferences and favourable terms of entry are safeguarded by trade agreements such as those with Australia, New Zealand, the Union of South Africa, the West Indies, and Rhodesia and Nyasaland. The new

Trade Agreement with Australia (details of which were given in *Foreign Trade* of February 27, 1960) provides for guaranteed margins of preference on 53 items or sub-items in the Australian tariff compared with the 33 covered by the 1931 agreement. It also provides for the first time guarantees of a continuation of existing free entry or low rates on 12 items or sub-items. Canada also benefits from many of the tariff concessions exchanged between other Commonwealth countries.

Commonwealth Co-operation

Commonwealth countries cooperate in a variety of fields to facilitate their economic development and the expansion of their trade. The Colombo Plan for aid to the less developed countries of Asia was originally a Commonwealth initiative and the Prime Ministers' Conference in April 1960 gave considerable attention to the need of the emergent countries of Africa for economic assistance. The Montreal Conference, in addition to reaching important decisions on trade and economic development, approved plans for improving Commonwealth communications and establishing scholarships for the exchange of students between different Commonwealth countries. Consultation between the members of the Commonwealth is probably closer and more frequent than between any other group of nations. The new Commonwealth Economic Consultative Council met at the level of senior officials in May 1959 and April 1960 and at the level of Ministers in September 1959, each time in London. The Canada-United Kingdom Continuing Committee met in July 1959 in Ottawa and in July 1960 in London. At all these meetings, the development of regional trading blocs in Europe was an important subject of discussion. The new Canada-Australia Trade Agreement contains an Article dealing specifically with consultations between

the two countries and Continuing Committees are to be established in Ottawa and Canberra to implement these provisions.

Outlook Encouraging

All these circumstances create a very favourable atmosphere for Canadian exporters who wish to do business in Commonwealth countries. In addition, economic conditions at the present time are buoyant in most of the Commonwealth. In the United Kingdom, income and employment are running at high levels and in the first quarter of 1960 total imports were 17 per cent above the same period of 1959 in volume and imports of manufactured goods 47 per cent higher. In a number of other Commonwealth countries—including Australia, New Zealand, Rhodesia and Nyasaland, Jamaica, Trinidad, and British Guiana—imports for the first two or three months of 1960 exceeded 1959 levels. Most Commonwealth countries other than the United Kingdom depend to varying degrees on exports of primary commodities for their ability to maintain a high level of imports. It is therefore encouraging that the United Nations World Economic Survey estimates that the value of total world trade in primary products will continue to rise in the coming year, though perhaps at a slower rate than in 1958 and 1959. Although for some foodstuffs the outlook is somewhat uncertain, for most industrial raw materials increases are likely.

Thus, the indications are for generally favourable economic conditions in most Commonwealth countries in the months immediately ahead. This is therefore a good time to look into the possibilities of selling in Commonwealth markets. The Department of Trade and Commerce stands ready to assist through its 36 Trade Commissioners in twelve Commonwealth countries and its specialists on commodities, tariffs and trade relations, and trade publicity at headquarters in Ottawa. ●

Spain's Textile Industry

SPAIN'S cotton textile industry, the fifth largest in Europe, is planning a modernization program. This will include the scrapping of some 20,000 worn-out looms and the destruction of 500,000 spindles, and their replacement by new and more efficient equipment. This, the industry hopes, will improve productivity. In the other OEEC countries, output per loom or spindle is over 50 per cent greater than it is in Spain.

The chief obstacle in carrying out this program is cost. It would require a substantial investment, estimated at about \$90 million. In addition, compensation would have to be paid to displaced workers. The backers of the modernization plan at present favour raising the necessary funds by a large public loan.

One persistent problem of the industry—the supply of raw cotton—appears to be solved. The Spanish cotton crop has increased sharply in the past decade. Last year it exceeded 275,000 bales of 50 pounds each and it is expected to be even larger this year. It thus meets more than half of the industry's annual requirements of about 500,000 bales. In addition, the U.S. aid program has in the last few years included substantial shipments of U.S.-grown raw cotton under PL480. Middle Eastern countries supply most of the remainder. Mexico has made some sales to Spain recently.

Although Spain is the world's eleventh largest producer of cotton textiles and yarns and has over 1,000 mills (chiefly in the Barcelona district) it has catered almost entirely to the domestic market. Exports have never been important and this has meant little incentive to modernize. But since Spain became a member of OEEC in July 1959 and adopted a new exchange rate of sixty pesetas to the U.S. dollar, she has been able to buy raw cotton more advantageously and has been more successful in exporting. In 1959, substantial quantities of manufactured cotton goods—particularly yarns, unfinished materials (grey cloth) and towels—have been shipped to the United States and the United Kingdom.

—M. T. STEWART,

Commercial Counsellor, Madrid.



Advertising Abroad

In South Vietnam, it is essential to have expert local advice on advertising campaigns. In general, newspapers are the best medium for promoting sales of most products.

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

ADVERTISING in South Vietnam is not highly developed and effective media are limited. The country, with a population of some eleven million, presents special problems to advertisers and professional advice is essential to a successful campaign. The people are, of course, predominantly Vietnamese—some ten million—but there are about one million Chinese who have recently taken out Vietnamese citizenship, 10,000 French, and 2,000 Americans. These minority groups would be the principal buyers of many of the products that could usefully be advertised and advertisers should select methods and media with them in mind.

Newspapers

Newspapers are one of the most important media and some 22 published here carry advertisements. Twelve are printed in Vietnamese, six in Chinese, three in French and one in English. Circulation of most of the Vietnamese-language papers varies from 15,000 to 35,000; the largest has a daily circulation of 60,000 and a Sunday edition with a circulation of 120,000. The leading Chinese-language paper reaches 23,000 readers and the others from 5,000 to 15,000. The Vietnamese and Chinese papers tend to be passed around from family to family and this probably multiplies the known circulation three to five

times. The only French daily has a circulation of about 6,000 and the two French weeklies approximately 2,500 each. The English daily's circulation is only about 2,000. Newspaper advertising can be used most effectively for promoting sales of consumer goods but it is also employed to some extent to advertise office appliances, industrial equipment and raw materials.

Movie Slides and Shorts

Movie slides and shorts are popular and probably rank next to newspapers in advertising effectiveness. Of the forty or so movie houses in the Saigon-Cholon area, five show Chinese films exclusively. The others run mostly American films, with a few French and English ones for variety. Slides and shorts for movie theatres can either be imported or made locally, but it is considered preferable to have them produced locally so that they will conform to Vietnamese tastes. It may even be necessary sometimes to have different themes for the same product, depending on whether the prospective viewers are Vietnamese, or Chinese-Vietnamese, or others.

Magazines

Technical journals are not published in South Vietnam. There are three regular weekly magazines for women. Other weeklies appear on

the market from time to time but they are usually fly-by-night operations with no substantial value as advertising media. Two bulletins—one put out by the Saigon Chamber of Commerce and the other by the National Office of Exchange—can be useful for advertising commercial goods. However, it is doubtful if they are as effective as properly selected newspapers.

Advertising is not permitted on the state-run Vietnam radio network and television has not yet arrived.

Outdoor Advertising

Outdoor advertising is popular and posters, billboards or bus cards are used. Posters are strictly controlled by the Government and may be placed only in a few authorized locations. In the Saigon-Cholon area, they are limited to about 100 locations and an advertiser can retain space for only one week at a time. A tax of five piastres is levied. However, if no other applications for the space are received it can be held from week to week, with tax payable for each week. Similar restrictions apply in all large towns throughout Vietnam. Billboards, on the other hand, are not subject to the same restrictions and may be erected along highways and on many locations outside towns. They are considered particularly suitable for machinery, industrial goods and raw materials if they are located near industrial areas. Advertising on the inside and outside of buses is widely used and most effective, particularly for consumer goods.

Other Media

Calendars are a very popular form of advertising, as are giveaways such as cigarette lighters,

pencils, key rings, etc. Counter cards are used a great deal and most retail stores are willing to display them. Direct mail promotion has not been employed to any degree but is becoming more popular. Some suppliers of industrial equipment and raw materials are using this approach exclusively, with good results. As in most countries, illustrated literature, brochures, pamphlets, etc., are of great value. In Vietnam they should be printed in French which, although it is not the official language of the country, is the one that all sections of the business community use.

If You Plan to Advertise . . .

Canadian companies considering advertising in Vietnam would be well advised to employ a local advertising agency to ensure that the correct medium is chosen, and that

the advertising materials selected appeal to local tastes. However, an agency must be chosen with great care because there are many which claim to be qualified but often turn out to be merely space-bookers or even sign-painters. Only three at the most would qualify as advertising agencies by Canadian standards. They make their own theatre shorts and slides and make and erect billboards. At least one has its own printing shop for posters, calendars, and other promotion materials. The three are also prepared to do a certain amount of market research although it is unlikely to measure up to the research standards of advertising agencies in North America. It is believed that none of the local agencies has extensive connections abroad but all would probably be prepared to work in co-operation with Canadian agencies or directly with Canadian suppliers.

Because the variety of Canadian goods that can be marketed in Vietnam in the immediate future is limited, Canadian companies are strongly urged to seek the advice of the Canadian Trade Commissioner in Hong Kong before considering advertising campaigns. The best sales prospects are for metals in semifabricated form, certain building materials, some types of machinery including small diesel and gas engines, small power units and pumps, agricultural and saw-mill equipment, and paper of all kinds. With the development of the country's industrialization program, market prospects for chemicals will also improve. Sales of some of these products could probably be stimulated by well-planned advertising and suppliers should consider this form of trade promotion once they are reasonably sure of the market prospects. ●

Two Assistant Deputy Ministers Appointed



DENIS HARVEY has been appointed Assistant Deputy Minister (Commodities and Industries) in the Department of Trade and Commerce. He will co-ordinate the work of the Department's branches which are concerned with commodity matters, liaison with industry, and export and import controls. Mr. Harvey entered the Department as Director of the

Import Division when he retired from the Royal Canadian Navy in 1945. For the past ten years he has been Director of the Commodities Branch and active in export promotion. He has served as delegate to a number of international conferences on commodity matters, the latest being the recent World Tin Conference and prior to that the United Nations Lead and Zinc Study Group. He was responsible for the administration in Ottawa of the West Indies Trade Liberalization Plan and the U.K. Token Import Scheme.



BERTRAM G. BARROW has been appointed Assistant Deputy Minister (Domestic Commerce). He will serve as the Department's principal adviser on domestic commerce, and will conduct commercial negotiations with provincial authorities, trade associations and other business groups. He joined the Department of Reconstruction and Supply in 1945 as

an economist. Two years later, he entered Trade and Commerce as a commercial relations officer, and in 1953 was appointed Assistant Director of the International Trade Relations Branch. During these years, Mr. Barrow was a member of the Canadian delegation at two tariff conferences: he spent six months in Annecy, France, at the 1949 tariff negotiations there and attended the 1950-51 GATT conference at Torquay, England. Since 1955 he has been with the Tariff Board, for the past two years as Chief of Research.

Paints and Varnishes

The Market in Brazil

Rapid growth of domestic industry has shut out most imports, narrowed market to newly developed and specialized products.

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

THE paint and varnish industry in Brazil has grown rapidly in recent years. Total production for 1959 is estimated at over 75,000 tons, almost double the 1956 figures. (See Table I for production statistics.) As late as 1947, 60 per cent of the paint used in Brazil was imported. During 1959 imports are estimated to have fallen to less than the 1958 total of some U.S.\$61,000. Brazil, it is apparent, is now supplying practically all of the domestic market for paints and varnishes.

Imports Discouraged

The rapid development of the paint industry was hastened by import restrictions which encouraged domestic production and discouraged imports. Paints and varnishes are classified for exchange purposes in the Special Category;* imports in this group are considered non-essential to the economy. Therefore a prospective importer of paints or varnishes must purchase (and pay a premium for) a commitment from the Bank of Brazil at the weekly exchange auction to allow him to buy foreign exchange at the official

*For an explanation of the import categories and the exchange auctions, see article on Brazil in *Foreign Trade* of November 21, 1959.

rate of Cr.\$18.92 per U.S.\$1.00 (as established with the International Monetary Fund). This premium he pays in addition to the official rate. At the weekly auction May 10 the premium, (which varies with the availability of foreign exchange) was Cr.\$496 per U.S.\$1.00 for goods in the Special Category. In addition, the importer must pay the ad valorem duty of 80 per cent on foreign paints and varnishes. These exchange regulations and ad va-

lorem duties have almost eliminated paint imports.

Four paint companies, two of which are affiliated with large international companies, account for 40 per cent of total production. Condoroil Tintas S.A. is a completely Brazilian operation and has become the largest paint company in Latin America. It operates two paint factories in Rio de Janeiro, another blending factory and a laboratory in São Paulo, a nitrocellulose plant, and the huge Oiticica oil plant at Fortaleza in northern Brazil. Sherwin Williams do Brasil S.A. was established in 1920 to sell imported paints. In 1944 the company set up a production plant in Brazil and it has expanded to become the country's second largest producer.

TABLE I—PRODUCTION OF ENAMELS, PAINTS AND VARNISHES

	No. of firms*	Litres	Value in Cr.\$1,000
Alcohol base paints			
1956	7	250,737	14,103
1957	8	244,105	18,870
1958	10	260,501	29,907
Oil base paints			
1956	28	9,501,881	471,327
1957	32	21,839,258	1,280,026
1958	35	32,509,675	2,057,600
Paints of other types			
1956	57	14,769,175	694,898
1957	59	12,971,351	781,813
1958	60	16,982,000	1,240,000
Varnishes			
1956	32	2,274,856	124,121
1957	30	3,169,052	135,771
1958	30	3,892,502	201,000
Total for four types above			
1956			1,304,449
1957			2,216,480
1958			3,528,507

*Statistics available only for these.

TABLE II—IMPORTS OF PREPARED PAINTS AND VARNISHES

	Year	Kilos	Cr.\$	U.S.\$*
Prepared paints: varnish or resin base, enamels	1956	967	87,035	1,240
	1957	1,303	32,785	1,442
	1958	217	51,410	410
Prepared paints: pyroxylina or acetalcellulose base	1956	136	9,241	491
	1957	95	20,906	140
	1958	(no imports)		
Prepared paints: bituminous tar or pitch base and similar	1956	18,636	151,277	7,271
	1957	390,517	6,048,925	40,396
	1958	155,448	987,117	16,782
Prepared paints: oil base	1956	15,442	249,677	13,055
	1957	3,989	48,480	2,576
	1958	5,632	102,233	4,346
Prepared paints: Not specified	1956	25,638	3,410,043	48,066
	1957	4,814	981,839	11,321
	1958	6,407	5,095,260	26,086
Varnishes	1956	4,787	1,296,392	10,546
	1957	8,825	1,765,132	18,617
	1958	8,761	2,181,298	13,337
Total	1956		\$80,669	
	1957		74,492	
	1958		60,961	

*Note: Rate of conversion of cruzeiros into dollars is not constant because certain imports have received special exchange treatment.

American Marietta is a combination of U.S. and Brazilian interests. It is a relative newcomer and went into operation only in 1955. Coral S.A., which was also established in 1955, is a modern plant with the latest equipment; it ranks as the fourth largest paint company and is now turning out 700,000 litres of paint a month. There are 35 other paint manufacturers of some size in Brazil, but the four listed above dominate the Brazilian market. All but American Marietta have fully integrated operations and produce their own resins, treat their own oils, manufacture the paints and varnishes, and distribute them through their own wholesale outlets. Three—Sherwin Williams do Brasil S.A., Condoroil Tintas S.A., and Coral S.A.—also maintain retail stores.

Brazil also produces and processes practically all the raw materials that the paint industry needs. The only supplies imported in any quantity are phenol, which comes chiefly from the U.S. with Canada second, melamine and maleic anhydride, both imported mainly from the U.S.

Aluminio do Brasil, a wholly-owned subsidiary of the Aluminum

Company of Canada, established a plant in 1958 to produce Alpaste, an aluminum pigment in paste form which when mixed with paint, paint vehicles and varnishes gives a metallic finish. The company is currently using nine to ten tons of aluminum a month in making Alpaste for this market.

Most of the paints imported today are newly developed or specialized products which are required initially in comparatively small quantities, so that it is uneconomic for Brazilian companies to make them. When new products are developed elsewhere and if the volume of imports becomes large enough to warrant production, they are soon produced in Brazil. The generally excellent financial resources of the paint companies and their access through parent companies or under licensing arrangements to the necessary technical knowhow make this possible.

There seems to be little opportunity for Canadian paint producers to export paints and varnishes in any volume or permanently to the Brazilian market. The only exception is new and specialized products, as the paragraph above makes clear. ●

Paints, Varnishes in Uruguay

URUGUAY boasts a well-established paint, varnish and allied products industry. Some 25 factories employ about 1,000 people and produce an estimated 5,000 tons of paints and varnishes a year, valued at some 25 million Uruguayan pesos (approximately Can. \$2.08 million).

The products turned out include various water-based synthetic emulsions, enamels and varnishes, plus conventional paints, stains, varnishes and lacquers. All are consumed in Uruguay and more than satisfy local needs. There are even possibilities of developing export trade.

The industry imports most of the components required. Raw materials worth over U.S.\$2 million were brought in in 1958, 22 per cent from the United States, 25 per cent from France, 19 per cent from Italy, 10 per cent from Britain and 4 per cent from West Germany and the Netherlands. The remaining 16 per cent came from a number of other countries.

Turpentine and calcium carbonate are made in Uruguay but not enough to satisfy local needs and imports are necessary. On the other hand, linseed oil is produced in surplus and U.S.\$4.2 million worth was exported in 1958.

The only paints imported into Uruguay in 1958 were small quantities of fluorescent and automobile paints, plus a little varnish of various types, according to the Paints and Allied Products Manufacturers Association. Separate statistics on imports of paints and varnishes are not available; they are grouped with imports of "paint and paint ingredients". We are assured by the Association, however, that the trade in imported made-up paints and varnishes is very specialized and almost negligible. Opportunities for foreign suppliers, therefore, are either slight or non-existent.

—ANDRÉ POTVIN, Office of the Commercial Counsellor, Montevideo.



Trade and Tariff Regulations

Belgium

DRY SKIMMED MILK—Belgium has imposed, effective May 29, 1960, a special import tax on dry skimmed milk, with or without the addition of sugar. The rate of the tax is 3 Bfrs. per kilogram, or approximately 2½ cents per pound.

It is possible that the tax will be suspended or reduced in the fall in view of the seasonal decline in domestic production—Brussels.

Mexico

FISHMEAL PLACED UNDER IMPORT CONTROL—The *Diario Oficial* of July 15, 1960, reports that fishmeal is to be subject to import licence control, effective immediately.

Applications for permits are to be made to the Department of Industry and Commerce and are required for all imports, including those into the free-zone area in northwestern Mexico.

Rhodesia and Nyasaland

IMPORT RESTRICTIONS REMOVED—Effective June 30, 1960, the Federation's remaining special controls on imports from the dollar area were removed. Previous to June 30, 1960, clothing, cotton piecegoods, commercial fishing nets, wireless and television sets, and gramophones from the dollar area were subject to import control. All goods from the dollar area (not otherwise controlled) may now enter the Federation of Rhodesia and Nyasaland under Open General Licence.

A list of the eleven items which will remain under import control from all sources was published in *Foreign Trade* of April 23, 1960.

South Africa

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

Increase in duty on:

1. High-gloss coated or varnished plates and bowls
2. Potscrapers
3. Certain yarns
4. Synthetic resin enamel covered electric wires (magnet wires)

5. Radiograms, radio receiving sets, television receiving sets, F.M. receiving sets
6. Flexible foam plastics
7. Certain D.D.T. products
8. Woven piecegoods

Reduction in duty on:

1. Silicon metal
2. Scrap metal products

Rebate of duty on:

1. Synthetic resin enamel for insulating electric wires (magnet wire)
2. Gold embossed aluminum foil used in packing of cigarettes
3. Three-mm. plywood for the manufacture of musical instruments
4. Plywood formed and shaped for the manufacture of wooden chairs
5. Certain components for the manufacture of radiograms and other radio and television receiving sets
6. Certain papers for the manufacture of paper cups
7. Print-dyed worsted knitting yarns of a count 2/50's and over for the knitting of garments and piecegoods
8. Certain materials for the manufacture of heels

Withdrawal of rebate on:

1. Knitted worsted fabric in the piece containing more than 50 per cent by weight of wool or hair, or wool and hair mixed, for the manufacture of baby blankets and shawls
2. Certain yarns and threads

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

Spain

NEW CUSTOMS TARIFF AND EXCISE TAX ON IMPORTS—After almost 40 years the Spanish Government has introduced a new Customs Tariff based on the Brussels nomenclature and, at the same time, has put into effect an Excise Tax on Imports. The Customs Tariff and the rates of the new tax were published in the official *Spanish State Gazette* in instalments between May 31 and June 8, 1960.

An English translation of the new tariff is not yet available, nor is an over-all comparison with the old tariff possible since the structure of the new tariff and the method of assessment differ entirely from those of

the old one. Duties formerly levied on a weight basis (specific) are now assessed in percentages of the value (ad valorem duty) or, in some cases, are mixed, i.e., specific and ad valorem. Where specific rates are used, paper pesetas replace gold pesetas of the old tariff (one gold peseta equals 7.154 paper pesetas). Moreover duties under nine chapters are transitory and will be gradually reduced to allow certain industries and commodities to adapt themselves to world price levels. There is no transitory period for goods either en route or ordered. Of interest is the application of a uniform rate of 15 per cent on goods brought in by tourists which otherwise would be dutiable under much higher rates.

A preliminary study of the new tariff permits the conclusion that the policy of the Spanish Government is to subject imports of consumer goods to high duties, at the same time charging raw materials and certain items of equipment considered essential for Spanish industrial development rates below the level of the old tariff. How the new rates will affect Canadian exports cannot yet be determined.

The decree on the Excise Duty on Imports describes the tax as a fiscal charge compensating for various internal taxes which are levied on domestic products. Its rates are inscribed in the new Customs Tariff side by side with the rates of duty. They vary between 1 and 25 per cent, with the exception of a single article, ethyl alcohol, not denaturalized, which is subject to a rate of 70 per cent.

United States

1960 IMPORT QUOTA ON RYE ANNOUNCED—In *Foreign Trade* of August 29, 1959, it was announced that the annual import quota on rye, rye flour and rye meal had been extended for a two-year period ending on June 30, 1961. The quota basis for the twelve-month period beginning July 1, 1960, was then announced as 186 million pounds. The excess of entries, if any, over 186 million pounds in the previous year was to be deducted from the quota beginning on July 1, 1960, which in any case was not to be less than 92,879,683 pounds.

On July 11, 1960, the U.S. Treasury Department determined the quota beginning July 1, 1960, as 143,606,079 pounds. Ninety-eight per cent of this quota, or 140,733,957 pounds, is allotted to Canada, the remainder to other countries. Of the total quota, not more than 11,614 pounds may be in the form of rye flour or rye meal.

TARIFF COMMISSION ESCAPE CLAUSE INVESTIGATION INTO IMPORTS OF HARD FIBER CORDS AND TWINES—Upon application of the Cordage Institute, New York, N.Y., received June 10, 1960, the United States Tariff Commission, on June 24,

AUGUST 13, 1960

1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether cords and twines provided for in paragraph 1,005(b) of the Tariff Act of 1930, are, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreements 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.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t., on September 28, 1960, 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 in advance of the date set for the hearing.

Cords and twines provided for under U.S. tariff paragraph 1,005(b) are "cords and twines (whether or not composed of three or more strands, each strand composed of two or more yarns), tarred or untarred, single or plied, wholly or in chief value of henequen, manila (abaca), sisal, or other hard fiber". They are now dutiable at 15 per cent ad valorem.

United States

TARIFF COMMISSION ESCAPE CLAUSE INVESTIGATION INTO IMPORTS OF BINDING AND BALER TWINE—Upon application of the Cordage Institute, New York, N.Y., received June 10, 1960, the United States Tariff Commission, on June 24, 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether binding twine and twine chiefly used for baling hay, straw, and other fodder and bedding materials, provided for in paragraph 1,622 of the Tariff Act of 1930, are, as a result in whole or in part of the duty or other customs treatment reflecting concessions 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.

A public hearing in connection with this investigation will begin at 10 a.m., e.s.t., on September 27, 1960, 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 in advance of the date set for the hearing.

Binding and baler twine chiefly used for baling hay, straw, and other fodder and other bedding materials now enter the United States free of duty under U.S. tariff paragraph 1,622.

United States

TARIFF COMMISSION ESCAPE CLAUSE INVESTIGATION INTO IRON ORE IMPORTS—The United States Tariff Commission, on July 6, 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether iron ore (including manganiferous iron ore), provided for in paragraph 1,700 of the Tariff Act of 1930, is, as a result in whole or in part of the customs treatment reflecting concessions granted thereon under trade agreements, 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. A resolution requesting this investigation was adopted by the Com-



Australia

PORT OF MELBOURNE—Port of Melbourne trade in 1959 climbed by 503,000 tons over 1958 to 8,843,846 tons, the second highest figure in ten years. Import tonnage handled from overseas and other Australian ports totalled about three times the export tonnage. Export cargoes jumped during the year by 412,707 tons—Melbourne.

SERVICE TO EAST INDIES—The Austasia Line of Singapore has announced that a new shipping service will operate from Adelaide, Melbourne, Sydney and Queensland ports to New Guinea, North Borneo and Sarawak. Two ships will be employed at the start, each with capacity of 4,000 tons of refrigerated and general cargo—Sydney.

Brazil

FLEET FOR MINERAL PRODUCTS—Plans for a fleet to transport bulk mineral products are nearing completion. To be known as FRONAGRA (Frota Nacional de Graneis), it will be used mainly for carrying exports of iron ore and imports of coal.

The prospective program results from studies undertaken by a Ministry of Transport group. Its main

objective is to reduce expenditure of foreign exchange by transporting coal to Brazil in national bottoms and using the same vessels to carry iron ore exports, thus making Brazilian ore prices more competitive on the international market.

committee on Finance, United States Senate, on June 30, 1960, and was received by the Commission from the chairman of the Committee on July 1, 1960.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t., on October 11, 1960, in the Hearing Room, Tariff Commission Building, 8th 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 in advance of the date set for the hearing.

This escape clause investigation differs from the fact-finding investigation which was completed in March 1959, in that an investigation under the escape clause requires a recommendation for a tariff or quota if it is found that imports are causing serious injury to the U.S. industry. Iron ore has been on the U.S. duty-free list since 1913.

Transportation Notes

Principal shareholders of FRONAGRA, which will have a capital of Cr.\$2.4 billion, will be Brazil's government-controlled National Steel Company and the Companhia do Vale do Rio Doce, a government-owned organization with the monopoly of iron ore exports—Rio de Janeiro.

MERCHANT NAVY—The plan instituted by GEICON, the Executive Group of Naval Construction, for expanding the Brazilian Merchant Navy has begun to bear fruit. Since 1958, when the Plan was initiated, some Cr.\$7 billion has been invested. These funds were used to renew the merchant fleet and finance the construction of local shipyards—Rio de Janeiro.

Ceylon

NEW PORT EQUIPMENT—Heavy equipment to handle the increasing cargo passing through the ports of Galle and Trincomalee is to be bought by the Gov-

ernment of Ceylon and rented to private landing companies. The Port Commission has revealed that cargo handled at Trincomalee last year was three times greater than in any previous year—Colombo.

Egypt

SUEZ CANAL TRAFFIC—The Suez Canal Authority reports that the number of ships passing through the canal declined in 1959 from the peak year 1958, though the amount of cargo carried rose slightly. This indicates that newer, bigger cargo ships and tankers are replacing smaller vessels. Transits during the year totalled 17,731 or an average of 48.5 ships per day. Net tonnage reached 163,386,000 tons in 1959, of which oil tankers accounted for 114,340,000, an increase of 7 per cent over 1958.

It is expected that the trend to bigger ships will continue—hence the need for the current program, partly financed by the World Bank, to widen and deepen the canal for ships of 37-foot draft. However, new oilfields in Libya and Algeria may affect the canal's tanker traffic in future—Cairo.

Italy

SHIPBUILDING—The firm Cantieri Riuniti dell'Adriatico of Trieste has concluded an agreement with Babcock & Wilcox of New York for the construction and sale of atomic-propelled cargo ships of the *Savannah* type—Rome.

NUCLEAR MERCHANT SHIPS—An agreement has been signed between the Trieste shipbuilding company, Cantieri Riuniti dell'Adriatico, and the New York firm of Babcock and Wilcox for the construction and sale of mercantile vessels propelled by atomic energy. The agreement is for a period of ten years, running from January 1, 1960. The ships will be built in Trieste on plans and according to patents supplied by the U.S. company, which will also provide technical assistance. The ships will be sold to Italian and foreign shipowners—Rome.

Netherlands

LAKES-MIDDLE EAST SERVICE—Nedlloyd Line offers a new monthly service from Great Lakes and St. Lawrence ports to Beirut, Aqaba, Karachi and Arabian Gulf ports. It is called the Nedlloyd Middle East Express Service and is operated by N.V. Stoomvaart Maatschappij "Nederland" and Koninklijke Rotterdamsche Lloyd, N.V. The first sailing, the M.V. *Amstelhoek*, left Toronto and Montreal early in June. The vessels assigned to this service will be fast combination freight-passenger ships capable of handling heavy lifts and equipped with deep tanks and refrigeration space. Montreal Shipping Company Limited has been appointed agents—The Hague.

Norway

SHIPPING REVENUE RISES—Net foreign currency earnings by the Norwegian merchant fleet are expected to reach Kr.3,000 million in 1960, Kr.50 million higher than last year. This estimate is based on the assumption that freight rates remain more or less constant. Norway's imports of ships last year totalled about 950,000 gross tons worth Kr.2,080 million, and the estimate for 1960 is 800,000 gross tons valued at Kr.1,900 million. The net increase in the merchant fleet this year is estimated at about 700,000 gross tons, or 6.5 per cent; this will bring the total to 11.2 million gross tons at the end of the year—Oslo.

Spain

SHIPBUILDING—A shipbuilding agreement, valued at \$10.5 million, has been signed between Spain and Argentina. This provides initially for three river steamers for Argentina—two to carry 450 passengers and one 800 passengers. Delivery is expected in 25 months and payment will be as follows: 56 per cent by Spain under her debt to Argentina, 14 per cent in foreign exchange, and 30 per cent for machinery and ship plates.

Conversations over supplying Argentina with several 20,000-ton tankers under the same payment system are reported to be well advanced—Madrid.

Switzerland

BARGE TRAFFIC THROUGH BASEL—In 1959, the metric tonnage of craft passing through the Basel Rhine ports totalled 4,898,351, or 0.6 per cent more than in 1958. Imports totalled 4,312,919 metric tons, compared with 4,372,134 in 1958, 33.6 per cent and 36.6 per cent of Switzerland's total imports. The slight decline was caused mainly by low water levels during the summer and autumn. Movement of fuel and grain fell off, though that of metals increased. Exports from the Basel Rhine ports in 1959 totalled 162,947 metric tons, 15.3 per cent of Switzerland's total exports. This compares with 107,506 metric tons, or 19.4 per cent of total Swiss exports, in 1958—Berne.

United States

PORT OF NEW ORLEANS—A record 133,886,963 bushels of grain were exported through the Port of New Orleans in the fiscal year ended June 30, 1960—an increase of almost 300,000 bushels over the previous twelve months. Ship arrivals in fiscal 1960 numbered 4,834, another record high. Banana imports soared to 522,000 tons (or approximately 14 million stems) to break the former 12-month record of 503,000 tons set in calendar 1957. Although general cargo totalled 4,515,961 tons, a 14 per cent drop from the record calendar year of 1957, general cargo imports reached 1,630,676 tons, a new high—New Orleans.

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

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalent multiply by 1.027947.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 2	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.01178	84.89	(1)
Austria	Schilling ...	.....	.03745	26.70	
Australia	Pound .....	.....	2.1864	.4574	
Bahamas	Pound .....	.....	2.7330	.3659	
Belgium, Belgian Congo and Luxembourg	Franc .....	.....	.01933	51.73	
Bermuda	Pound .....	.....	2.7330	.3659	
Bolivia	Boliviano ..	Free .....	.0000851	11,745.36	
British Guiana	Dollar .....	.....	.5694	1.76	
British Honduras	Dollar .....	.....	.6833	1.46	
Brazil	Cruzeiro ...	General Category*	.004330	230.95	*July 19 (2)
		Special Category .....	.001966	508.72	
		Official selling .....	.05141	19.45	(3)
Burma	Kyat .....	.....	.2043	4.89	
Ceylon	Rupee .....	.....	.2050	4.88	
Chile	Escudo	Free .....	.9247	1.08143	(4)
Colombia	Peso	Certificate .....	.1451	6.89	
Costa Rica	Colon	Official .....	.1733	5.77	
		Controlled free .....	.1464	6.83	
Cuba	Peso .....	.....	.9728	1.02796	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1351	7.40	
Denmark	Krone .....	.....	.1412	7.08	
Dominican Republic	Peso .....	.....	.9728	1.02796	
Ecuador	Sucre	Official .....	.06486	15.42	
		Free .....	.05689	17.58	
Egyptian Region, United Arab Rep.	Pound	Official	2.7935	.3579	
		Export account selling ..	2.4050	.4158	
El Salvador	Colon .....	.....	.3891	2.57	
Fiji	Pound .....	.....	2.4622	.4061	
Finland	Markka .....	.....	.003040	328.95	
France, Monaco, etc.	New Franc ..	.....	.1985	5.04	(5)
French colonies ...	Franc .....	.....	.003970	251.89	(6)
French Pacific	Franc .....	.....	.01092	91.57	(7)
Germany	D Mark .....	.....	.2333	4.29	
Ghana	Pound .....	.....	2.7330	.3659	
Greece	Drachma .....	.....	.03242	30.84	
Guatemala	Quetzal .....	.....	.9728	1.02796	
Haiti	Gourde .....	.....	.1946	5.14	
Honduras	Lempira .....	.....	.4864	2.05	
Hong Kong	Dollar	Free*	.1701	5.88	*July 22
		Official .....	.1708	5.85	
		Official .....	.02560	39.06	(8)
Iceland	Krona .....	.....	.2050	4.88	
India	Rupee .....	.....	.02161	46.26	(8)
Indonesia	Rupiah .....	.....	.01284	77.87	
Iran	Rial .....	.....	2.7239	.3671	
Iraq	Dinar .....	.....		

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 2	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7330	.3659	
Israel	Pound		.5405	1.85	
Italy	Lira		.001568	637.75	
Japan	Yen		.002702	370.10	
Lebanon	Pound	Free	.3056	3.27	
Mexico	Peso		.07783	12.85	
Netherlands	Florin		.2580	3.87	
Netherlands Antilles	Florin		.5199	1.92	
New Zealand	Pound		2.7330	.3659	
Nicaragua	Cordoba	Effective buying	.1474	6.78	
		Official selling	.1379	7.25	
Norway	Krone		.1365	7.33	
Pakistan	Rupee		.2050	4.88	
Panama	Balboa		.9728	1.02796	
Paraguay	Guarani	Official	.007974	125.41	
Peru	Sol		.03590	27.85	
Philippines	Peso		.4864	2.05	
Portugal & Colonies	Escudo		.03395	29.45	(9)
Singapore and Malaya	Straits Dollar		.3189	3.13	
Spain and Dependencies	Peseta		.01621	61.68	
Sweden	Krona		.1886	5.30	
Switzerland	Franc		.2259	4.43	
Syrian Region, United Arab Rep.	Pound	Free	.2717	3.68	
Thailand	Baht	Free	.04597	21.75	(8)
Turkey	Lira		.1081	9.25	(8)
Union of South Africa	Pound		2.7330	.3659	
United Kingdom	Pound		2.7330	.3659	
United States	Dollar		.9728125	1.027947	
Uruguay	Peso	Free	.08515	11.74	(10)
Venezuela	Bolivar		.2904	3.44	
West Indies Fed.	Dollar		.5694	1.76	(11)
	Pound		2.7330	.3659	(12)
Yugoslavia	Dinar	Official	.003242	308.45	(8)
		Settlement rate	.001539	649.66	

*Latest available quotation date.

Notes

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

Trade Commissioners on Tour



B. C. Butler



H. A. Gilbert



R. E. Gravel



H. S. Hay



H. L. E. Priestman



R. G. Woolham

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

B. C. BUTLER, Minister (Commercial) in London, England:

Fredericton—Sept. 26-27 Halifax—Sept. 29-30
Saint John—Sept. 28

H. A. GILBERT, Trade Commissioner in Bombay, India:

Montreal—Sept. 19-23 Toronto—Sept. 28-Oct. 4
Thetford Mines—Sept. 26

When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Montreal—Aug. 14-25 Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Windsor—Sept. 6 Guelph—Sept. 9
Sarnia—Sept. 7 Toronto and district—
Tillsonburg—Sept. 8 Sept. 12-16, 19-20
Brantford—Sept. 8 Hamilton—Sept. 21-22
Kitchener-Waterloo, Galt—
Sept. 9 St. Catharines—Sept. 22
Welland—Sept. 23

Niagara Falls—Sept. 23 Ottawa—Oct. 5-6
Montreal—Sept. 26-Oct. 4

When he completes his tour, Mr. Hay will be posted to head office in Ottawa.

H. L. E. PRIESTMAN, Consul General and Trade Commissioner in Manila, the Philippines:

Windsor—Aug. 15 Winnipeg—Aug. 22-23
Sarnia—Aug. 16 Vancouver—Aug. 29-Sept. 2

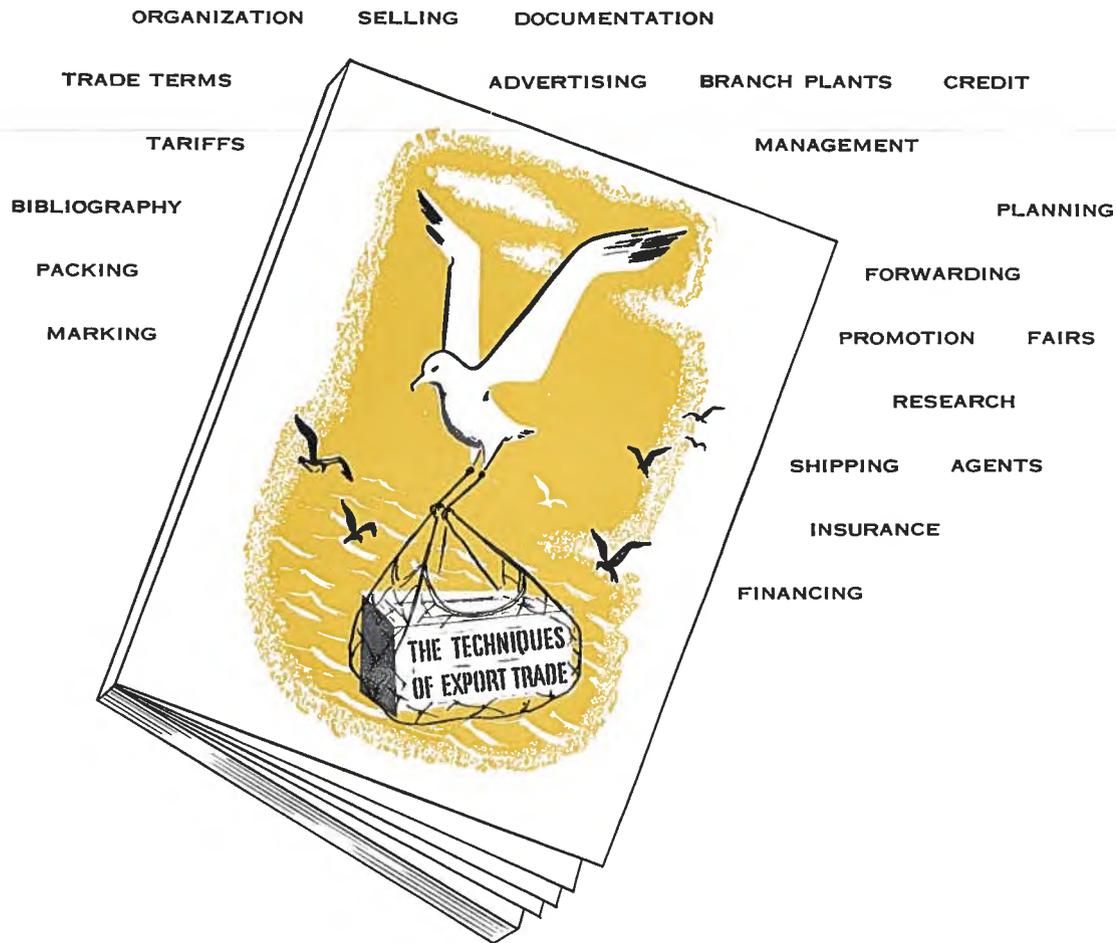
R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan:

Vancouver—Sept. 1-2 Winnipeg—Sept. 7-9
Calgary—Sept. 6 Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham will be posted to Paris, France, as Assistant Commercial Secretary.

Businessmen who wish to see these officers 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.

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