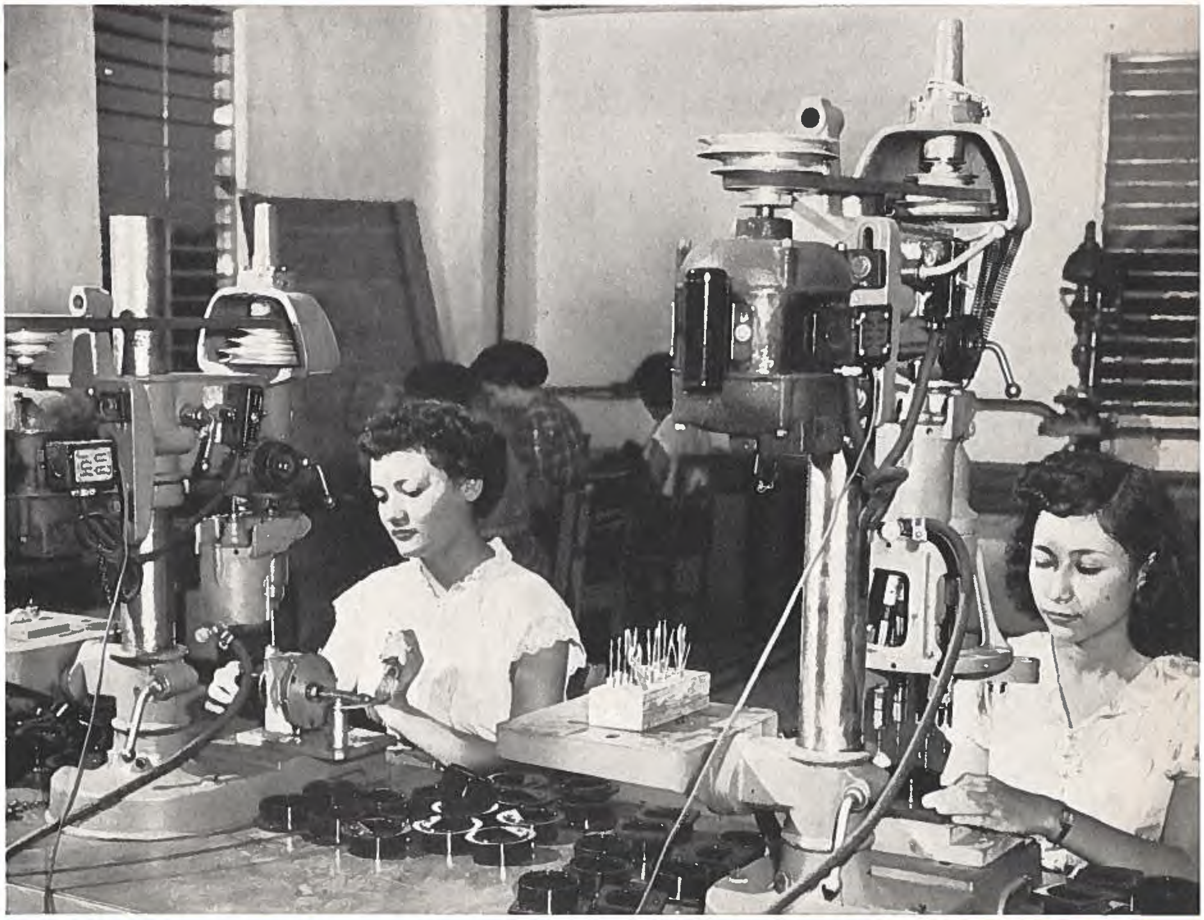
SEPTEMBER 24, 1960

foreign trade

CANADA



THE TRADE COMMISSIONER LOOKS AT PUERTO RICO

Established in 1904

foreign trade

OTTAWA, SEPTEMBER 24, 1960 Vol. 114, No. 7

cover These Puerto Rican girls are hard at work in an electrical instrument plant, subsidiary of a U.S. company. The Puerto Rican Government has successfully offered inducements to United States and other manufacturers to put up plants on the island and thus provide jobs for its people. For a report on this "Operation Bootstrap", and on Puerto Rico's economy generally and trading opportunities there, see page two.

CANADA

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The Trade Commissioner looks at market prospects in

PUERTO RICO

√ *per capita income rising*

√ *imports setting new records*

√ *concessions granted to incoming industry*

√ *building boom offers opportunities to Canadians*

J. M. KNOWLES, *Assistant Commercial Secretary, Ciudad Trujillo.*

PUERTO RICO, a tiny island with a population of only 2.4 million, is well on its way to becoming one of the most highly-concentrated industrial complexes under the United States flag. Last autumn, annual per capita income passed the $500 mark and it is still rising. Imports, which climbed from $575 million only five years ago to over $800 million in 1959, are now approaching one billion dollars a year.

Canadian exports to Puerto Rico, valued at only $10.5 million in 1959, have been falling in absolute as well as in relative terms. Although Puerto Rican imports have been setting new records, the trend has been toward foreign and away from U.S. mainland suppliers.

The so-called Commonwealth of Puerto Rico is a "free, associated state", and enjoys semi-autonomous status, officially conferred by the Federal Relations Act of 1952. The Commonwealth has political parties and an elected governor, who holds much the same constitutional position in Puerto Rico as a state governor on the mainland or the premier of a Canadian province. The territory has its own written constitution.

Puerto Rico is within the United States customs area. However, Puerto Ricans do not have the federal vote. In accord, therefore, with the historic U.S. principle of "no taxation without representation", federal internal revenue taxes (individual, corporate and excise) do not apply. Moreover, proceeds from U.S. customs duties on foreign goods, as well as federal excise taxes on goods produced in Puerto Rico for export to the United States mainland, are paid into the Commonwealth Treasury.

The Commonwealth Government imposes additional excise taxes on imports of certain classes of goods from the mainland as well as from foreign countries.

The Fomento Program

Puerto Rico's extremely favoured position has made it possible to sustain an investment boom based on a host of attractive tax and other concessions. Long initial periods of freedom from taxes of any kind, plus duty-free entry of manufactures into the United States, have enticed about 600 new industrial plants into Puerto Rico since 1950. The present plans of the Economic Development Administration, or EDA, which administers the "Fomento" program, are even more ambitious and call for a cumulative total of 2,500 new plants by 1975, involving a public and private investment of $1.4 billion.

Under the Fomento program, incoming manufacturers of most products are eligible for exemption for varying periods from most taxes. Under Puerto Rico's Industrial Incentives Act of 1954, manufacturing firms that qualify are granted:

- exemption from corporate income tax for their first ten years of operation
- exemption from personal income tax on dividends or distribution of partnership profits to persons with residence in Puerto Rico, out of earnings of tax-exempt business incurred during the first seven years of operation
- exemption from property taxes for five to ten years
- exemption from all other municipal levies for ten years
- exemption from excise taxes on raw materials, manufacturing equipment and machinery used in production.

A subsidiary of EDA, the Puerto Rico Industrial Development Corporation (PRIDCO), is essentially a real estate and specialized financing company. Factories are built for rental to new industries at reasonable rates, with leases available for an initial period of ten years.

Communications Improving

Better communications and shipping services have aided the industrial boom. The progress made is detailed below.

Ports—Puerto Rico has three major ports of call: San Juan on the north, Ponce on the south, and Mayaguez on the west coast. More than 25 steamship companies provide passenger and freight service between Puerto Rico and foreign countries. Saguenay Shipping Limited calls regularly at San Juan from Canadian ports.

Truck and Ship—There is almost no warehouse space in Puerto Rico, particularly in the San Juan area, because of high real estate costs in a booming industrial area of limited size. This situation has encouraged the development of an unusual system of distribution. For example, one large supermarket organization gives store managers great latitude in purchasing; it furnishes them periodically with a list of acceptable merchandise and they do their ordering from large jobbers in the U.S. The goods, usually in mixed consignments, are loaded on truck-trailer bodies which are driven to the port of exit, ferried to Puerto Rico, and discharged at the supermarket door.

Combination truck-and-ship service offers rapid and economical door-to-door pickup and delivery in trailer or van, without intermediate repacking, between supplier on the mainland and buyer in Puerto Rico. Costly inventories are kept low and losses through damage, pilferage, and extra handling are reduced to a minimum.

This distribution system is a factor, in addition to pronounced consumer conservatism, that operates against the introduction of unknown Canadian and lesser known U.S. brands.

Traditional Canadian salted fish imports are handled mainly by older firms in downtown San Juan, who retain storage space held since before the warehouse shortage became acute. Many other products of Canadian interest, such as potatoes, are auctioned or otherwise sold by importers either while still afloat or right off the wharf.

Road Transport—Trucking services up to the standard of those on the mainland have not yet been developed, but a system of modern highways, now almost complete, links all major centres. It will soon be possible to drive around the island in less than one day. Puerto Rico now has 4,283 miles of good roads in an area of only 3,435 square miles. Trucking services are available to all parts of the island.

There are no railroads in Puerto Rico. Early narrow-gauge tracks installed in sugarcane areas have been largely abandoned. The island is so small that a good highway system, plus improved port facilities, is considered adequate for all foreseeable needs.

Air Services—San Juan is the busiest air centre in the Caribbean. Air freight is used extensively for both incoming and outgoing merchandise. There are more than 30,000 flights a year in and out of the city, carrying over one million passengers and 50 million pounds of cargo. Four U.S. airlines—Pan-American, Eastern, Delta, and Trans-Caribbean—maintain both passenger and cargo service between Puerto Rico and the United States. Riddle Airlines offers an all-cargo service, and Caribair serves all of Puerto Rico and the nearby islands, for which Puerto Rico is becoming increasingly important as an entrepôt centre.

From New York, San Juan is 5½ hours by propellor-driven aircraft and only 3½ hours by jet.

Other Communications—Telephone service has been a problem in the past because rapid growth tended to outstrip expansion of facilities. This drawback has now been largely overcome. A new $17 million submarine telephone cable has just been laid to link Puerto Rico with Florida.

New Foreign Trade Zone

A new development in the offing is a 20 to 35-acre foreign trade zone near Mayaguez, which was recently approved by the U.S. Foreign Trade

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Zones Board on an application filed by PRIDCO. The plan envisages an enclosed area within which customs laws governing entry of goods into the United States are not applicable. If foreign merchandise later moves into the U.S. customs area for consumption, it becomes subject to normal duties. The zone will help to develop the transhipment and consignment trade and will have exhibition, warehousing and manufacturing facilities. Promoters hope that this "free port" will eventually make Puerto Rico the entrepôt centre for the entire Eastern Caribbean.

A Word of Caution

It now appears that, even with outside intervention, there is some doubt that the establishment of 2,500 new plants by 1975 (as originally planned by the EDA) will be achieved. The estimate seems no longer to be warranted by projection of either current or past rates of growth, and there is no reason to anticipate an increase in the rate. The recent hurricane damage may also have some bearing on this.

The first ten years of the Fomento program are now history, and certain high-cost industries whose profitable operations were based largely upon tax concessions have had to leave the island. The fact that Puerto Rico is an island, geographically isolated from the mainland, adds greatly to the cost of raw materials and other capital goods and complicates the solution of other problems.

Labour is becoming more expensive, both to hire and to train. It is the officially declared policy of the Commonwealth Government to raise minimum wage rates as rapidly as possible, which in practice means establishing the highest wage for an industry that will allow most existing firms to survive. A potential manufacturer must keep in mind the probable future trend in wages, particularly if labour is an important item in costs.

Although Puerto Rico has in general a history of peaceful labour relations, the strongly organized waterfront workers have occasionally engaged in walkouts which caused significant losses to certain manufacturers by interrupting the inflow of raw materials and the export of products intended mainly for consumption in the United States. Puerto Rico's insular position makes it peculiarly vulnerable to pressures of this kind. There has recently been a certain amount of labour unrest, particularly among transportation workers.

Canadian manufacturers who have had difficulty breaking into the United States market and who may be interested in establishing a branch plant in Puerto Rico would be well advised to give careful consideration to the possible future course of economic and political developments. Despite the apparent attractiveness of the concessions and assistance offered, caution is needed.

. . . "great opportunities"

The tremendous construction boom nevertheless offers great opportunities to Canadian exporters. The accompanying table of principal Canadian exports to Puerto Rico for the last four calendar years, compiled from DBS statistics, sheds some light on current trade trends.

The expansion in industrial and commercial building, which promises to continue indefinitely, has created a continuing demand for aluminum, hardware, lumber and other construction materials, industrial equipment and engineering services. Canadian firms may find themselves non-competitive, particularly in manufactured goods, because of the tariff wall or in projects involving U.S. federal funds. Nevertheless, the Puerto Rico excise-tax structure for a number of important products tends to reduce the relative disadvantage of foreign producers.

During a recent visit to the island, I worked to develop contacts with sources of calls for tender for a number of public and private engineering and construction projects. There are about a dozen independent authorities in Puerto Rico that call for bids of this kind. One of the most important is, naturally, the Puerto Rico Industrial Development Corporation, which issues calls for tender to an invitation list of approved firms. Canadian companies can qualify for inclusion in this list by completing PRIDCO Form 4354 and sending it to Mr. Carmelo Galíndez, Chief, Construction Department, Puerto Rico Industrial Development Corporation, 9th

PRINCIPAL CANADIAN EXPORTS TO PUERTO RICO

	1956	1957	1958	1959
Salted fish	3,102,083	3,832,333	3,946,535	2,729,471
Lumber	2,527,101	3,347,378	3,136,374	3,390,460
Newsprint	1,649,004	1,492,350	1,630,272	1,524,610
Barley, malt	319,430	393,197	445,582	491,834
Potatoes	774,353	743,258	843,027	173,972
Whisky	111,636	66,394	83,632	98,117
Copper tubing	177,317	87,512	154,173	311,477
Automobiles	455,374	1,152,316	343,415	358,115
Machinery and parts	441,835	443,001	213,476	38,305
Seed potatoes, certified	2,850	3,950	113,109	
Aluminum in primary form and semi-fabricated	2,351	83,293	394,336	
Manufactures of non-ferrous metals, n.o.p.	1,851		146,524	
Drugs and chemicals	32,809	82,592	98,124	91,190
Electrical apparatus, n.o.p.	5,263	8,616	4,436	264,112
Copper rods, strips, sheets	23,521	10,056	24,879	117,693
Fire brick				42,250
Enamelware of iron and steel	2,229	9,197	28,216	44,294

Floor, Banco Popular Building, Santurce, Puerto Rico, for investigation and clearance.

PRIDCO Form 4354 may be obtained from Mr. Galíndez, as well as from the Chief, Engineering and Equipment Division, Department of Trade and Commerce, Ottawa, or from the office of the Commercial Counsellor, Canadian Embassy, Apartado 1393, Ciudad Trujillo, Dominican Republic.

PRIDCO also maintains an invitation list for designers and architects. Canadian architects who seek inclusion in this list should submit a brochure illustrating the type and quality of their work to Mr. Ramón Rivera Bengoa, Chief, Design Department, Puerto Rico Industrial Development Corporation, at the same address. If approved, they will be asked to submit designs for projects undertaken from time to time. ●

British Look for Sporting Goods

Sporting goods are selling faster in Britain today than the local industry can supply them. Here's how Canadian manufacturers can make the most of recently revived opportunities.

W. GIBSON-SMITH, *Commercial Secretary, London.*

THE British man in the street today is finding out more and more what it means to be a member of the affluent society. He has much more free time on his hands—and he has money in his pocket. This means a big increase in the demand for recreational equipment. Britain was the inventor of many of the sports we know today and naturally has a well developed sporting goods industry. Much of its output is exported. Nevertheless demand is now so great that in many fields local manufacturers cannot supply needs quickly enough and imports are necessary. Dollar countries such as Canada are no longer prevented from selling to this market.

How to Offer Your Product

In general, there are only a few British sporting goods wholesalers and the large retailers are accustomed, as a rule, to an approach from manufacturers and to buying directly from them. (Most retailers have shown recently that they are delighted to have visits from Canadian manufacturers.) However, it is sometimes desirable to appoint a manufacturers' agent to keep in touch with retailers. Some of these agents are well equipped to cover the Continent as well as Britain.

P. Grant Jones, an officer of the Department of Trade and Commerce, Ottawa, recently spent several weeks in Britain. During his visit he called on the trade and sized up the interest in various types of Canadian recreational equipment. A specialist in this field, he can give the benefit of his experience to Canadian businessmen who are considering coming to this country.

Business trips, to be completely successful, should be planned far enough ahead to make sure of hotel accommodation, because there is a severe shortage of rooms in this country. Mr. Jones can suggest whether or not visitors should plan to spend any time outside London, depending, of course, on the products offered. Some attention should also be paid to buying seasons (see *Foreign Trade* of August 27, 1960). Although the shops buy golf and archery equipment continuously throughout the year, they pick up fishing tackle chiefly from March to June. For most summer goods, buying takes place in November-December or a little later; for most winter goods, in March-April or later. If you are in doubt about when your product should be offered, the Commercial Division of Canada House, London, will be happy to consult the trade for you.

Canadian-made equipment usually enjoys a Commonwealth tariff preference if it can comply with Commonwealth preference regulations. Details of these regulations may be obtained from the International Trade Relations Branch of the Department in Ottawa, or from the Commercial Division, Canada House, London, England. The Commonwealth preference gives Canada an advantage, sometimes substantial, vis-à-vis outside suppliers in other highly industrialized countries.

What Is in Demand

It would be unwise to state categorically what types of Canadian equipment cannot be sold in this country. A case in point is the sudden recent introduction of indoor bowling into Britain by more than

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one North American manufacturer. Both the Canadian and U.S. varieties of the game were previously unknown here but now give promise of catching on quickly. It seems unlikely, however, that baseball or the Canadian type of football will be played in Britain to any extent in the foreseeable future. Nor is ice hockey played enough to justify much effort in selling the equipment.

Other sporting goods—such as go-karts, bicycles and tennis gear—seem to be adequately supplied by local manufacturers who have the advantage of relatively low labour costs and a highly developed metal-working industry. Tennis racquets are also arriving here from low-cost Commonwealth countries.

Although the British have in the past been great walkers, walking in the country today has lost much of its appeal because of the heavy motor traffic. This has led to a greater interest in pleasure boating and the use of trailers.

How to Sell

It might be helpful to list some Canadian-made equipment that has found a market here, or that may, in our judgment, be saleable. Included are:

Outboard motors	Fishing and hunting clothing
Small boats	Roller skates
Marine hardware	Ice skates
Fishing tackle	Archery equipment
Golf clubs	Sporting firearms
Camping equipment (tents)	Playground equipment

British buyers almost always insist on worked-out, laid-down prices in the city where they live, usually London, but sometimes other points. Canadian firms who find this presents difficulties may wish to ask their forwarding agent to calculate these prices when required.

Interested sporting goods manufacturers are encouraged to consult P. Grant Jones, Commodities Branch, Department of Trade and Commerce, Ottawa, or the Office of the Minister (Commercial), Canada House, London. ●

The British Demand More Refrigerators

THE almost revolutionary change in the standard of living in Britain over the past few years has been reflected in rising sales of refrigerators and refrigeration equipment. Large-scale advertising, particularly on the television networks, is leading the average Briton to look upon a refrigerator as a necessity in his home, and easier facilities for instalment buying have helped make such purchases possible. At the same time the growing market for frozen foods has boosted commercial refrigeration.

Sales of household refrigerators started climbing steeply when the purchase or sales tax of 60 per cent was cut in half in 1958. Sales soared still higher with the removal of restrictions on instalment buying in October of that year, followed by a further reduction in purchase tax to 25 per cent in last year's budget. From a record 256,500 in 1957, sales jumped to 448,500 in 1958, and almost doubled to 849,363 in 1959. Imports of refrigerators from Western Europe in 1959 reached about 124,000. The market in 1959 was influenced by one of the warmest and driest summers in Britain for many years. New, though milder, restrictions on instalment buying, however, and the return to normal temperatures this summer, may have adversely affected sales.

Demand for commercial refrigerators has increased steadily in the past decade. Sales in 1959, at £12 million, more than doubled the 1949 total of £5.8 million. Although products of the industry have a wide variety of uses, ranging from hospital installations to beverage dispensers, the expansion in recent years stems mainly from the rapid rise in frozen food consumption. At the end of 1959 there were an estimated 60,000 retailers of frozen foods in the United Kingdom, and they are expected to exceed 80,000 by the end of this year. Habits are changing as more and more British demand ice in their drinks and begin to develop a taste for iced lager. The growing popularity of the automatic refrigerated vending machine for soft drinks, milk and ice cream is also having an effect. Finally, there is of course the need for refrigerated vehicles for transporting frozen foods.

The domestic manufacturer has been quick to meet the needs of this market. A factory for making refrigerators, which is said to be the largest and most automatic in Europe, has just been completed. At the same time more attention is being paid to styling. Keen competition from Western Europe helps to keep the domestic industry on its toes, and the removal of import restrictions on dollar imports has led to growing purchases from North America, particularly of the larger units which are finding more buyers.

Canadian manufacturers of refrigerators and refrigeration equipment will find the British market well worth investigating. At present one unit in eight that is sold for home use is imported; there has been no check on the demand for commercial units. Some idea of the potential market for household refrigerators may be gained from the fact that at the end of 1959 less than one in five of the 16 million homes in Britain had one. The forecast is that sales on the local market, sparked by increasing demand for replacement units, will range between 1 million to 1½ million domestic refrigerators a year. This shows a potential of considerable interest to Canadian exporters.

—A. WORDEN EVANS, *Trade Commissioner, Liverpool.*

TRINIDAD AND JAMAICA

Poultry Becomes Big Business

Poultry producers in Trinidad and Jamaica are boosting output to satisfy rapidly expanding consumer demand. Canadians can profit by supplying purebred breeders, raw materials for feed mills, prepared feeds and hatchery equipment.

TRINIDAD

CHICKEN has become a favourite in the diet of Trinidadians and local poultry producers are working to increase their share of the rapidly expanding market. Canadian producers can win a bigger share of the business too, particularly with baby chicks and poultry feeds.

First, a look at the local industry. Six large poultry farms with flocks ranging in size from 50,000 to 300,000 birds, plus a number of smaller producers, have increased poultry production by over 200 per cent in the five years 1954-58. In the same period, per capita consumption has risen from 3.5 pounds a year to 10.7. The Government has encouraged poultry-raising to replace imports with local production though, as Table I shows, Trinidadians are eating more imported chicken now than they were in 1954.

Problems in the Industry

Poultry-raising in Trinidad offers advantages and disadvantages that do not exist in the Canadian industry. The farmer must either have a hatchery or else import the baby chicks; the larger producers are doing both. Each of the big farms has one or more incubators for hatching its own chicks. To cope with a limited market and the lack of storage and processing plants, production must be geared so that the farmer has chickens for his customers every day, and at every stage from egg to broiler. The customer may drive to the farm to buy one or more broilers at any time as they come off the production line; home deliveries are charged for. The farmer is therefore a retailer as well as a producer and must have a retail stand and sales staff.

The lack of adequate cold storage and a processing plant prevents the producer from storing excess supply to meet peak seasonal demand at Christmas and Easter. He must start the right number of chicks to reach maturity at the right time by a calculation made two to three months in advance. The tropical climate offers advantages, however, in the low cost of housing; a cement floor, screen siding and an aluminum roof are adequate for year-round operation. Bagasse from the sugar industry provides a cheap and satisfactory deep litter.

In addition to local marketing expenses, another problem for the farmer is the high cost of imported feeds. Several feed mills are operating in Trinidad but most of the raw materials must be imported. Local mills have not been able to undercut the prices of imported feeds but may be in a better position if a mooted flour mill is built in Trinidad.

These broiler chicks, supplied to a West Indian company by a Canadian producer, were on display at the Caribbean Trade Exhibition in Port-of-Spain this year. Canadian chicks are winning a good reputation in Trinidad.

TABLE I

TRINIDAD POULTRY CONSUMPTION

	Production	Imports	Consumption
		('000 pounds)	
1954	2,250	283	2,533
1955	3,701	1,486	5,187
1956	4,137	2,000	6,137
1957	4,500	2,404	6,904
1958	5,100	3,334	8,434
1958 as per cent of 1954	227	1,178	333

TABLE II

POULTRY MEAT IMPORTS

From	1956	1957	1958
		(pounds)	
United States	1,995,707	2,392,364	3,329,812
Canada	5,617	34,561	23,195
Others	22,835	4,526	1,670
Total	2,024,159	2,431,451	3,354,677

TABLE III

BABY CHICK IMPORTS

From	1956	1957	1958
United States	194,302	76,424	120,413
United Kingdom	385	575	2,980
Others	420		25
Total	195,107	76,999	123,418

Most of the imported poultry meat comes from the United States, frozen and packaged for sale in stores and supermarkets. Although prices of imported chicken are generally higher than for the local product, attractive packaging and convenience are sufficient inducement to the shopper. Canadian exporters have received only a small share of this expanding market, as shown in Table II. Jamaican producers have been able to more than satisfy domestic requirements and have exported considerable quantities of poultry meat to Trinidad in the first few months of 1960.

Breeding Stock Imported

The demand for baby chicks will remain high because poultry farmers do not have the hatchery capacity to maintain or increase their stock. The Government has retained import controls on broiler chicks for rearing so that the importer must obtain a licence to cover shipments. Controls are being used to encourage poultrymen to hatch their own eggs for raising broilers. Because of limited hatchery capacity, each licence is issued on the merits of the application. Licences are issued freely for the import of breeding stock to encourage development of high-quality strains on the island. To maintain breed standards, a certain number of purebred chicks will continue to be imported after expansion of the industry levels off.

Canadian breeders of laying strains also have an opportunity to introduce their breeds to this area. Producers of broilers are in the egg business too, and are in the process of establishing high-grade laying flocks. One well known Canadian company has successfully introduced its breed to the island this year and local producers are enthusiastic about the Canadian chicks.

Poultry Feeds Needed

Canadian exporters should examine the possibility of supplying raw materials for the local feed mills, as well as prepared feeds. One of the two large local mills is owned by a United States feed company; the other is locally owned and operates under licence from a U.S. food company. The chief concern of these mills is to turn out feed equal in quality to the imported product and at an equal or better price. The concentrates that form the basic formulae of the feed are supplied by the parent firms but the mills must seek out the cheapest source of grain. Quotations from Canadian exporters of soybean, wheat bran, linseed meal, whole and crushed oats and corn would be considered.

The trading pattern over the past few years has shown considerable Canadian participation in supplies of unmilled grains and balanced ration. The largest market is for mixed meals, and United States suppliers have enjoyed expanding sales. Table IV shows the changing size of the market and the competitive position of supplying countries.

The demand for poultry products has kept prices high and the industry is expected to expand. To meet marketing requirements, a poultry producers' co-operative has been

TABLE IV

FEED IMPORTS

From	1956	1957	1958
A—Oats (unmilled)			
Canada	2,135,212	2,139,225	2,776,520
Ireland	1,517,808	706,240	703,200
Netherlands	4,550	654,794	156,600
United States	400		210,000
United Kingdom	582,520	71,840	
Australia	62,000		
Total	4,304,490	3,572,099	2,846,320
B—Mixed grains (balanced ration)			
Canada	4,553,650	4,203,675	4,269,650
United States	1,689,303	1,539,735	2,144,980
South Africa	37,416	446,684	112,750
Others	58,740	18,169	19,878
Total	6,340,109	6,208,263	6,547,258
C—Mixed meals (balanced ration)			
United States	17,751,000	19,696,335	23,794,550
Canada	364,500	125,000	43,000
South Africa			112,750
Others	151,209	24,855	9,936
Total	18,266,709	19,846,790	23,850,061

established. This co-op is negotiating with the Government for funds to establish a cold storage and processing plant, which should brighten prospects for the local poultry industry.

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

JAMAICA

STEADILY rising income in Jamaica during the past few years has set the stage for development of a modern, efficient poultry industry within the short space of one year.

Before 1958, production came mainly from small flocks that provided intermittent supplies of poultry and poultry products. In 1958 the firm that now supplies 80 per cent of the market began operating with a weekly output of 3,000 birds; this has been increased to an average weekly output of 18,000. Three other commercial-sized operations turn out a total of 4,500, and bring the industry total to over 22,000 a week. Modern poultry farms have been built where birds are raised for market in from 6½ to 10½ weeks, depending on the size required.

Jamaica's even temperatures have proved ideal for poultry farming, judging from the excellent food-conversion records. Only 2.25 pounds of feed are required on an average to produce one pound of fowl, and results as low as 1.59 have been achieved; this compares favourably with the 2.50 rate in North America. A minimum of protection is all that is necessary and poultry houses are light and economical. The buildings consist of walls of wire netting with an aluminum roof to provide shelter from sun and rain.

New Plants, Distribution

A modern processing plant (capable of handling 3,400 birds an hour) has been erected, though it is currently operating at only half of capacity. End-products of the process include fowl prepared for roasting or broiling, parts of fowl packed in one-pound boxes (i.e., wings) and complete birds cut up ready for frying and in consumer packages.

A new hatchery is being built which in its initial stages will hatch 24,000 chicks a week. On completion, the plant will form part of a complex providing Jamaica with a fully integrated industry—from hatching to distribution of poultry meat to retail outlets throughout the island.

One of the major obstacles that faced the industry in its initial efforts to establish island-wide distribution was the lack of refrigerated storage space. A number of ice and electric-refrigerated display cabinets have now been installed in the smaller rural stores, but most of these outlets are still not equipped to handle fresh meat products. In spite of this, however, consumption in the rural areas has multiplied over 13 times in only a few months. Refrigerated trucks now provide weekly delivery service to all areas and further big increases in sales are forecast.

In addition to supplying the domestic market, Jamaican poultrymen have begun to export to other islands in the West Indies with considerable success. At the moment the only limiting factor is their inability to produce enough to supply all markets, but with the completion of the expansion program, this problem should be overcome. Canadian exporters of poultry products can therefore look forward to increased competition in the Caribbean from the modern and well-equipped Jamaican industry.

Chance to Sell Feed

Because Jamaica is not self-sufficient in animal feeds, the rise of the poultry industry has opened up a big new market for North American feed mills. Although some of the local poultrymen have already established connections with suppliers, there are a number of independents whose purchases represent an interesting volume of business. Competition is keen, however, and U.S. companies have in the past obtained the bulk of the sales.

Recently there have been a number of proposals recommending construction of a feed mill on the island. If one is built, advantages such as tariff protection and the prompt service they will be able to provide will give them a decided advantage over Canadian firms, who are faced with relatively high shipping costs.

Although the development of the Jamaican poultry industry will probably reduce exports of Canadian eggs and poultry products to the Caribbean in the years ahead, it should open up opportunities for the sale of Canadian feeds and of hatchery and processing equipment.

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

British Like Our Frozen Cod

W. Adair Stewart, Assistant Agricultural Secretary in London, reports that samples of the first shipment of fresh frozen Newfoundland inshore cod fillets ever landed in Britain were featured recently at a luncheon in one of London's famous eating places.

To impress the trade with the excellence of this product, the importer invited 15 prominent members of trade and allied organizations to sample cod fillets cooked in nearly a dozen different ways. The result was unanimous agreement that inshore cod fillets, properly processed and expertly cooked, are fine fare. The samples were drawn from a 100-ton shipment. Another 400 tons are scheduled to follow and the cod will be distributed to British wholesalers in London and Hull.

Packed in 14-pound slabs, the fillets are expected to find a particularly good reception in the "institutional" market. At the same time there is substantial evidence that the fish-frying trade is interested. A logical projection would be the introduction of a consumer package that would advertise the unique qualities of this special type of fillet. All in all, signs for the future appear excellent.

Advertising Abroad

In Argentina, newspapers rank as the leading advertising medium; television will become increasingly important with opening of new channels.

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

ADVERTISING in Argentina is well developed and the advertising methods used are progressive and up-to-date. During the past 20 months the volume of advertising has expanded remarkably because of the changes in the economic controls that went into force on January 1, 1959. On that date the import and foreign exchange permit system was abolished and the multiple-rate foreign exchange system eliminated. A fully free market was established and, theoretically at least, all foreign products not normally prohibited became eligible for import.

These changes greatly affected the normal volume of advertising, because not only was newsprint included in import list #1, free of exchange surcharges, but newsprint rationing was abolished. Up to that time, all newspapers and periodicals had been receiving a specified quota of newsprint imported at the official rate of exchange. Quantities in excess of these quotas could be imported at the so called "free" rate of exchange, always provided that the exchange could be obtained from the Argentine Central Bank. In actual practice, very little of such exchange was ever obtainable. The result was that the amount of advertising that the publishers could accept was limited by the number of pages permitted for each issue and conditioned also by the allowable daily or periodic circulation count of each issue. The abolition of the controls opened the way to the unlimited import of newsprint and this in turn made possible a greatly expanded volume of advertising.

Types of Advertising

• *Newspapers*—Newspaper advertising is the backbone of the industry and the volume has at least trebled since the import controls on newsprint were removed. The newspaper coverage available in greater Buenos Aires is excellent and this type of advertising is also well developed in the more important cities and towns of the interior.

• *Periodicals*—Magazines are not used for advertising nearly as much as daily newspapers. A fair number of weekly and monthly magazines are published but these are designed mainly for the home and feminine interests and for sports, radio and the cinema. Nevertheless, this type of advertising is effective and reaches a moderately large and important sector of the population. But the number of such magazines is comparatively small in relation to the total population.

The number of trade magazines or journals is even smaller, although it is increasing appreciably. In comparison with Canada, for example, the scope for advertising in such periodicals is relatively limited. This again is the result of the restrictions on the import of newsprint. New magazines could not be established because they could not obtain a paper quota. However, since the import restrictions on paper were abolished a number of new trade magazines have appeared. Nevertheless, there still remains a wide gap to be filled. In addition to these, a limited number of directories and yearbooks are published. Some industrial companies publish house organs which accept limited amounts of outside advertising.

• *Outdoor*—Outdoor advertising is also well developed, particularly posters. Several types of poster circuits are available to the advertiser, including illuminated 12-sheet poster panels. In addition to the controlled poster advertising, a comparatively large volume of posters, large and small, are used indiscriminately on any handy surface that fronts on a main thoroughfare.

Electric signs are not widely used in Argentina, not because of a lack of popularity but because of the chronic shortage of electric power. Power for electric signs and window displays supplied by the public utility companies may not be used after a specified hour, usually soon after closing. However, anyone is permitted to operate these advertising media by power supplied from an individual lighting plant. The general effect of the restriction is to confine this type of advertising to the larger companies which find it worthwhile to install their own power systems.

Captive balloons and kites displaying pendants are used to a certain extent; so are pendants towed by aircraft. Aircraft smoke-writing is also employed to a limited degree. Another form is advertising through loudspeakers in low-flying airplanes;

this is used mainly in residential areas or over places such as sport stadia when games are in progress.

• *Radio and Television*—Advertising by radio comes second in importance only to newspaper advertising. At present Argentina has 54 radio broadcasting stations, eleven of them in Buenos Aires. There are three networks, each of which is connected during the evening hours at least with some 12 to 15 stations in the interior. Roughly 85 per cent of Argentine homes have radio receivers. An important percentage of the programs are of the fixed-hour variety, sponsored by local companies or combinations of them. Commercial announcements seem to be favoured, and they have an appreciably longer portion of the program time than in Canada.

Up to the middle of June, only one television channel operated in this country. However, a second one has been opened and plans are under way for a further three or four before the end of the present year. There are an estimated half-million TV sets in greater Buenos Aires and immediately surrounding areas. Television will probably become one of the most important advertising media when all the new channels have been established.

• *Cinema*—Considerable use is made of moving-picture screens and there are a large number of these not only in the main centres of population but also in almost every part of the interior. The Argentine film industry provides excellent facilities for producing filmed commercials—both in colour and black and white, and both "live" and cartoons. However, most of these filmed commercials are used not in the principal theatres in the federal capital but in the suburban theatres and those in the interior. In most of these, the showing of a number of commercials of this kind is a regular feature between the principal films on the program.

• *Transportation Advertising*—This type of advertising is not yet well organized, with the exception of that in the coaches and in the railway stations of the Buenos Aires subway system. However a certain amount of advertising is carried in the coaches and on the station platforms of the suburban electric railways.

• *Direct Mail and Point-of-Sale*—The direct-mail type is used extensively in most of the usual forms. With one exception, point-of-sale advertising is also widely used. The exception is the offering of premiums, which is prohibited. However, this does not apply to the free distribution of samples.

Peculiar Local Customs

There are no peculiar local tastes or customs or any taboos that prevent the use in advertising of certain colours, marks or trade-marks or anything similar. It is presumed that any advertising will not include statements depreciating the country, its people or its historical figures, or enhancing the importance of those of other countries at the expense of similar Argentine figures. It is also essential that advertising copy designed for this country be checked for idiomatic accuracy by a competent Argentine. Certain Spanish words, although they may be innocuous in one Spanish-speaking country, may have a meaning in another that will completely nullify the good results to be expected from the advertising.

Advertising Agencies

The Argentine Association of Publicity Agencies has a total membership of 35 firms. However, a great many firms in this branch of business do not belong to the Association although, generally speaking, the larger and more important agencies are members. Practically all these firms have the facilities to handle an advertising account completely—i.e., to originate the advertising in conjunction with the sponsor, write the copy and do the artwork, and place the advertisements to the best advantage within the budget allowed. They are also equipped to translate the standard advertising that a foreign client uses in his home country. The average charge of such an agency is 15 per cent of the gross billing.

Some of the better known advertising agencies in the United States have their own branches here. In addition, there are several Argentine companies that represent well-known United States and Canadian agencies.

Most of the larger advertising firms operate their own market research division that will provide on request a complete report on market prospects for a product. However, outside of the advertising companies there are few firms which offer this research service. Two or three without advertising affiliations have begun operations within the past year or so, but for this type of service the advertising companies are the best choice to provide the most accurate information upon market prospects.

Trade Fairs

Trade fairs as a medium for advertising are relatively unimportant here. Almost the only fair of this kind worth considering is what is locally known as the Palermo Show, a livestock exhibition held annually in Buenos Aires under the auspices of the Argentine Rural Society. This fair offers facilities for the exhibition of manufactured products. In addition, there are a number of similar agricultural fairs held annually in some of the smaller centres such as Rosario, but they do not have great value for advertising foreign products.

Briefly, Argentine advertising methods and media are almost identical with those in Canada with the exception of the language; and Canadan advertisers could set up and operate their advertising campaigns more or less along the same lines as in Canada. However, it is strongly recommended that any advertising done here be done through a corresponding Argentine advertising agency. •

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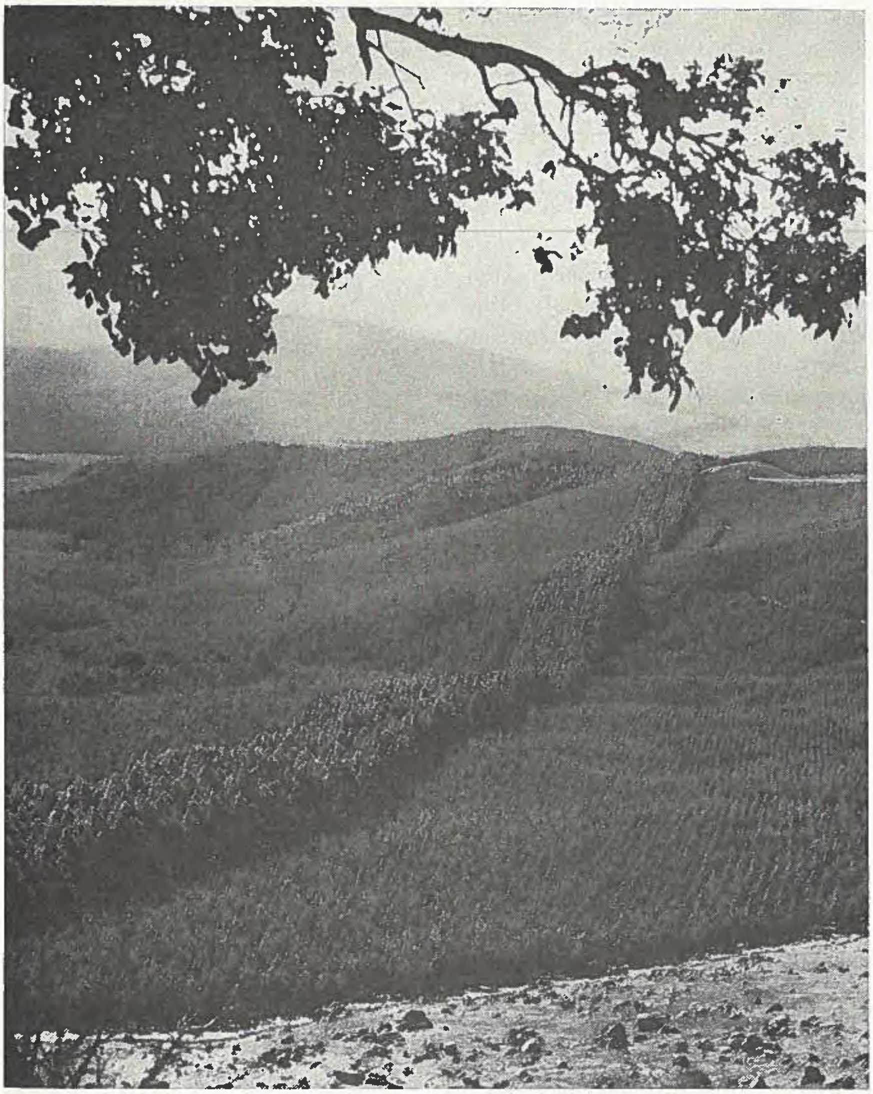

Over 2 million acres in South Africa have been planted with trees in the last 80 years.

South Africa's Forests

How is South Africa using the timber from stands planted with pine and Australian hardwoods? What changes are apparent or expected in timber imports?

L. J. TAYLOR, *Assistant Trade Commissioner, Johannesburg.*

SOUTH AFRICA is not lavishly endowed with trees and the pioneer settlers soon exhausted virtually all the accessible timber stands. Indigenous forests now cover less than 1 per cent of the land. They are slow growing, scattered and remote, and the wood is suitable only for furniture.

About 80 years ago South Africans realized that they must plant their own forests. After careful investigation the eucalyptus and wattle from Australia and the North American pines were found to be best suited to the Union's climate and industrial needs. Afforested areas have now grown to almost two million acres. This is small by Canadian standards but the average rate of growth is a phenomenal 160 cubic feet per acre per year for conifers, 300 cubic feet for eucalyptus, and 150 cubic feet for wattle. South Africa's forests are thus among the world's most productive.

From the 1930's on to the post-war period, an average of 30,000 acres a year were planted and this rose to an average of 50,000 in the early 1950's. Most of the recent acreage planted in both the state and private stands is pine. Another 500,000 acres are available for planting and most of this will be given over to pine. By 1980 most of the suitable areas will be completely planted.

Softwoods

The future of South Africa's forest products industry lies with the various species of pine. In the next twenty years the plan is to increase state plantations by 325,000 acres and private plantations by 135,000. Another 500,000 acres have been tentatively planned for the Native Reserves. This would bring the total acreage of various types of pine to almost 1.7 million in 1980, which would yield over 225 million cubic feet of usable timber a year.

The Government owns 500,000 acres of pine plantations; pinus patula, pinus elliottil and pinus pinaster are the major varieties. Thinning cuts are generally made at the 7th, 12th and 17th years, reducing the original 540 trees planted in each acre to about 250. The thinnings yield about 1,500 cubic feet of small logs per acre and the clear felling at 25 or 30 years an average of up to 4,000 cubic feet. At present about half the trees are less than ten years old. Private sawmills obtain 60 per cent of their logs from state forests and account for 70 per cent of state log sales. Log sales earn about $8 million for the Government.

The 265,000 acres of private plantations consist mainly of pinus patula and pinus radiata; the annual increment averages 200 cubic feet per acre. The larger sawmills own most of these stands, located largely in the eastern Transvaal. Thinning usually takes place at the 10th and 15th years and clear felling after 25 years. The plantations are then either reseeded by hand or choice trees are left for natural seeding. In 1956 almost 65 per cent of their trees were under 8 years, 33 per cent between 8 and 20 years, and only 2 per cent over 20. As these trees mature, South Africa will be able to meet an ever increasing portion of her softwood needs. Although softwood acreage is less than hardwood, total softwood output is greater because of the denser planting of the coniferous varieties.

Hardwoods

The wattle industry is one of the oldest in South Africa. Shoots and nursery trees were first imported from Australia before the turn of the century. Over 720,000 acres (95 per cent in private plantations) are now planted to wattle trees and this acreage is not expected to increase much in the future. Most of the plantations run from 2,500 to 36,000 acres and are found in Natal. Exports of wattle bark and wattle extract total $15 million a year and go to over 60 countries.

Wattle grows at about 155 cubic feet per acre per year. The mean maturing age of the bark is about ten years and when the trees are cut at this age for debarking they yield logs of three to seven inches as a byproduct. About 115 million cubic feet is made available each year from the debarking and the board industry uses 3 million. The gold mines use another 25 million, 3 million is used as fence poles, and over 40 million sold for firewood. The rest is discarded as waste. This is a graphic illustration of one of the fundamental features of the South African forest industry: oversupply of hardwoods and small-dimension softwoods and short supply of the larger timbers needed for structural purposes.

Like the wattle, the various varieties of eucalyptus were imported from Australia years ago, mainly by private interests, as a fast growing, strong tree that would provide shaft props for the gold mines. But acreage has been declining in recent years because of a persistent oversupply and more and more plantation owners have switched to pine. Between 1955 and 1957 supplies of softwood logs from private plantations rose 35 per cent but eucalyptus decreased by 15 per cent. Softwoods now account for 60 per cent of the output of private plantations and eucalyptus for 40 per cent; a few years ago these proportions were reversed. The 270,000 acres now owned by private interests is less than in 1946. If there is any further expansion, it is expected to be limited. Much depends on the rate of exploration activity in the gold-mining industry.

It is estimated that this year about 80 million cubic feet of eucalyptus will be suitable for cutting. This is about one-third greater than the probable domestic requirements.

Sawmills should take just over 10 million cubic feet for sawn mining timber, rail sleepers, and wood for the furniture and other wood products industries. The mines will use over 25 million cubic feet for shaft supports, etc., another 8 million will go for fence poles, 10 million for the manufacture of rayon pulp, and 2 million to the board industry for use in veneered chipboard.

In future, the present heavy surplus of eucalyptus will disappear as acreage is cut back. Although intensive research into new uses for these hardwoods is going forward, South African timber is not expected to make much of a dent in the markets now held by softwood, both imported and domestic, though in the field of furniture and rail sleepers it may make some inroads into markets currently held by imported hardwoods. As domestic supplies of mature softwoods increase in the next decade, much of the incentive to substitute local hardwoods for imported softwoods will disappear.

Sawmills

There are over 80 sawmills, both state and privately owned, in South Africa and they represent an investment of $175 million. They receive more than 40 million cubic feet of logs each year (about 80 per cent softwood) mainly for conversion into rough structural timber and box shooks. State plantations now supply 75 per cent of the softwood logs sent to all sawmills, but as the vast new forests of the large private mills mature, this proportion will shrink.

A few large mills cut most of the logs. One big one recently opened in the eastern Transvaal has an annual capacity of 10 million cubic feet and there are also 12 other privately owned mills, each of which annually converts over one million cubic feet of sawlogs, thus accounting for one-half the industry's throughput. An additional seven state mills convert a total of 9 million cubic feet.

In common with many other industries in South Africa, the sawmills grew rapidly during the war because traditional sources of supply were cut off. Inevitably, the industry had its growing pains, chiefly because of the small logs of the immature trees. But as the mills have been able to draw on more mature forests, the defects and faults of their sawn output have diminished. Even today it is estimated that 75 per cent of the logs supplied to

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the mills are thinnings, not mature trees, and are less than 7 inches in diameter. It will probably be another 15 to 20 years before South Africa's forests will be able to supply the larger dimensions required for structural timber. It is generally accepted that the present drawbacks of South African timber are the small dimensions and short lengths, compressed wood, spiral grain and twist. These disabilities should be reduced in the future.

The smaller private mills draw their logs from the state plantations on a 20-year contract basis. The large mills generally have their own plantations but many also buy logs cut from the state forests and the state mills draw their supplies exclusively from state plantations. As plantations reach productive maturity, new sawmills are constantly being set up; one source estimates that there will be 60 new ones within the next 15 years. Because transportation costs in the Union are high, the mills are generally in the forest areas and with the exception of the bigger ones, draw their sawlogs from a radius of five miles or less. The rough sawn structural timber is shipped for dressing to lumber merchants in the market areas. Box shooks are usually made up at the mills and sent in bundles to box factories in the fruit-growing districts.

Yields and Markets

Sawmilling is considered relatively inefficient compared with Scandinavia or North America. Yields of sawn timber are between 25 and 35 per cent of the roundwood intake and subsequent planing yields are just over 50 per cent on box shooks and 90 per cent for dressed structural lengths. But the real problem at the moment is the non-utilization of byproducts. The main reason is the lack of markets in which to sell the products that can be made from sawdust (20 per cent of the log), split wood, edgings and slabs. South Africa already can provide all its board needs and has a surplus for export. Hardwoods too are cheaper and provide 80 per cent of the hardboard pulp at present. The paper industry already uses considerable quantities of leavings and would prefer to get larger logs than those it is currently using. Most of the waste at the moment is either discarded or sold as firewood. There are no integrated mills in South Africa because it is cheaper to rail this raw material to factories close to the market areas than to process it at the mill site.

The 20 per cent hardwood intake is sawn for the furniture industry, mining structural timber, rail sleepers, tool handles, etc. It is expected that hardwoods will play a progressively smaller role in the future. Eucalyptus from private plantations is the main type used.

Structural timber is rapidly becoming the major output of the private sawmills. Earlier box shooks were the leading end-product and for the state-owned sawmills they still are. But this market is almost saturated as production has caught up with demand. Cardboard and other materials have cut deeply into the previously large market for industrial box shooks. The major customer for boxes is the fruit industry, which packs its exports exclusively in wooden containers. Over 6 million cubic feet of box shooks a year are produced from 20 million cubic feet of sawlogs.

When the sawmills are able to draw on large homegrown logs, they will be able to supply an ever increasing portion of the building timber needed in South Africa. The problem to date has not been so much one of lengths as of widths and thicknesses. Home-grown pines do not yet yield boards over 2 inches thick or 6 inches wide in quantity, although lengths up to 18 feet are readily available. It is the softwood planks like 3 x 9's, etc., and the longer lengths which the Union's forests cannot yet supply that must be imported. Much of the wood currently sawn for lumber would be much better used as pulpwood if there were sufficient pulp mills to buy the logs.

Almost all building timber is used for residential construction. To date the variety of building codes employed in the Union has inhibited the use of wood in housing, but with the impregnation methods now available for treating wood against infestation, most of the objections should fall away. The industry hopes that lumber will become more and more acceptable as a building material and they are promoting it strenuously.

The introduction of grading standards and the increasing acceptance of them by the sawmillers, merchants and end-users is helping to raise the standard of South African timber. Sawmills desiring today to use the South African Bureau of Standards grade mark must satisfy the authorities on the quality of their output and submit to periodic inspection. To date only the larger mills have applied to use the mark but it is hoped that, as the consumer becomes better educated about the value of good timber, increasing

SAWMILL ACTIVITY FOR YEAR ENDED MARCH 31, 1957

		Softwood	Hardwood	Total
		(millions of cubic feet)		
A	Roundwood supplied to sawmills			
	From state plantations	22.14	2.17	24.31
	From private cutting	10.93	6.12	17.05
	TOTAL	33.07	8.29	41.36
B	Sawmill throughput			
	State sawmills	8.05	.04	8.09
	Private sawmills	22.04	8.25	30.29
	State supplies to other outlets	2.98		2.98
	TOTAL	33.07	8.29	41.36

demand for a quality product will encourage more and more mills to accept the SABS grade standards.

Future Considered

For 1960 it is estimated that 53 million cubic feet of usable softwoods are available. Of this, about 22 million cubic feet would be used for structural purposes and 31 million for box shooks. (Yields would be 7.5 million cubic feet of rough dressed planks and 7.0 million of finished box shooks.) To supply coniferous pulpwood requirements, about 10 million of the 22 million cubic feet suitable for structural timber will be diverted to the pulp mills. The remaining 12 million will yield just over 5 million cubic feet of rough sawn timber, about 25 per cent of South Africa's needs. The forecast market is 24 million cubic feet, of which imports should supply close to 19 million. Canada in past years has held about two-thirds of this market and should continue to be the major South African supplier. Although box shooks are still imported (1.4 million cubic feet in 1958) the 7 million cubic feet available in 1960 is sufficient to fill all the Union's requirements. A small surplus is expected.

Should additional papermaking capacity be installed in the near future, the available supplies of South African structural softwoods will have to be diverted further to the new pulp and paper mills. However, South Africa's domestic production now can provide the smaller dimensions and shorter lengths of softwood timber and also a surplus suitable for pulpwood. The only other way of using this surplus would be to laminate the logs into larger sizes to compete against the timber now being imported. But this is more costly and satisfactory techniques of lamination are simply not available for production on the necessary scale. ●

In the next issue of Foreign Trade, *Mr. Taylor will discuss the pulp, paper and lumber industries in South Africa and the use made of domestic and imported wood.*

Commodity Notes

Aluminum

AUSTRALIA—The Australian Aluminium Production Commission plans to install a new plant at Bell Bay, Tasmania, that will increase smelting capacity from 12,000 tons to 16,000 a year. A Swiss company, Aluminium Industrie Aktien Gesellschaft, will provide technical services for installation of the plant, and the Tasmanian Government and the Commission will put up the necessary £2.8 million.

The Federal Government and the Tasmanian Government jointly operate the Aluminium Production Commission. In a bid to have private overseas capital expand the work, the Federal Government is negotiating to sell its share in the Bell Bay works to the British Aluminium Corporation. The agreement signed with the Swiss company will not prejudice negotiations for the sale—Sydney.

GREECE—The Government has announced plans to build an aluminum industry with the co-operation of the French firm Péchiney and a group controlled by Niarchos. The proposed complex comprises a 100,000-ton alumina plant to use the country's abundant bauxite deposits, a 52,500-ton aluminum reduction plant and two hydro-electric stations on the Acheloos River. An additional power plant will be built at Kremasta on the same river; a $31 million DLF loan was granted for this some months ago.

A total of 2.3 billion kwh. a year is to be supplied by the Acheloos plants, the largest of which (at Kremasta) will have an installed capacity of 400,000 kw. The two smaller plants will each be of 75,000 kw. installed capacity—Athens.

Brassieres

JAMAICA—Perfect Brassieres Limited, a company associated with a New York firm, will shortly begin production for the United States market through an agreement under the Export Industry Encouragement Law. A training program is under way and the firm expects to employ 100 people within six months—Kingston.

Castor Seed

BRAZIL—Brazil is the largest producer of castor seed in the world. In 1959 output totalled 204,000 tons, compared with 173,000 in 1958 and 200,000 in 1957.

Exports of castor seed in 1959, at 9,861 metric tons, were valued at U.S.$861,846. The United States, Germany, Spain and France were the major purchasers, with the U.S. taking about 75 per cent—Rio de Janeiro.

Electric Power

BRAZIL—A Cr.$600 million contract has been signed between the Economic Development Bank and CEMAT (Centrais Eletricas Mato Grosso) for construction of a 33,000-kw. hydro-electric power plant on Mimosa Falls, Rio Pardo, in the State of Mato Grosso. Total cost is estimated at Cr.$1 billion. The project includes renewal of the Campo Grande distribution network and construction of 100 kilometres of transmission lines from the plant to the city. Work has started and is scheduled for completion in the latter half of 1962.

The area surrounding Campo Grande is mainly agricultural, and the power plant will contribute to development of the cattle and dairy industries and establishment of food-processing plants—Rio de Janeiro.

NORTHERN IRELAND—Rising sales and increased generating efficiency are bringing cheaper electricity to Northern Ireland consumers. In 1959, the two biggest distributors announced price cuts of about 4 per cent, at the same time reporting a sales increase of 8.9 per cent over 1958. The drop in prices is said to be the result of the installation of new and larger power plants.

At Coolkeragh, Londonderry, construction is under way on the second of two 30,000-kilowatt generating units. They are the first in Northern Ireland to have oil-fired boilers and will be followed in 1961 by a similar 60,000-kilowatt set. The Coolkeragh site was chosen for its proximity to the large factories of Dupont Ltd. and Carbide Industries Ltd., at Maydown—Belfast.

Fish

IRELAND—Exports of fresh, chilled and frozen herring in 1959 stood at $935,200 compared with $714,000 in 1958. Chief buyers of fresh and frozen herring in 1959 were Britain $509,600 and the Netherlands $285,000. Sales of marinated herring last year to the Netherlands totalled $109,200 and to Germany $86,800. United States purchases almost doubled the 1957 figure of $33,600. Last year the prawn catch reached $134,400, most of which was exported—Dublin.

Heavy Electrical Equipment

INDIA—The Heavy Electricals Factory at Bhopal, Madhya Pradesh, began production on July 1. A Central Government undertaking, and the first plant of its kind in India, it is making switchgear, control panels, power transformers and small capacitors. Operations will be expanded in stages to include locomotive and industrial electric motors, hydro-and thermal-electric generators and other heavy electrical equipment. By 1967, the value of all products is scheduled to reach Can.$100 million a year. Technical consultants are Associated Electrical Industries Limited of the United Kingdom—New Delhi.

Multiwall Bags

ARGENTINA—It was announced on May 31 by Messrs. Papelcint S.A.I.C. of Buenos Aires that they will shortly purchase from Germany the most modern type of machines for the manufacture of large multi-wall paper bags to be used as containers for lime, cement, sugar, flower, fertilizers, chemical products, etc. The kraft paper for this purpose will be produced in the company's own mills. Average daily production is expected to be 360,000 units of all types of multiwall bags combined—Buenos Aires.

Oil

ARGENTINA—The Argentine Ministry of Economy has approved a capital investment of £1.09 million by Canadian Shell Ltd. of Toronto to increase capacity of the primary distillation unit of Diadema Argentina S.A. de Petroleo and substitute the catalytic reforming unit with a catalytic cracking unit. The Argentine firm is a subsidiary of Canadian Shell Ltd.—Buenos Aires.

SPAIN—The Ohio Oil Company and the Compañia Ibérica de Petroleos have presented a proposal to the Spanish Government to build a refinery. The plant, to be supplied with crude petroleum from the U.S. firm's installations in Libya, will have a capacity of 1.1 million tons of refined products a year. Cost of the project is calculated at some $18 million, of which Ohio Oil will contribute $15 million. Control of the new company will remain in the hands of the Spanish Government because Ohio Oil will hold only a 28 per cent share of the capital.

An important aspect of the project is that Spain would obtain crude from the free port of Sirte, Libya, almost 3,000 miles nearer than the Persian Gulf oil ports. The enormous saving in freight charges, which represent almost 85 per cent of the cost of refined petroleum products, will greatly reduce foreign exchange expenditure—Madrid.

Paper

BELGIUM—Paper production in Belgium in 1959 rose by 4.2 per cent over 1958 to reach 377,995 metric tons but did not approach the 383,642 tons of 1957. Production included newsprint, printing-writing paper, kraft, parchment and imitations, wrapping paper, other paper, and paperboard.

The paper-converting industry was more active. Output of paper products, which accounted for 259,189 metric tons in 1957 and 249,306 in 1958, reached a new high of 273,747 last year. This stemmed from a substantial increase in imports of paper, mainly from Scandinavia, at highly competitive prices—Brussels.

Permanent Magnets

INDIA—A new company will be formed to make permanent magnets in collaboration with Centro Magneti Permanenti, Milan, Italy. The plant, the first of its kind in India, will cost Can.$314,000 and will have a capacity of 3.6 million units. Production will start by the end of 1961—Bombay.

Pulpwood

CUBA—The Reforestation Department of the Cuban Ministry of Agriculture will soon begin planting five million eucalyptus trees on some 6,500 acres in central Las Villas Province. It is hoped that what was formerly wasteland will eventually produce regular harvests of pulpwood for Cuba's paper and rayon industries.

The plan includes the first Cuban attempt at water conservation and 45 dykes will be built. Absorption ditches and retainer walls to prevent erosion and increase rainwater retention will also be built on the hillsides.

Four million pine trees are ready for planting in the seven nurseries the Government operates in the province. Other varieties included in reforestation plans are cedar, African and Honduras mahoganies, as well as Cuban species—Havana.

Rubber Chemicals

INDIA—A licence has been granted to an Indian firm to manufacture accelerator antioxidants. The factory is expected to go into production during 1961 and will have a capacity of 2,250 tons a year. India's annual requirements of these products, 1,000 tons at present, are expected to increase to about 2,750 tons by the end of the Third Five-Year Plan (1961-66)—Bombay.

Sawn Timber

NEW ZEALAND—The output of rough-sawn timber for the year ended March 1960 totalled a record 693.8 million board feet, an increase of 9 per cent over the previous year. Of this increase (57 million board feet) 37.4 million board feet consisted of exotic varieties and 19.7 million board feet of indigenous types. Output of exotic timber surpassed that of indigenous varieties for the first time, and now represents 51.2 per cent of total production of rough-sawn timber—Wellington.

Sugar

COLOMBIA—Colombia's sugar industry has been steadily increasing production and it is expected that by the fall it will be able to export 10,000-20,000 tons. Shipments should reach 50,000 tons in 1961 and eventually become Colombia's second largest export (the most important will continue to be coffee in spite of government efforts to encourage diversification in exports)—Bogotá.

Typewriters

INDIA—A Calcutta firm, Blackwoods India Ltd., has begun to make portable typewriters in a new factory with a capacity of 12,000 machines a year. This is the first Indian production of portable typewriters though standard models have been available for some time. Three units, with a total capacity of 33,000 typewriters a year, produced 21,400 standard machines during 1959. There is still a high percentage of imported components and shortage of foreign exchange prevents capacity operation—New Delhi.

Whisky

SPAIN—An order published recently in the *Official Gazette* authorizes formation of a new company, Andrew MacDonald Española, for making whisky and other types of liquors at Santander, northern Spain; operations are to begin within 18 months. Foreign capital participation will include machinery and equipment. A minimum of 90 per cent of the whisky, made from imported raw materials, is slated for export—Madrid.

Wool

NEW ZEALAND—The value of wool sold at auction in New Zealand this season totalled £76 million, compared with £61 million in 1958-59, according to the Wool Commission. Offerings increased by 3 million pounds, or more than 18,000 bales, and the average price per bale was £62/9/- compared with £50/17/5 in the previous season. The Wool Commission has announced that its floor price for greasy wool remains at 33d. per pound ex store New Zealand—Wellington.

Zinc

PHILIPPINES—A Philippine mining company has begun shipping zinc concentrates to the United States. The contract is for about 15,000 wet long tons and delivery is being made in the U.S. Northwest. The first shipment totalled 1,560 wet long tons, and is said to have contained 1,670,543 pounds of zinc, plus 2,344.62 ounces of silver and 200.27 ounces of gold—Manila.

Correction

In the article "How to Sell Montgomery Ward", published in the August 13, 1960, issue of Foreign Trade, *the number of retail stores that Montgomery Ward operates was given as 254. The correct figure is 554.*

Selling Food Products to Malaya and Singapore

What types of food does this area import to feed its eight million people? Who supplies it and where do Canada's best opportunities lie? Here are the answers—with supporting figures.

M. P. CARSON, *Trade Commissioner, Singapore.*

SINGAPORE AND MALAYA have a total population of slightly over eight million. The Federation of Malaya grows a certain amount of its own food needs but Singapore, a small island of only 200 square miles, relies mainly on imported foods. The accompanying table indicates the sizable volume of food imports into the two areas in 1959.

IMPORTS OF FOOD PRODUCTS INTO SINGAPORE AND MALAYA

	c.i.f. value (millions Can.$)
Live animals for food	4.3
Meat and meat preparations	10.0
Dairy products	43.2
Fish and fish preparations	13.1
Cereals, cereal preparations	91.6
Fruits and vegetables	36.7
Sugar and sugar preparations	26.2
Coffee, tea, spices	54.5
Miscellaneous food preparations	2.8
Beverages	10.0
Total	$292.4

The following paragraphs give details on the main sources and amounts of most food imports. All figures are for 1959 and in Canadian dollars.

Grain Products

Wheat flour—this product has become well established in Singapore and the Federation of Malaya and bread and other products made with wheat flour are gradually forming a more important part of the diet of the various races.

Imports: 158,000 tons.

Main suppliers: Australia 113,000; West Germany 15,100; Canada less than 10,000 tons; Japan, Hong Kong and France, each about 5,500 tons. Canada ships high-protein flour.

Unmilled wheat—imported almost exclusively from Australia for making into flour in small manually-operated mills.

Imports: 20,000 tons valued at $1.7 million.

Unmilled maize

Imports: $4 million, from Thailand, Cambodia, Burma. The United States supplied 28 tons.

Groats and cereals

Imports: $1.6 million.

Main suppliers: Australia 6,800 tons valued at $659,000; Canada, 818 tons valued at $378,000, chiefly packaged rolled oats.

Fresh Fruits

Imports of fresh fruits totalled $9.1 million and Communist China was the main supplier. Citrus fruits are the largest imports, at $4.4 million; the United States shipped $1.2 million. Canadian sales in this category have thus far been confined to B.C. apples.

Apples

Imports: 8,448 tons valued at $1.8 million.

Main suppliers: Australia, Communist China, Japan, Canada (433 tons worth $125,000) and the Unit-

This small Singapore bakery uses Canadian high-protein flour for its large, high-rising loaves of bread. In 1959, Canada sold about 10,000 tons of wheat flour in Singapore and Malaya but is faced with serious competition from other suppliers.

ed States (611 tons worth $198,-000).

Fresh Vegetables

These imports, valued at $15 million, come mainly from surrounding countries and Australasia; the United States supplies small quantities of fresh frozen vegetables.

Potatoes

Imports: $2.2 million.

Main suppliers: Japan, Netherlands, Egypt, Communist China. Other vegetables brought in include $2.4 million worth of onions (from India, Egypt, Lebanon, Thailand and Australia), and $1.1 million worth of garlic (China, Japan, Egypt and Italy).

Canned Vegetables, Soups, Fruits

In this group, Canadian participation has not been as large as might be expected. Before World War II, some Canadian brands were large sellers but they have not succeeded in regaining their prewar position. Because of the variations in standards of living, the North American type of canned goods can be sold to only a small portion of the total market. Canadian exporters should note, however, that well known U.S. brands are selling in small but worthwhile quantities in the area.

Canned vegetables

Imports: 4,650 tons.

Main suppliers: Communist China 1,005 tons; United Kingdom; South Africa; United States 620 tons valued at $275,000; Canada 0.7 tons.

Canned vegetable soup

Imports: 429 tons valued at $185,000.

Main suppliers: the United States and the United Kingdom, 225 and 185 tons, respectively. Canada sold only $12.00 worth.

Sauces

Imports: $600,000.

Main suppliers: United States $272,000, mostly tomato ketchup; Canada less than $1,000.

Honey

Imports: $69,000.

Main supplier: United States $22,000. Canada none.

Fish in Various Forms

Fish makes up a large proportion of food imports into this area. Fresh fish naturally comes chiefly from neighbouring countries, such as Indonesia, Thailand, Vietnam, and Communist China. Imports, including chilled fresh fish, totalled $2.7 million last year.

Fresh, chilled and frozen fish

Imports: $2.7 million.

Main suppliers (apart from above): United Kingdom $173,700; Denmark $41,430; Canada $20,096.

Smoked fish, n.e.s.

Imports: $66,900.

Main suppliers: United Kingdom $22,500; Canada $17,000, (principally smoked salmon).

Canned fish

Sardines, imports: $760,000.

Main suppliers: South Africa $672,000; Canada $6,000.

Salmon, imports: $103,000.

Main suppliers: Canada $42,000; United States $44,300, all Alaskan canned salmon.

Dairy Products

Australia, New Zealand, the United Kingdom and West European countries continue to dominate this market.

Sweetened condensed milk

Imports: $24 million.

Main suppliers: Netherlands $9.6 million; United Kingdom, Australia and Denmark.

Milk powder, full cream and skimmed

Imports: $2.9 million.

Main suppliers: Australia and Denmark. (The United States supplied $40,000 worth.)

Butter

Imports: $2.3 million.

Main suppliers: Australia and New Zealand.

Milk-based infant foods

Imports: $2.6 million.

Main suppliers: Denmark, the United Kingdom and New Zealand. Canadian firms supplied only token amounts.

Meat and Meat Preparations

This field is dominated by Australia and New Zealand, particularly in fresh, frozen or chilled meats.

Fresh, chilled and frozen meats

Imports: $4.2 million.

Main suppliers: Australia $3.5 million; New Zealand $239,000; United States $40,000.

Fresh killed, chilled and frozen poultry

Imports: $490,000.

Main suppliers: United States $290,000. Canadian exporters have not participated in this market, though fresh frozen chicken is popular here and U.S. brands are well established.

Bacon

Imports: $412,000.

Main suppliers: Denmark about $275,000; the United Kingdom $80,000; U.S. 1.3 tons. Canada did not participate.

Sausages

Imports: 469 tons.

Main suppliers: Britain and Denmark. The United States shipped $18,000 worth.

Canned meats and meat preparations

Imports: $1.9 million.

Main suppliers: Communist China, Denmark, Australia, United States $83,000, and Canada $5,100.

Canada's Position

Canadian food exporters do not do well in the South Asian market in comparison with the United States. North American products are usually beyond the means of the bulk of the population in this area but there are possibilities for firms prepared to explore the market.

The wheat-flour exporters of Canada's West Coast have developed, nurtured and watched the flour market here. A year seldom passes without the major Canadian exporters being in the market which they all know and understand extremely well. A well-informed Vancouver flour exporter is on first-name terms with all his customers in Malaya and Singapore—from the largest bakery to the small family-owned and operated establishment. The bakers are pleased with the excellent attention they receive. Suggestions for the improvement of their products are the basis for experiment and Canadian high-protein flour is thus sharing in the growth of the market.

In recent months, Canadian canned mushrooms, cheddar cheese, bacon and a few other food products have been introduced into Singapore and Malaya. The market potential for many specialty items is not large but every sale is probably helpful to a Canadian factory. There are importers willing to review products at c.i.f. prices and to try out the market. Sales of certain frozen foods such as chicken, turkey, fruits, vegetables, etc., are increasing. Competitive prices are essential and often it is difficult to overcome the entrenched popularity of well-established brands. But some effort, advertising assistance and attention to this small market could pay off for Canadian firms. ●

Trade and Tariff Regulations

Australia

TARIFF BOARD INQUIRY—The Australian Tariff Board proposes to hold public inquiries into the following subjects, at the places and on the dates shown, to ascertain whether assistance should be given to the production in Australia of these commodities, and if so, the nature and extent of such assistance and what rates of duty should be provided for each:

Item	Sydney	Melbourne	Perth
Ginger	Oct. 24	Oct. 3	
Xanthates	Oct. 25	Oct. 4	
Barium sulphate	Oct. 26	Oct. 5	
Vinyl monomers, etc.	Oct. 27	Oct. 6	
Lawnmowers and motors therefor	Oct. 10	Oct. 31	
Maize and maize grits	Oct. 11	Nov. 2	
Citrus pulp and citrus juice	Oct. 12	Nov. 3	
Cycle parts and accessories	Oct. 13	Nov. 4	
Gelatine (i.p.a.)	Nov. 28	Dec. 15	
Tetrasodium pyrophosphate and sodium tripolyphosphate	Nov. 29	Dec. 16	
Petroleum products other than mineral lubricating oils	Nov. 30	Feb. 1	Dec. 12

Indonesia

REVISES EXCHANGE RATES—A cablegram from Djakarta, dated August 31, 1960, reports that the Government of Indonesia has revised the exchange rates. According to the cablegram, new tax regulations effective August 25 abolish the 25 per cent tax on all currency transfers and this results in a slightly sliding rate of exchange for conversion of official and personal funds. For example, on a cheque for U.S.$300 the rate is rupiahs 44.569 per dollar, but for a cheque of U.S.$500 it rises to rupiahs 44.607.

Turkey

PAR VALUE OF LIRA—According to a recent notice, the International Monetary Fund has concurred in a proposal by the Turkish Government for a change in the par value of the Turkish lira. As from August 22 the official rate is nine Turkish liras to one United States dollar, as against the old official rate of TL2.80 to U.S.$1.00.

For all intents and purposes, this change is a technical one and will have no effect whatsoever on Turkey's import and export trade. Since the introduction of Turkey's economic stabilization program in August 1958, all imports have been charged a premium of TL6.20 to the U.S. dollar, making the effective exchange rate TL9.00 to the U.S. dollar. Moreover, since that date, exchange premiums for Turkish exports have been increased, until by February of this year the effective rate for earnings on all Turkish exports was TL9.00 to U.S.$1.00—Athens.

The Land of Everest

—as seen by JAMES R. MIDWINTER, Assistant Commercial Secretary in New Delhi. His recent visit to the little-known Kingdom of Nepal, high in the Himalayas, produced this interesting account of the country's resources, industry and trade.

THE Kingdom of Nepal lies between India and Tibet, along the southern slopes of the Himalayas. Rectangular in shape, the country stretches 500 miles from west to east and averages 100 to 150 miles in depth. The landscape varies from the flat Gangetic Plain in the south, a few hundred feet above sea level, to the wild crest of Everest in the north. With an area of 54,000 square miles, Nepal is about the same size as southern Ontario or the three Maritime Provinces together. Population totals about 8.5 million.

Physically, Nepal divides easily into four parts: (1) the High Himalaya, (2) the Pahar (hill country), (3) the valley of Katmandu, and (4) the Terai (a strip of lowland along the Indian border). Only the last two regions hold any commercial significance at present for the outside world.

The heart of Nepal is the 15-mile-wide valley around Katmandu, the capital; indeed, to the Nepalese this tiny area *is* Nepal; the rest is either Pahar or Terai. Historically, the valley was the only tract of open land big enough to support an organized society and a royal hierarchy. Control over the surrounding hills was never effective and even today difficulties of communication restrict government activity largely to the valley. The valley contains about 600,000 inhabitants, of whom perhaps one-quarter live in Katmandu itself, the only real urban centre in the country.

The Terai is a discontinuous strip of cleared land and malarial jungle 10 to 20 miles wide extending along the entire Indo-Nepalese border. This limited area supports two-fifths of the population, most of the commercial agriculture, and virtually all of Nepal's sparse industry. The Terai is linked economically with the neighbouring border region of India and, with one or two exceptions, has little contact with Katmandu.

Resources Are Extensive

Agriculture—About 95 per cent of Nepal's total population makes its living from agriculture. Jute, rice and sugar-cane are grown commercially in the Terai and there has been a slight development of fruit-raising and dairying for the Indian market; most farming, however, is of the purely subsistence variety. Implements are primitive and religious taboos limit the use of animals. Because of the mountainous terrain, only about one-seventh of the land is normally under the plough, despite extraordinarily clever terracing of the hills. Pressure on land has actually led to a big emigration of Nepalese farmers to India and to the small neighbouring principality of Sikkim. Rice, jute and sugar are exported to India, and a modest expansion of fruit-raising and dairying is possible. Nepal's prospects of producing a really significant agricultural surplus for export are, however, remote.

Forestry—Although probably two-thirds of Nepal is forested, the only commercially significant logging at present is the cutting of ties in the Terai for the Indian railway system. No production figures are available but the industry is said to be fairly substantial. Apart from firewood and hand-hewn lumber, the only other use for the timber is in two match factories and one or two small sawmills. Nevertheless, forest products, especially pulp and paper, seem to offer the most promising field for development. Unfortunately, because the only possible customer is India and because Nepal lacks capital, knowhow and basic transportation facilities, no real progress is likely until the more accessible Indian resources have been fully developed.

Mining—This is practically non-existent. There are known deposits of limestone, iron ore, copper, zinc, lead, cobalt, mica and lignite, but whether or not these exist in commercial quantities it is impossible to say, because serious geological investigation has not yet begun.

Waterpower—Hydro-electric power undoubtedly has great potential, though large-scale development waits upon decisions in India. Several large tributaries of the Ganges rise in Nepal and efficient utilization in India depends on construction of control- and head-works on the Nepalese side of the border. Work has already begun on two big multi-purpose river schemes. Export to India of substantial blocks of power is therefore a distinct possibility for the future. In addition, the Nepalese are hoping that huge supplies of power will encourage the establishment of industry, especially the making of nitrogen fertilizers.

Tourist Trade—Nepal has been open to foreign visitors only since 1951 and it still has the lure of the "Forbidden Kingdom". Attractions include magnificent mountain scenery, lakes, wild game, mediaeval towns, ancient but still-used Hindu and Buddhist temples and shrines, a unique style of architecture, a picturesque, friendly people and a quite passable climate. Development of these resources has barely begun. With encouragement, the tourist trade could become Nepal's biggest earner of non-rupee foreign exchange within a few years.

Industry—Industrial operations are limited almost entirely to two towns, Biratnagar and Birgunj, both strategically located in the Terai close to the Indian border. Biratnagar, the bigger centre, has two jute mills, a sugar mill, a match factory and one or two rice mills. Birgunj possesses the other match factory, a cigarette factory and a few small rice mills. There are really no other factories worth mentioning and even these function largely within the Indian economy rather than the Nepalese. Biratnagar, for example, has no road or rail links with the rest of the country.

Most of the management and capital is Indian; Nepal entirely lacks an entrepreneurial class. There is no other private foreign investment and it is hard to see how any can be attracted except for firms already established in India.

Trade Ties with India

As might be expected, almost all of Nepal's foreign trade is carried on with neighbouring India, largely in the form of unrecorded frontier traffic. Unfortunately, no statistics are available on Nepalese trade with India or with other countries. Exports and imports, however, probably each total from Can.$20 to $40 million a year.

From the Terai, Nepal exports railway ties, raw and manufactured jute, rice, and small quantities of other produce. Jute goods are the only significant export to overseas countries. A very small amount goes in bond direct to Indian ports, but most of it is handled by Indian merchants and loses its identity.

Similarly, most of Nepal's imports (chiefly consumer goods for the capital and the Terai) originate in India or, if from overseas, are re-exported by Indian merchants.

This trading pattern stems largely from Nepal's simple economy and its isolation between the Indian subcontinent and the Himalayas. However, another important factor has been the close control exercised by the Indian Government over Nepal's trade, especially imports, with the outside world. Shipments from overseas to Nepal are permitted to pass through India in bond upon payment of the full Indian customs duty (subsequently passed on to the Nepalese Government), but the procedure is extremely complicated. The Indian Government presumably wishes to prevent evasion via Nepal of its own strict import and exchange controls. (Nepal's foreign exchange reserves are held by the Reserve Bank of India—as part of the general Indian reserves before 1959 and in a separate account since.) A corollary of this situation is that Nepal lacks merchants experienced in, or equipped to deal with, international trade.

In recent years, Nepal appears to have had an unfavourable balance on current account with India and overseas countries. The Nepalese rupee has slowly depreciated in terms of the Indian rupee which, incidentally, is also legal tender in Nepal. The exchange rate during the past year averaged 164 Nepalese rupees to 100 Indian.

In contrast, during World War II, when 200,000 Gurkhas were serving with British forces, the Nepalese rupee was consistently at a premium over the Indian. This points up the fact that remittances by Gurkha soldiers recruited by the British and Indian Armies have traditionally been Nepal's most important source of foreign exchange. Even today these remittances and related payments, such as pensions, exceed £500,000 a year from the British Treasury alone.

Development Plan Under Way

As indicated earlier, the most promising fields for development are forests, waterpower, minerals and the tourist trade. Because subsistence farming supports most of the population, improvement of agriculture is not so much a promise as a necessity.

Obstacles to development include Nepal's traditional "closed-door" policy which ended only within the last decade; absence of transportation and communication facilities; an outmoded system of land tenure; appallingly low health standards; lack of modern government machinery; meagre educational facilities; lack of capital, and the almost complete absence of the technical, managerial and entrepreneurial classes.

To tackle these and other problems the Government of Nepal formulated at the end of 1955 a Five Year Development Plan envisaging an expenditure of Rs.33 crores (about Can.$66 million), most of which was to come from foreign aid because its own revenues are too small to meet even current administrative expenses, modest as they are. Government expenditures in recent years have been running at the rate of about Indian Rs.5 crores a year (Can.$10 million) and revenues at about Rs.3½ crores (Can.$7 million).

The plan, with subsequent modifications, has given first priority to development of transportation (chiefly roads) and communication facilities and secondary priority to agriculture, power and health.

Foreign Aid Needed

The major part of this program has been made possible by United States aid, allocations of which totalled U.S.$23.7 million as of June 30, 1960. Projects include roads, a ropeway, bridges, air services, telecommunications, malaria eradication, provision of training facilities in the United States, and financing of an Industrial Development Corporation. India has co-operated in the construction of roads (including a highway linking Katmandu with the Indian border), in irrigation and hydro-electric projects, and in health and education. The United Kingdom and Australia have provided some aid under the Colombo Plan, and Communist China and the Soviet Union have made large commitments (though little actual aid has yet materialized). United Nations agencies have also been active in technical assistance—notably the lending of trained administrators from abroad to work for the Nepalese Government under the OPEK scheme (UN Operational and Executive Personnel Service).

Canada has provided training in seed improvement for a Nepalese student and made a gift in 1958 of 36,544 bushels of wheat, valued at Can.$60,000, to meet a severe temporary food shortage.

Outlook for Trade

For the time being, prospects for the sale of Canadian goods and services are poor. Casual sales in Nepal of consumer goods, industrial supplies and minor items of capital equipment are best left to existing connections in India. The immediate potential does not justify the labour and expense of establishing separate agencies or other sales outlets in Nepal, apart from the fact that it would be extremely difficult to find competent firms with which to deal.

Opportunities for commercial sales of major capital equipment and engineering services are also slight because the foreign exchange resources of the Government, the only buyer of any importance, are limited. The biggest orders come under the aid programs and opportunities are largely, if not entirely, restricted to firms in donor countries. ●

Transportation Notes

Canada

SHIPPING SERVICE FROM JAPAN—The Mitsui Steamship Company Limited has announced the inauguration of a direct service between Hong Kong, Japan and Toronto. Monthly service began with the sailing of the M/S *Mayasan Maru* from Japan early in September; the ship is expected to arrive in Toronto about October 12. The Mitsui Line also announced that it will maintain a monthly service during the winter season to Halifax and Saint John. Agents for the Mitsui Line in Canada are Montreal Shipping Company Limited.

SHIPPING SERVICE FROM JAPAN—Iino Lines have inaugurated two separate regular monthly cargo services between Japan and North America. One will link Japan and the Far East directly with Eastern Canada and the Great Lakes and the other will run from Japan to United States North Atlantic ports. Each service will operate via United States Pacific ports in both directions. The new service will reduce transit time between Japan and the Great Lakes considerably. The Eastern Canadian agent for Iino Lines is Federal Commerce and Navigation Co. Limited, Montreal.

Ecuador

GUAYAQUIL BECOMES NEW PORT—Out of the mangrove swamps and mud ten miles south of Guayaquil, a new port for this tropical city is rising on cement pilings. The Guayaquil Port Authority, made up of a seven-man Board of Directors and employing an experienced American as port manager, is the group responsible for the creation of the new port. The project, which is financed jointly by the Port Authority, the World Bank and the Ecuadorian Government, is well under way and the first stage should be completed in 1961. Engineering is being carried out by a U.S. company.

The first stage will consist of approximately 3,000 feet of berthing facilities (later to be extended to 4,800 feet) which will have a depth of 35 feet and all the necessary service facilities. The docks are being built on reinforced concrete pilings which are backed up by a rock retaining wall and sand dredged from the ship channel. On the new land thus created, three warehouses and other service facilities will be built.

The final stage of construction will be a 14-foot canal and lock between the Rio Guyas and the harbour, so that banana boats and other lighters will have direct access to the port area. Without this canal and lock (the latter is necessary because of the uneven tidal flow in the river and lagoons) boats would have to go many miles down to the mouth of the Guya River and back up the lagoons on which the port is being built.

The work in progress is supplying employment for many hundreds of Ecuadorians and should bring long-term benefits to the city and surrounding country, because last year more than one million tons of exports and 349,000 tons of imports moved through this area. Recent problems involving local labour and interests have now been overcome and by 1962 Canadian newsprint and other products should be going through this modern port to Guayaquil and the interior of Ecuador.

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

New Zealand

FREIGHT RATES INCREASED—An increase of 7 per cent in freight rates on cargo shipped to New Zealand from British and Continental ports will come into force on November 1, the New Zealand Conference Lines have announced. This follows an earlier announcement that freight rates for refrigerated cargo from New Zealand were to be raised by 6 per cent from September 1—Wellington.

Portugal

FIRST AIRPORT IN MADEIRAS—The first airport in the Madeiras was recently inaugurated at Porto Santo island; Porto Santo lies about 50 miles northeast of Funchal, the capital of the archipelago. The length of the trip from Lisbon to Porto Santo will be about 3½ hours and the voyage to Funchal by ship about 3 hours. A helicopter service is expected eventually to connect the airport with the capital—Lisbon.

Sweden

HYDROFOIL CRAFT IN SERVICE—A hydrofoil craft, the 95-passenger *Sirena,* built at Messina, Sicily, has begun operating between Stockholm and Mariehamn, Finland. The new vessel has a speed of 42 knots with the added advantages of creating practically no surge, of eliminating seasickness, and of being able to come to a stop within a distance of 60 yards. The *Sirena* is equipped with two 1,350-h.p. diesels which consume only a fraction of the fuel needed by a conventional vessel. The trip between Stockholm and Mariehamn now takes only two hours and 20 minutes compared with the former six hours and 30 minutes.

Another commercial hydrofoil vessel, the *Flying Fish,* capable of carrying 60 passengers at a speed of 40 miles per hour, is to go into operation between Bellingham, Washington, and Victoria, B.C. Trial runs are being conducted at present in the Strait of Juan de Fuca—Stockholm.

Trade Commissioners on Tour

B. C. Butler

H. A. Gilbert

H. S. Hay

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
Saint John—Sept. 28
Halifax—Sept. 29-30

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

Thetford Mines—Sept. 26
Toronto—Sept. 28-Oct. 4
Sarnia—Oct. 6
Brantford—Oct. 7
Winnipeg—Oct. 11-12
Vancouver—Oct. 13-21

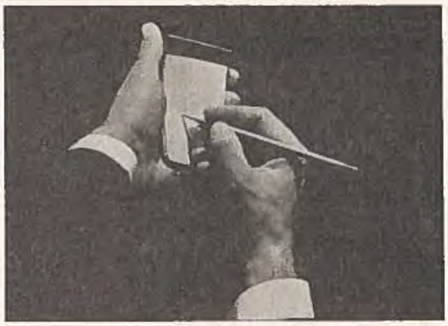
When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

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

Montreal—Sept. 26-Oct. 4
Ottawa—Oct. 5-6

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

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.



General Notes

Cuba

FACTORIES FROM COMMUNIST BLOC—The Cuban Government has ordered nearly 60 complete factories from suppliers in the Soviet Union and Eastern Europe during the past few months. The value of the factories totals almost $100 million, plus the cost of land and buildings to be furnished by Cuba. Payment will be made about half in money and half in Cuban products, such as sugar, tobacco, nickel oxide, canned fruits and juices, and hides. Delivery will begin later this year.

Purchases were arranged under agreements for trade, barter, credit and technical assistance that Cuba has signed in recent months with the U.S.S.R., East Germany, Poland, Czechoslovakia and Communist China. The Cuban agency directing this major industrialization program is the Industries Section of INRA (National Agrarian Reform Institute)—Havana.

Ireland

THREE NEW HOTELS—A new company, Irish and International Hotels Ltd., Dublin, has been incorporated. It proposes to build first-class hotels at Cork, Limerick and Dublin. Total cost of the three hotels will be about £2 million—Dublin.

Jamaica

HOTELS TO BE BUILT—Plans for three new hotels in Jamaica have been announced. A $5.5 million structure to be known as the Shaw Park Hotel will be built on the north coast. The other two, the 20-room Casa Monte and the 144-room Lord Nelson, which will have all the features of a resort hotel, will be built in Kingston—Kingston.

Liberia

NEW RAILWAY—The Liberian-American-Swedish Minerals Co. has announced the award of a $40 million contract to Raymond International of Liberia to build a 170-mile railway. The railway will run from Nimba, near the Guinea border, to a new harbour being built at Bassa. It will carry nearly 30 million tons of iron ore to the port—Accra.

Pakistan

EXPORTS RISE IN '59—According to recently published trade figures, Pakistan's exports rose both in value and volume in the calendar year 1959 and imports during the same period declined. Exports increased by about Can.$22 million over 1958, and earnings from the export of minor commodities jumped by 166 per cent. Leading customers and suppliers in the dollar and sterling areas were the United States and the United Kingdom—Karachi.

United States

CONSTRUCTION ACTIVITY INCREASES—The Federal Reserve Bank has reported that the value of construction contract awards for 1959 in the Fifth District—which includes Maryland, North Carolina, South Carolina, Virginia, and West Virginia—reached an all-time high, exceeding $2.8 billion or 6 per cent above the previous high set in 1958.

Non-residential building contract awards accounted for a major portion of the increase, but residential construction also rose impressively. The third category, public works and utilities, declined, but gains in the first two were more than enough to offset this. Non-residential contract award values in 1959 were 23 per cent greater than in 1958; residential climbed by 11 per cent; public works and utilities dropped 22 per cent. As the year drew to a close, non-residential construction activity continued to gain strength, residential construction dipped slightly, and public works and utilities were beginning to look more promising—New Orleans.

Venezuela

ASSISTANCE TO INDUSTRY—The Development Corporation of the Venezuelan Government loaned over $30 million last year for industrial development. During the last two years the corporation has granted loans totalling $45 million to 220 firms operating 40 different industries. The textile industry alone got $13.5 million, and sugarcane growers supplying the four mills owned by the corporation received $2.4 million. The corporation has requested an additional $30 million for industrial expansion—Caracas.

Paints and Varnishes

The Market in the Philippines

Philippine paint manufacturers supply much of local demand, but must import raw materials. There are opportunities for Canadians to supply these, plus some specialty paints, though competition is keen.

R. MORANTTE, *Office of the Consul General and Trade Commissioner, Manila.*

THE paint and varnish industry in the Philippines, though relatively young, has grown rapidly and today it is making most types of finishes.

There are about 20 paint manufacturers in the country, 17 of which produce mainly house paints for interior and exterior use.

PHILIPPINE IMPORTS OF PAINTS AND VARNISHES

	1958		January-June 1959	
	Kilos	U.S.$	Kilos	U.S.$
Coal tar dyestuffs	639,542	1,538,335	241,970	611,595
Indigo, natural	26,410	37,458	1,097	1,570
Other (including artificial colour lakes)	803,293	969,237	576,572	603,097
Oil and water colours	52,604	31,260	141	134
Artists' and students' colours	6,348	8,954	19,061	19,008
Enamel pigments and opacifiers used in ceramics, enamelling or glass industries	383,013	238,805	278,355	198,947
Nitrocellulose-based lacquers and corresponding thinners	327,742	271,723	149,964	95,380
Ready-mixed paints	403,546	34,410	109,571	49,006
Varnishes	115,330	81,345	73,650	44,497
Water paint	65	45	23,913	5,352
Lead, white, in powder form or packed in oil	154,960	53,022	91,409	29,928
Lead, red, in powder form or packed in oil	628,944	175,305	455,631	117,857
Litharge	270,757	85,137	55,884	16,329
Lithophone	236,162	32,722	140,856	15,129
Zinc pigments, dry or packed in oil	180,185	57,565	23,606	9,272
Other chemical pigments	843,299	446,496	491,070	252,400
Ultramarine blue	260,294	123,049	59,810	25,354
Ochre, iron oxide and other mineral pigments	2,145,747	602,660	1,090,259	276,785
Marine paints	160,030	18,229	19,037	12,374
Other lacquers and thinners	798,860	380,007	129,070	63,105
Baking enamel, including synthetics	3,043	3,101	22,055	11,198
Reflective compounds	17,813	7,953	2,109	684
Pyroxlin undercoats and putties	147,089	60,350	36,837	15,455
Tire paints	11,260	4,234	5,523	2,067
Rust preventive primers	28,565	14,970	3,113	2,766

The leading paint manufacturers are subsidiaries of large American companies, such as Fuller Paints, Sherwin Williams, National Lead Company and General Paint Company. Others, such as de Voe Reynolds and Sinclair Paints, manufacture under licence.

The following paints are made here: baking enamels, automotive enamels and lacquers, hammer tones and wrinkle finish for industrial use, solvent-base house paints, rubber-base house paints, drum or barrel enamels, tin and aluminum tube enamels, varnishes, prime finishes, industrial lacquers and screen-process enamels.

The industry is protected by high tariffs, even on types of finishes not produced locally; import of paints and varnishes of a type made in the Philippines, such as low-priced exterior house paints, is forbidden. Lacquers are allowed entry but are subject to an import duty of 75 per cent ad valorem.

Raw Materials Imported

Although some raw materials are available in the Philippines, a great many must be imported. Manufacturers are allowed to import under a producer's licence and all raw materials are subject to duty ranging from 10 to 75 per cent ad valorem.

It is estimated that Philippine firms buy about one-third to one-half of their raw materials from parent companies and they look to other sources, mostly Japanese and

European, for the remainder. Chief raw-material imports are linseed oil, all colour pigments, resins, lacquer chips, lacquer, nitrocelluloses, plasticizers, some extenders, and aluminum paste.

Canadian exporters of raw materials face competition from suppliers in European countries—such as Britain, Germany, the Netherlands and Italy—and in Japan, where costs and freight charges are said to be considerably lower than in Canada. United States exporters are having difficulty competing with these suppliers, in spite of a tariff preference under which dutiable goods from the U.S. are subject to only 50 per cent of the regular import duty applied to goods from all other countries.

Philippine paint manufacturers place orders for raw materials with local agents, who work on an indent basis against irrevocable letter of credit. Agents keep few, if any, consignment stocks because of import controls, high tariffs, etc.

Opportunity for Specialties

Canadian paint exporters interested in the Philippine market should concentrate on specialty products that are not made locally and are allowed entry, though subject to high duty. Such items include marine paints, aircraft primers and finishes, multi-coloured lacquers, acrylic automotive lacquers, lithographic inks and enamels, and screw-cap enamels. Exporters should bear in mind, however, that the market for even specialty items is small and, as the local industry expands, the need to import will become less acute.

Considering that production of the four leading paint manufacturers averages about 30,000-35,000 U.S. gallons a month, it does not seem that the local market can support many more large paint factories. Canadian paint producers therefore may not be successful in establishing branch plants, unless they consider specialty paints not being made in the Philippines.

To sum up, exporters of specialty paints and suppliers of raw materials used in the paint industry have an opportunity to enter the Philippine market, though price competition is keen from Europe and Japan and freight costs from Canada are high. Quotations, if possible, should be in U.S. dollars on a c. and f. Manila basis. Canadian suppliers interested in establishing agency connections with Philippine firms should write to the Canadian Consulate General, P.O. Box 1825, Manila. ●

The Market in Singapore and Malaya

Prospects for selling paints and varnishes in these markets are doubtful because of competition from well established international firms and developing local industry.

M. P. CARSON,
Trade Commissioner, Singapore.

A wide range of world-famous brands of paints and varnishes are on the market today in Singapore and Malaya. Competition is keen and a number of large internationally known producers have factory representatives on the spot to provide technical advice and generally keep an eye on the business. Suppliers in at least a dozen countries sell paints to these two markets.

Prospects for selling paints have proved sufficiently promising in this combined market of about eight million people to attract foreign investment. Introduction of Pioneer Industries legislation in the Federation of Malaya has benefited investors by offering a five-year tax holiday plus tariff and other concessions.

Foreign Firms Attracted

Some years ago the P.A.R. Malayan Paint Works Ltd. set up a modern plant in the western part of Singapore island. In 1957 it branched out to the Federation of Malaya with a plant in the industrial area of Petaling Jaya, the satellite town of the capital, Kuala Lumpur. This company makes general paints, emulsions, distempers, marine paints, sealers, undercoating, primers and varnishes. It is owned by combined Dutch and British capital.

In the latter part of 1959, Federal Paints Factory Ltd. was established with Hong Kong capital in Petaling Jaya. Its production, a reported 100 tons of paint per month, consists of enamel, oil, emulsion, distemper, undercoating, marine and bituminous paints and varnishes. Imperial Chemical Industries Ltd. also opened a paint factory in the Federation last year, and Sissons of Britain has one under construction and expected to come into production at the end of 1960.

Tariffs

Singapore as a free port levies no duties against imported paints and this has been a serious obstacle to the development of a local industry. The Government is now studying whether or not protection is necessary and a report is expected shortly. It has the power to provide tariff protection for local manufacturers if this is felt to be warranted.

The Federation of Malaya has a 20 per cent tariff on paints and Commonwealth products receive no preferential treatment. Until mid-1959 duties at the rate of 20 per cent were charged on all raw materials imported into the Federation for paint production. These were removed, however, to encourage growth of a domestic industry.

Britain Biggest Supplier

The biggest paint imports into Singapore and the Federation of Malaya are "prepared paints and enamels, n.e.s."; in 1959 they totalled Can.$3.5 million, of which the U.K. supplied about 60 per cent. The next largest supplier was Hong Kong 24 per cent, followed by the United States 6 per cent, and Denmark 4 per cent. Imports in 1959 dropped by about Can.$400,000 from 1958. United States sales tumbled by almost 44 per cent and West Germany improved its position tenfold.

The next item by value in paint import statistics last year was "prepared lacquers, colours, driers, n.e.s.". Purchases reached Can. $302,000, down 25 per cent from 1958. Britain was the number one supplier, with about 50 per cent of the market; Hong Kong came second with about 15 per cent and the U.S. supplied about 8 per cent. West Germany came up from nil in 1957 to 9.7 per cent and thus outsold the U.S. Despite a drastic fall-off in imports the U.K. maintained its position, with a net loss of only Can.$10,000 from 1957. United States shipments slumped about 40 per cent from 1957's Can.$38,500.

Some Can.$470,000 worth of "emulsion and dispersion paints" were imported in 1959. Britain obtained about 61 per cent of the business and the U.S. about 36.4 per cent, with small quantities coming from Hong Kong, Australia and the Netherlands.

"Distempers and other water paints, n.e.s." showed a slight increase in 1959 and Can.$242,000 were imported almost exclusively (98 per cent) from Britain. Hong Kong supplied most of the remainder. "Water paints, cement-based" fell off about 25 per cent from 1957 and in 1959 were valued at Can.$234,000. Ninety-five per cent of this came from the U.K. and about 4 per cent from Denmark. Britain also dominated the imported varnish field with 90 per cent of the Can.$144,000 total, and Hong Kong supplied about 6.5 per cent.

It is obvious that the U.K. enjoys the lion's share of the paint market, thanks to field representatives, good advertising and suitable products. Since July 1, 1959, paints from dollar countries have not been subject to import licensing; with the exception of a limited list of products, all dollar goods are on Open General Licence.

Outlook

It is estimated that the Federation of Malaya produced about 30 per cent of its total paint requirements in 1959. In 1958 both countries consumed about the same volume (worth about Can.$2.3 million). In 1959 Singapore's consumption dropped slightly because of a small decline in building, and Malaya's rose to about Can.$2.5 million.

Consumption today is said to be increasing, though more and more of the demand will be met by domestic output. The four Federation producers will play a bigger rôle in future and it will become increasingly difficult for new brands, formerly unknown in the area, to find a place in the market. In addition, local manufacturers are making a wider range of specialty products; one at least is marketing marine paints. Special finishes for agricultural machinery, heavy equipment, appliances, automobiles, etc., are now made here to specifications supplied by equipment manufacturers. Major international oil companies also have arrangements for supplying local manufacturers with specifications.

Prospects for introducing new brands in these two markets are not promising. In recent months the Trade Commissioner's office in Singapore has been trying to establish some well known Canadian paints, with little success. Local importers invariably mention the stiff competition from internationally known companies, as well as the fact that a developing domestic industry will supply more and more of the domestic demand. The big firms have resident technical representatives, good advertising allocations, and the advantage of well established brand-names. All this poses difficult problems for hopeful new entrants to these markets. However, the Trade Commissioner's office in Singapore will be pleased to investigate all inquiries received from Canadian paint exporters.

Decimal Coinage for Australia?

Australia is considering a changeover to the decimal system of currency, according to a report from L. D. Burke, Assistant Commercial Secretary in Sydney. The new currency would be based on a unit equal to 100, with coins of smaller denominations in units of one, five, ten, twenty and perhaps fifty. No name has been suggested for either the basic unit or the smaller coins. The report of a special government committee, which stresses the desirability of adopting the decimal system, is before the authorities and a decision is expected within the next few months.

If it is implemented, the new system would come into effect early in 1963 and the banks would adopt it immediately. For the rest of the economy, there would be a transition period of about two years when both the old and the new currency would be permitted and work could be done on converting business machines. The cost of conversion has been estimated at $65 million. It has been recommended that during the transition imports of sterling-currency machines should be restricted to minimize costs of conversion, and also that imports of decimal machines should be limited to protect companies carrying out conversion. No recommendation has been made about whether the government or private firms should meet the cost of the changeover.

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**Unless otherwise noted, all offices of the Department are in this building. Cable address: COMAGENT, Ottawa. If you are telephoning from out of town, call the government switchboard, CEntral 2-8211, and ask for the local; if you are in Ottawa, dial 9, then the government local.*

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

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

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

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

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

For conversion to United States dollar equivalent multiply by 1.0312601.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 12	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01175	85.06	(1)
Austria	Schilling		.03748	26.68	
Australia	Pound		2.1828	.4581	
Bahamas	Pound		2.7285	.3665	
Belgium and Luxembourg	Franc		.01941	51.52	
Bermuda	Pound		2.7285	.3665	
Bolivia	Boliviano	Free	.00008487	11,782.73	
British Guiana	Dollar		.5684	1.76	
British Honduras	Dollar		.6821	1.47	
Brazil	Cruzeiro	General Category*	.004250	235.30	*Aug. 30 (2)
		Special Category	.001868	535.19	
		Official selling	.05125	19.51	(3)
Burma	Kyat		.2036	4.91	
Ceylon	Rupee		.2046	4.89	
Chile	Escudo	Free	.9218	1.08483	(4)
Colombia	Peso	Certificate	.1447	6.91	
Congo, Republic of	Franc		.01941	51.52	
Costa Rica	Colon	Official	.1727	5.79	
		Controlled free	.1458	6.86	
Cuba	Peso		.9697	1.03125	tax 2%
Czechoslovakia	Koruna		.1347	7.42	
Denmark	Krone		.1410	7.09	
Dominican Republic	Peso		.9697	1.03125	
Ecuador	Sucre	Official	.06465	15.47	
		Free	.05671	17.63	
Egyptian Region, United Arab Rep.	Pound	Official	2.7845	.3571	
		Export account selling	2.3975	.4171	
El Salvador	Colon		.3879	2.58	
Fiji	Pound		2.4581	.4068	
Finland	Markka		.003030	330.03	
France, Monaco, etc.	New Franc		.1979	5.05	(5)
French Territories, Africa, etc.	Franc		.003958	252.65	(6)
French Pacific	Franc		.01088	91.91	(7)
Germany	D Mark		.2325	4.30	
Ghana	Pound		2.7285	.3665	
Greece	Drachma		.03232	30.94	
Guatemala	Quetzal		.9697	1.03125	
Haiti	Gourde		.1939	5.16	
Honduras	Lempira		.4848	2.06	
Hong Kong	Dollar	Free*	.1701	5.88	*Sept. 2
		Official	.1705	5.86	
Iceland	Krona	Official	.02552	39.18	(8)
India	Rupee		.2046	4.89	
Indonesia	Rupiah	Official	.02155	46.41	(8)
Iran	Rial		.01280	78.12	
Iraq	Dinar		2.7151	.3683	

*Latest available quotation date.

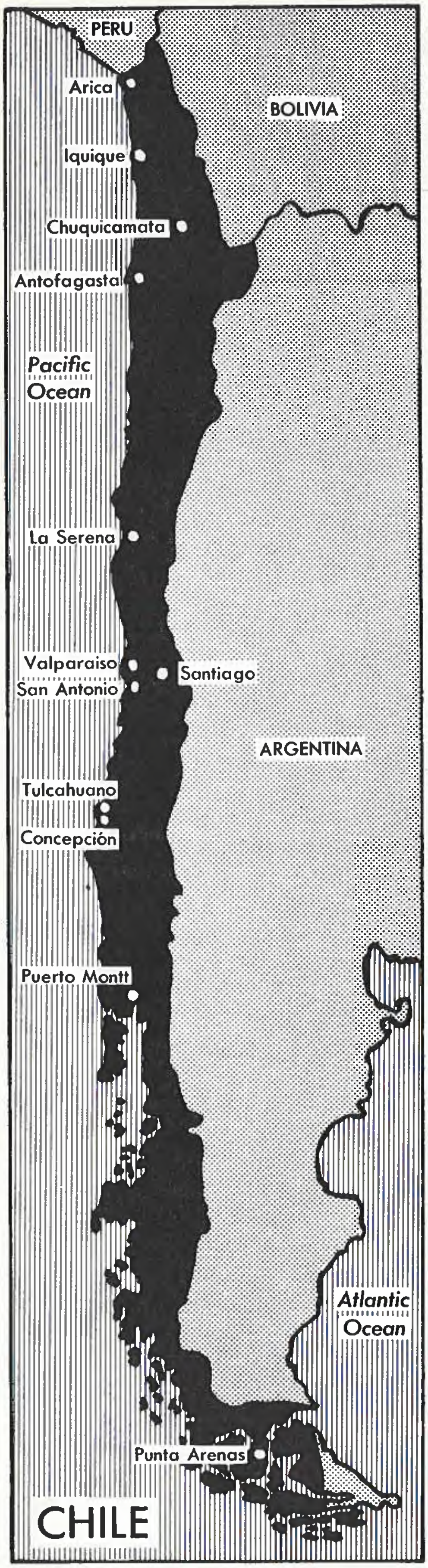
Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 12	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7285	.3665	
Israel	Pound		.5387	1.86	
Italy	Lira		.001563	639.39	
Japan	Yen		.002694	371.19	
Lebanon	Pound	Free	.3046	3.28	
Mexico	Peso		.07758	12.89	
Netherlands	Florin		.2572	3.89	
Netherlands Antilles	Florin		.5183	1.93	
New Zealand	Pound		2.7285	.3665	
Nicaragua	Cordoba	Effective buying	.1469	6.81	
		Official selling	.1375	7.27	
Norway	Krone		.1362	7.34	
Pakistan	Rupee		.2046	4.89	
Panama	Balboa		.9697	1.03125	
Paraguay	Guarani	Official	.007948	125.82	
Peru	Sol		.03608	27.72	
Philippines	Peso		.4848	2.06	
Portugal & Colonies	Escudo		.03384	29.55	(9)
Singapore and Malaya	Straits Dollar		.3184	3.14	
Spain and Dependencies	Peseta		.01616	61.87	
Sweden	Krona		.1880	5.32	
Switzerland	Franc		.2252	4.44	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04582	21.82	(8)
Turkey	Lira		.1077	9.28	(8)
Union of South Africa	Pound		2.7285	.3665	
United Kingdom	Pound		2.7285	.3665	
United States	Dollar		.969675	1.0312601	
Uruguay	Peso	Free	.08487	11.78	(10)
Venezuela	Bolivar		.2895	3.45	
West Indies Fed.	Dollar		.5684	1.76	(11)
	Pound		2.7285	.3665	(12)
Yugoslavia	Dinar	Official	.003232	309.40	(8)
		Settlement rate	.001534	651.76	

*Latest available quotation date.

Notes

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

Markets in Brief: CHILE



Area: 286,000 square miles.

Population: 7.5 million.

Climate: ranges from tropic heat to Antarctic cold, with seasons the reverse of Canada's. In most sections the climate is generally mild, with warm sunny days and cool to cold nights. The extreme south gets rainy, cold and windy weather.

Language: Spanish; leading importing and agency firms also correspond in English, but sales literature should be in Spanish.

Weights and measures: metric system.

Capital: Santiago, altitude 1,706 feet.

Chief ports: Valparaíso, San Antonio, Antofagasta, Iquique, Talcahuano, Punta Arenas, Arica.

Chief importing centres: Santiago (population) 1.9 million; Valparaíso 350,000; Concepción 295,000; Punta Arenas 64,000; Arica 45,000.

Economy: mainly dependent on copper, nitrate and agriculture. Local capital insufficient for industrial expansion and oil exploration.

Total Chilean imports: 1958—U.S.$338,464,000; 1957—U.S.$458,198,000.

Chief imports: 1958 (in per cent)—agricultural, industrial and mining machinery 26.3; vehicles for transport 7.8; petroleum products 6.7; sugar 4.2; chemical products 2.8; iron and steel 2.7; raw cotton 2.6; tea 2.5.

Chief suppliers: 1958 (in per cent)—United States 51.4, Germany 11.4, United Kingdom 6.6, Argentina 4.4, Brazil 3.2, Peru 2.8, Japan 2.8.

Value of imports from Canada: 1958—Can.$4,601,650; 1957—Can.$4,360,987.

Chief imports from Canada: 1958 (in per cent)—wood pulp 22.3, asbestos milled fibres 16.4, mining machinery and parts 8.9, aluminum in primary forms 6.2, synthetic fibre threads 5.9, drugs and chemicals 3.7, machinery and parts 2.7, transformers and parts 2.1, electrical apparatus 1.8, electric meters and parts 1.1.

Total Chilean exports: 1958—U.S.$388,461,000; 1957—U.S.$458,200,000 (f.o.b.).

Chief exports: 1958 (in per cent)—copper in bars 55.8, nitrate 11.5, agricultural products 5.5, iron ore 5.2, finished steel products 3.0, copper wire 3.0, wines 1.1.

Chief markets: 1958 (in per cent)—United States 40.4, Germany 16.5, United Kingdom 14.1, Netherlands 6.3, Argentina 4.8, Spain 2.9, Italy 2.7.

Value of Canadian purchases: 1958—Can.$825,379; 1957—Can.$1,621,515.

Chief Canadian purchases: 1958 (in per cent)—fruits and vegetables 59.7, ferromanganese 8.1, angle beams 6.7, steel wire, rods 5.4, copper tubing 5.2, nitrate of soda 4.9.

Dollar exchange: freely available for all imports, but many commodities are subject to prior deposits. A complete list of the percentages and the periods that deposits are withheld can be obtained on application to the International Trade Relations Branch.

Prices: quote only in U.S. dollars. Some importers prefer f.o.b., others c.i.f.

Samples: may be brought in if marked "no commercial value".

Trade agreements: most-favoured-nation agreement with Canada; equal tariff treatment of imports from all countries.

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

Canadian banks: no Canadian banks have branches in Chile, but Bank of London & South America Limited, which has branches in Santiago, Valparaíso, Concepción and Punta Arenas, is affiliated with the Bank of London & Montreal Limited.

Correspondence: use airmail for all correspondence. Rate, ten cents per half-ounce.

For detailed information on this market write to:

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

or

Commercial Secretary
Canadian Embassy
Casilla 771
Santiago, Chile.

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