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foreign trade

CANADA

NIGERIA BECOMES A NEW NATION (page eighteen)

foreign trade

Established in 1904

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cover Pyramids of peanuts awaiting shipment to a seaport are common sight in Nigeria's Northern Region. Nigeria, which last week attained full independence, is the world's biggest peanut exporter; in the last decade the crop has more than trebled. For a brief review, in pictures and text, of Nigeria's production and trade, see pages 18 to 21.

CANADA

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From our Hong Kong office comes this appraisal of the market in Communist China and suggestions on how Canadian suppliers can approach it. The author paid a visit to the area earlier in the year.

Selling to Communist China

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

CANADIAN trade with Communist China over the past three years has expanded considerably. The full extent of this expansion is not directly reflected in the official trade statistics because a fair volume of exports from Canada are transhipped through third countries, such as Hong Kong. When these shipments are taken into account, it is estimated here that exports increased from about Can.$2 million in 1957 to about $12 million in 1958, decreased to $11 million in 1959 and rose to some $15 million in the first half of 1960. Imports from Communist China have also increased but it is difficult to give precise figures because a large proportion of Communist Chinese exports to Canada are shipped through third countries, notably Hong Kong and European countries.

Prospects for Canadian sales in Communist China for the remainder of 1960 and in 1961 are promising for a limited number of commodities. The country is busily engaged in developing its industrial and agricultural production and imports are confined to products that will contribute to this objective. It is generally believed that some 75 per cent of China's imports over the past few years have come from Soviet Bloc countries but accurate statistics are not available for the current year. Most Western countries have registered substantial increases in sales to Communist China this year. There is little doubt that over-all trade has increased to some extent.

What Will Sell?

Among the products that Canada is currently selling to China and which should offer scope for expansion are:

Pharmaceuticals and chemicals; plastic raw materials; medical equipment; minerals for industrial use; metals, including aluminum, nickel, zinc, steel and magnesium; wood pulp, and scientific instruments. Products that do not yet enter into this trade for which prospects are good include:

Copper in all forms; electrical and other cables; nickel sulphate and nickel oxide; waste rubber; mining and drilling equipment; certain types of construction equipment; equipment for the pulp and paper industry, including paper-makers' felts and wires; forestry and sawmill equipment; agricultural equipment, particularly tractors; rayon tire yarn and fabric; nylon staple fibre; fertilizer, and complete plants of various types.

Trading with Communist China is complex and involves many months or even years of tedious negotiations before sales can be concluded. It can, however, be extremely rewarding to some suppliers. The Canadian companies which have been most successful in recent years are those which have studied conditions and adapted their methods of trading to Communist Chinese practices. This is not an easy matter. The Chinese do not provide detailed information on their production, consumption, imports or exports of any commodity and it is never possible to ascertain with any accuracy their needs at any given moment. This information must be deduced from their past pattern of imports from other countries. Even this process involves a good deal of guesswork because purchasing policies and procedures are subject to change.

Purchasing Methods

All Communist Chinese trade and industry is now in the hands of public organizations and imports are handled by a number of state trading corporations, each specializing in particular types of goods. These corporations neither act as agents for overseas suppliers nor import for stock on their own account. They purchase on behalf of end-users throughout the country and place orders abroad only at the request of these end-users. The end-users are, of course, other government-owned and operated enterprises, factories or production ministries. The corporation officials are well informed on world market conditions, prices and trends, and Canadian companies must therefore be competitive with world suppliers.

In general the trading corporations buy in accordance with an annual import plan. This plan appears to be drawn up during the latter part of the year and early in the new year, and import contracts therefore tend to be rather heavily concentrated during the first half of the year. The import budget is not made public and there is no way of obtaining information on China's plans for future imports. Orders placed during the second half of the year are normally intended to cover spot requirements not included in the annual plan but these orders can be substantial. It is not possible, therefore, to say with any certainty when and what the Communist Chinese will be purchasing. In these circumstances, it is advisable for Canadian companies offering goods to keep in constant contact with the head office and each branch of the appropriate corporation.

Keeping in Touch

Corporation officials like to receive literature and quotations regularly, in some cases as frequently as once a month. Apparently it is not the practice of these officials to refer back to their files for information on overseas suppliers who have previously shown interest in exports to China. In fact, they seem to consider only those companies which keep in regular contact and which have information in the hands of Chinese purchasers at the time they are actually in the market for goods. It is important to send adequate quantities of literature so that the trading corporations can circulate it to end-users in the hope that they will specify Canadian goods, provided quotations are competitive. Thus each time an approach is made, additional quantities of literature should be supplied. There are few avenues of approach to end-users and this means of familiarizing them with goods available seems to be the most practicable and effective. After one or two sales have been made the procedure becomes simpler, because both end-users and trading officials are then familiar with the particular supplier and are more likely to send inquiries in the future. Experience has shown that when a sale to Communist China is finally concluded it is usually a large one and justifies the trouble and expense involved in the lengthy process of negotiation.

Planning a Visit

When the prospects of selling certain products appear exceptionally promising, Canadian exporters might well consider visiting Communist China in order to engage in personal discussions with buyers. A good deal of groundwork is necessary, however, before such a visit. First of all, the prospective visitor should be certain that importers are really interested in the particular commodity and that prices are in line with world competition. Having established these points, the Canadian exporters should suggest in a letter to the trading corporation that he is prepared to visit Communist China if he receives an invitation. If an invitation is forthcoming, the corporation will normally make the necessary arrangements for issuing a visa and it can be assumed that prospects for closing business are good. The corporations will not normally encourage businessmen to come unless they feel there is a reasonably good chance of doing business.

The question of the best time to make a visit then arises. Prospective visitors must necessarily be guided by the advice of the corporation officials but in general, visits should be arranged to coincide with the Chinese Export Commodities Fairs in Canton. These fairs are held twice a year, in the spring and autumn, and although they are export fairs, more and more import business is being concluded at each. Joint delegations from the various branches of the state trading corporations

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attend these fairs and it is possible for a visitor to meet officials from each branch of each corporation in one spot. This often obviates the necessity of extensive tours of two or three weeks to all the main centres. Another advantage is that it is considerably easier for businessmen to obtain visas to visit Canton during these fairs than to go to Peking, Shanghai and other centres where the branches of the corporations are located. Normally visas for the fair can be obtained in Hong Kong within two or three days, but prospective visitors should if possible make arrangements before departure from Canada to avoid delays. It appears that the Communist Chinese are relying more and more on these fairs to increase their exports and also as a vehicle through which to purchase goods from abroad. The result is that, although the fair is called an Export Commodities Fair, it is in fact a marketplace where two-way trade can be carried on.

On the other hand, there are times when a visit independent of the fairs is appropriate—for example, to follow up particular inquiries arising between fairs. This is true also when the products involved require extensive technical discussion which may not be possible at the fairs because the right officials are not there or are too busy with the large numbers of other visitors. It is seldom possible for visiting businessmen to meet technical personnel among end-users but sometimes this is essential—and naturally these people do not usually go to the fairs. Exporters whose products appear to warrant it should therefore attempt to obtain visas for more extensive stays. The time needed to obtain visas for longer visits varies but is seldom less than six to eight weeks; planning must therefore be started well in advance. In arranging such a trip, adequate time should be allowed because the corporation officials are usually busy and it is often necessary to wait several days for appointments. Rushed trips, so common in Western business circles, seldom pay dividends in Communist China. Patience is not only a virtue but a necessity.

Are Agents Used?

The question of the advisability of selling to China through agents is frequently raised and some clarification on this point is necessary. As mentioned above, the state trading corporations do not themselves act as agents and there are no indigenous private companies through which Canadian exporters can sell because all business is now in the hands of state or joint state-private enterprises. There are still some twenty foreign companies operating in Communist China and of these about a dozen are trading companies. These companies are long established and up to the present have been able to operate as manufacturers' representatives. In recent years, however, the trading corporations have shown an increasing tendency to deal directly with overseas suppliers, with the result that foreign companies have been bypassed. Most of the latter now are in the process of liquidation and it is expected that within a year all will have ceased business. In these circumstances, there is no chance of Canadian companies finding suitable agents in China. It is possible to appoint agents in Hong Kong but here again, Hong Kong agents have been encountering increasing difficulties in selling to the trading corporations. There is no doubt that the Communist Chinese prefer direct dealing with overseas suppliers and this seems to be the most suitable approach.

Advice on Promotion

One other point about sales promotion can be made. It is clear that a major problem is obtaining information on Chinese requirements and particularly specific inquiries on which to quote. This problem is further complicated by the different ways in which Chinese get in touch with overseas suppliers for quotations. In some cases, the head offices or individual branches of the corporations may decide to purchase direct from overseas suppliers. In others, they may ask their representatives in Hong Kong, London or Switzerland to obtain supplies for them. In Hong Kong the official agent for most of the trading corporations is the China Resources Company, Bank of China Building, and this organization does a fairly large amount of buying on behalf of its principals. In London the Communist Chinese have a Commercial Counsellor. A number of the state trading corporations have representatives attached to the Chinese Embassy in Switzerland and these officials do a large amount of buying, particularly of metals.

As for two-way trade, there is no doubt that the Chinese remain interested in barter or at least reciprocal dealing. The great bulk of their trade, particularly with other Communist countries, is handled on the basis of barter or trade agreements on a government-to-government basis, involving specific quantities of goods moving in both directions. As for non-Communist countries, there seems to have been a change in attitude and less emphasis is being placed on barter transactions with them. Though exporters who are prepared to purchase Communist Chinese goods are in a much more favourable position, there seem to be no grounds for the common belief that the only prospects for sales are in conjunction with barter arrangements. The principal consideration at the present time seems to be ready availability and a competitive price for needed products.

Index to *Foreign Trade*

The index to Volume 113 of *Foreign Trade*, covering the issues from January 2, 1960, to June 18, 1960, has now been printed. Readers who wish to have copies should write to the Editor.

This twin-engine Caravelle *jet is on service for the Scandinavian Airlines System.*
—Sud-Aviation.

French Aircraft Stage a Comeback

France climbs back into the vanguard of aircraft producers, as production and exports soar.

What can this mean to Canadian suppliers?

C. T. Charland, Assistant Commercial Secretary in Paris, reports.

THE French aircraft industry, almost annihilated during the war and outstripped in the postwar technical race, has staged a vigorous comeback. A pioneer in aeronautical construction, it stands ready today to meet the shifting needs of commercial aviation and to make the transition from manned aircraft to missiles.

The industry employs some 85,000 persons and in 1958 achieved a turnover of more than $475 million. It ranks fourth in world importance—after the United States, the Soviet Union and Britain. Fourteen firms make aircraft in France and nine make aircraft engines. Nearly 250 firms produce parts or mechanical equipment for the industry, though only 18 airframe and engine manufacturers have a labour force of more than 40.

During a particularly trying period of adaptation after the war, the aircraft industry lagged behind over-all industrial production in France. Since 1956 growth has quickened and the index of activity for aircraft construction has drawn nearer to the general output level.

Export Orders Pick Up

The unveiling in 1956 of the medium-range jet airliner SA 210 *Caravelle* marked the culmination of five years of intensive research by Sud-Aviation's designers and sparked an export drive that is still gathering momentum. Sales of the *Caravelle, Magister* jet trainer, *Paris* jet liaison plane, the *Alouette* and the *Djinn* helicopters and other aircraft totalled $91 million in 1959, a 15 per cent gain over the preceding year, and accounted for 20 per cent of total production. Air-Fouga, which merged with Etablissements Potez in 1958, spearheaded all French aircraft exports with 600 of its *Magister* trainers.

Hopes for another major surge in exports were realized when NATO selected Breguet's 1150 *Atlantic* as its new naval reconnaissance plane. The *Atlantic* will be manufactured in co-operation with Sud-Aviation, Holland's Fokker and Germany's Dornier. Another Breguet product, the 1050 *Alizé,* a three-seat anti-submarine aircraft, has just been ordered by the Indian Government.

A stream of new orders, licensing agreements and government appropriations are giving new impetus to French aircraft production. As of May 1960, nationalized Sud-Aviation, France's biggest aircraft builder, had booked 82 orders for its *Caravelle* and with another 40 units under option was stepping up tooling schedules, looking toward output of six of these aircraft a month. The same company has sold its *Alouette* helicopter to 17 nations and is now planning to build 700 units. Brisk business is also shaping up for Potez-Air-Fouga, which has received 400 orders for its *Magister*. Construction rights for this craft have been granted to West Germany, Finland and Israel.

Agreement between Companies

Highlighted by Sud-Aviation's link with Douglas aircraft in a reciprocal marketing agreement, French aircraft and engine manufacturers have recently concluded profitable international agreements. Under the Douglas-Sud Aviation accord, the U.S. company will be permitted sales in Britain, Japan, Australia, India, Pakistan and other areas of Asia, Africa and the East, in addition, of course, to North and

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South America. Sud-Aviation will retain sales rights in Continental Europe and French-speaking Africa. Douglas sells the *Caravelle* as a readymade complement to the giant DC-8 and feels it will probably replace the DC-9. Sud-Aviation has also granted rights to Republic Aviation Corp. (U.S.) and Saab (Sweden) for the construction of the *Alouette* and *Djinn* helicopters.

The nationalized engine firm SNECMA (Société Nationale d'Etude et de Construction de Moteurs d'Aviation) has given a 10 per cent interest to the Pratt and Whitney Division of United Aircraft Corporation in return for licence rights to build and sell the J-75 military engine, presumably to power the *Mirage IV* and its JT-4 civil version, the power-plant for the Boeing 707 and the Douglas DC-8. SNECMA already has an accord with Britain's Bristol Aircraft for French production of the *Orpheus* engine.

Government-owned Nord-Aviation has just granted Bell Aircraft Corporation (U.S.) a licence to build its supersonic CT-41 and CT-20 target missiles. A few months ago, the same firm granted a similar licence to Britain's Hawker Aircraft.

Morane-Saulnier has licensed Beechcraft for the U.S. production of its liaison-type craft *Paris* jet and may soon grant similar rights to Brazil. The Argentine Government has already begun manufacturing the *Paris* in a first series of 50 units. The demand for this aircraft, equipped with two Turbomeca *Marbore II* jet engines, is so steady that to date 120 have been ordered, with 22 more under option.

Other French firms that have made international agreements include: Hispano Suiza, with Cleveland Pneumatic Industry (U.S.), Martin Baker and Dunlop Aviation (Britain), and Hurel Dubois, which participates in the construction of the *Caravelle* with Fairey Aviation of Britain.

French airframe and engine manufacturers look to the Common Market as a great boon to their export plans and have prepared for it by concluding a wide variety of production and licensing agreements.

Nord-Aviation has signed an agreement with three West German aircraft makers, headed by Weser Flugzaugbau, for the joint study and construction of the *Transall,* a twin turboprop military transport derived from the French craft *Noratlas.* Rolls-Royce of Britain will contribute about 30 per cent of the value of the new aircraft through the supply of Rolls-Royce *Tyne* engines. Another significant agreement has been concluded between Morane-Saulnier and Fiat of Italy for construction of the *Paris* jet in Italy.

Research Forges Ahead

In the research field, the C-450 *Coleopter* vertical takeoff model moved into the testing stage early in 1959, and French experimental models such as the *Trident* (Sud-Aviation), *Taon* (Breguet) and *Griffon* (Nord-Aviation) established a number of new speed and altitude records.

The creation was announced late in 1959 of a new government agency, the Société pour l'Etude et la Réalisation d'Engins Balistiques, SEREB, charged with the development of an intermediate research ballistic missile. By government decree, ONERA (the state-owned aeronautical research agency), SNECMA, Sud-Aviation and Nord-Aviation were required to transfer capital to the new agency. SEREB is to play a co-ordinating role and will be staffed by a restricted number of highly qualified specialists drawn from both private and nationalized companies. The agency is not expected to invest money in production itself, but will study the weapons system, propose an investment program, and serve as an intermediary between the Government and industry.

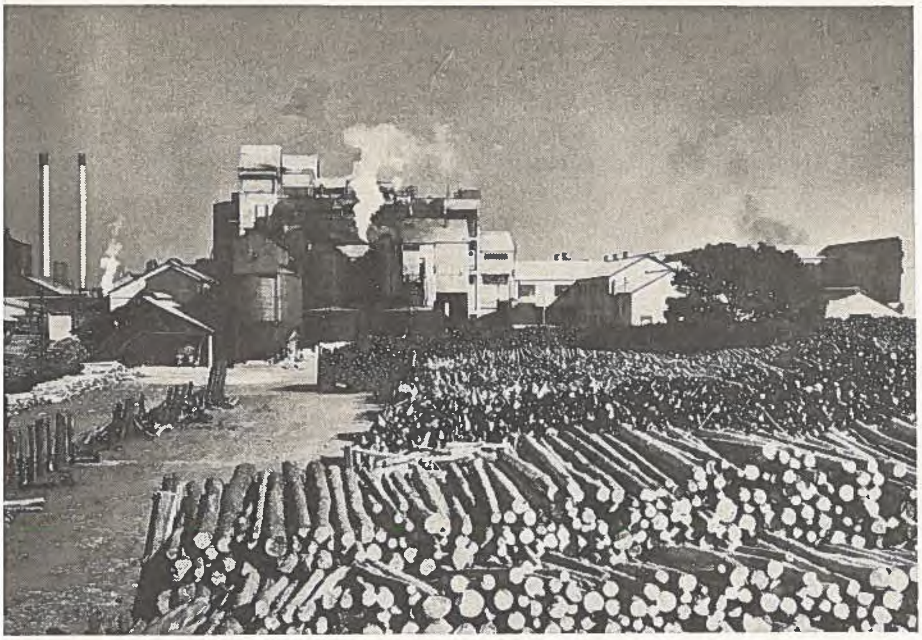
The French Air Force Ministry has ordered the prototype of the Breguet short takeoff cargo plane BR/941, which has a total takeoff weight of 20 tons and a maximum payload of six tons. Cruising at 246 miles per hour, the plane will be able to cover 932 miles with a four-ton load. The Ministry of Public Works has commissioned Max Holste to start laying out plans for construction of its *Super Broussard.*

Sud-Aviation and Dassault, manufacturer of the supersonic *Mirage* bombers, have recently announced construction of a medium-range supersonic airliner capable of flying at about 1,200 miles per hour, flying between Paris and London in ten minutes and Paris and Moscow in one hour. The airliner would be called the *Super Caravelle Sud Dassault,* and four years are likely to elapse before the first prototype is in the air.

Foreign Supplies Needed

With heavy commitments at home and abroad, the French aircraft industry is relying increasingly on foreign ancillary industries for the supply of raw materials, prefabricated components, systems and specialized services. In 1959 France imported $12.5 million worth of aircraft parts and equipment and was Canada's third best market for these, with purchases totalling $833,000. Significant opportunities should arise for Canadian exporters from a prosperous aircraft industry in France as the demand grows for raw products such as aluminum, copper, nickel and titanium.

Despite satisfactory current production programs, there is some uncertainty and anxiety in the industry. French aircraft builders are suffering—like their rivals in the United Kingdom, the United States and Canada—from the problems of the jet age in commercial aviation and the disappearance of the manned aircraft for defence. However, with orders on the books for over 1,500 aircraft and with overseas markets developing swiftly, the short-term outlook is indeed bright. ●



: of the pulp plants of the South African Pulp and Paper Industries Limited, ı across the wood yard. Today, South African mills consume about 22 million ic feet of pulpwood every year, and manufacture some 150,000 tons of paper.

South Africa's Wood-Using Industries

How much pulpwood, pulp and various types of paper does the Union produce and import? What are the chief uses for domestic and imported lumber? This analysis and glimpse into the future should interest a number of Canadian producers.

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

SOUTH AFRICA'S pulp and paper industry is developing rapidly and supplying an increasing proportion of the country's needs. Growing consumption, however, indicates that there will be a market for imports for some years to come.

In 1946 the Union supplied 10 per cent of its paper pulp requirements and imported 90 per cent. Today these proportions are reversed. In 1958, it produced 100,000 tons of paper pulp and imported just under 10,000. Of the 22 million cubic feet of logs cut, 10 per cent were used to produce 32,000 tons of bleached sulphate, 51,000 of unbleached sulphate and 65,000 of bleached cellulose pulp. An additional 20,000 tons of pulp were produced from a combination of bagasse and waste, using a soda semi-chemical process. All the mills producing this pulp (except the rayon pulp mill) are fully integrated paper mills. The sulphate pulp is made chiefly of pine, with small quantities of eucalyptus; the latter is used for cellulose pulp. Another 90,000 tons of defibrated or exploded pulp for the hardboard industry was produced from 4 million cubic feet of wattle, 2.4 million of eucalyptus and 1.6 million of pine. No sulphite or soda pulp and negligible amounts only of groundwood pulp are produced in the Union. But South Africa will always need to import the longer-fibred pulp necessary to produce high-grade papers.

Wood Pulp

South Africa exports none of its paper and hardboard pulp and in 1958 imported 10,000 tons to supplement domestic production. (See Table I). Most of this imported pulp goes to the half-dozen paper manufacturers who have no pulping facilities, supplementing the waste paper that is their main raw material. All the bleached cellulose pulp is produced in the $20 million South African Industrial Cellulose Corporation mill. Its total production is exported as South Africa has no rayon spinning mills at present. The main markets in 1958 were the United Kingdom (42,000 tons), Italy (17,000), and the United States (3,000). There has been some talk of erecting a rayon staple fibre mill to produce 25 million pounds a year, but nothing definite has yet been announced.

The thinning of the maturing pine plantations in the coming decade (see article in the September 24 issue of *Foreign Trade*) will bring a flood of logs most suitable for pulpwood onto the South African market. There could be as much as 40 million cubic feet of pine pulpwood available in 1965 and 55 million in 1970. Compared with the present usage of 12 million cubic feet of pine, this represents a staggering increase. If export markets could be found, one expert feels that three more pulp mills could be built within the next five or ten years.

The very low preferential rail rates on pulpwood allow the pulp mills to be built where adequate water is available and near their market area or on the coast near seaports, instead of near the forests. It also means larger and more economical units can be set up.

TABLE I

WOOD PULP IMPORTS

	1957		1958	
	Cwt.	U.S.$	Cwt.	U.S.$
Sweden	95,470	556,475	96,533	504,000
Norway	41,403	277,200	59,482	389,200
United States	42,962		15,839	72,800
Canada			8,109	37,250
Finland	2,002	7,588	2,238	5,415
New Zealand			1,997	7,100
Germany	337	3,675	699	7,215
Total for all countries	182,175	844,938	184,897	1,022,980

TABLE II

MAJOR PAPER IMPORTS 1958

Exporting Country	Newsprint	Printing	Kraft (in tons)	Specialty Wrapping	Tissue
Canada	50,000	2,460	3,550	70	850
United States		1,860	13,670	1,675	2,580
United Kingdom	20,000	4,370	490	620	770
Norway	5,500	4,650	990	2,620	885
Sweden	1,400	5,460	21,480	3,225	1,620
Finland	2,250	2,625	10,790	720	475
Others		2,690	1,190	1,120	1,925
Total	79,150	24,115	52,160	10,050	9,045
Other papers	5,000				
Cardboard	25,000				
*Grand total of major imports	204,520				

*Does not include paperware and products or board of all types except cardboard.

Newsprint and Paper

In 1935 the Union produced 5,000 tons of paper, and in 1946, 18,000. Today annual production runs to 150,000 tons, as much as the total consumption in 1935. Usage today totals over 350,000 tons and imports still have the larger portion of the market, as Table II shows.

By 1961 the only major types of paper not made in South Africa will be sack, light and explosive kraft, and certain fine-paper specialties like coated label and grease-proof lines. (See Table III). South Africa will always need to import the specialty items, but native pine is suitable for kraft papers of all types and, to a lesser degree, for newsprint and printing paper. As pulpwood becomes available in sufficient quantities, the Union is technically capable of being 90 per cent self-sufficient in paper, with a surplus for export. The next few years may bring remarkable changes in the domestic paper industry. Much will depend on which product has the best export opportunities—pulpwood, pulp, or paper—and whether the Union's per capita paper consumption, at present low compared with other advanced countries, increases in the near future.

South Africa is currently not producing newsprint but one of the present mills is installing a 100-tons-a-day machine and groundwood pulping facilities near Johannesburg and will begin to produce at an annual rate of 22,000 to 25,000 tons next year. The 185-inch trim machine will also be capable of producing mechanical paper from groundwood pulp at an estimated cost of $7 million. Pulpwood supplies will be drawn mainly from a private plantation 200 miles away. About 3 million cubic feet of pinus patula will be used annually for pulping. If the project is successful, the hope is to double the 35-thousand-ton capacity and capture half of the 60 per cent of the Union market (50,000 tons in 1958) which lies in the Witwatersrand and surrounding area, far removed from the coast and thus protected to some extent by the rail freight charges on imported newsprint. This cheaper newsprint is expected to encourage a much expanded market. The market for newsprint is growing by 5 to 7½ per cent a year and although imports might decline at first, they will pick up later and approach their present level of 80,000 tons a year. Canada's sales will probably not be affected by the beginning of production in the Union.

TABLE III

PAPER PRODUCTION AND CONSUMPTION IN SOUTH AFRICA

1959 - 1960

	Estimated national consumption	Present production	Expansion at present under construction by existing companies	Planned future expansion	Balance
	(in tons per year)				
Newsprint and magazine papers	80,000		40,000	30,000*	10,000
Cardboards	55,000	49,000	10,000		†
Bleached writing, printing and printers' boards	47,000	37,000	8,000		2,000
Linerboard (corrugating industry)**	45,000	45,000			
Sack kraft (cement, fertilizers, etc.)	30,000		5,000	25,000	
Fluting (corrugating industry)**	24,000	24,000			
Tissues (fruit wrap, toilet, etc.)	12,000	5,000	5,000		2,000
Wrapping	13,000	13,000			
Bag kraft (groceries, etc.)	11,000	11,000			
Coated printing	8,000		4,000	4,000	
Industrial krafts	7,000	4,000			3,000
Greaseproofs	4,000				4,000
Glassine	2,000				2,000
Krafts for explosive cartridges	5,000		5,000		
Envelope papers	5,000	3,000	2,000		
Total	348,000	191,000	79,000	59,000	23,000

*The initial production of 40,000 tons can be increased to 70,000 tons as market conditions warrant.

**For linerboard and fluting, productive capacity is already in excess of national demand.

†Increased consumption will probably eliminate the apparent over-capacity for cardboard production.

Apart from the ten mills producing both paper and paper products, almost all the paper converters rely on imported paper. Imports in 1958 included 80,000 tons of newsprint, 65,000 of kraft and wrapping paper, 25,000 of printing papers, 22,000 of cardboard and pulpboard, 14,000 tons of fine paper, and about 5,000 tons of miscellaneous specialty papers. The other 14,000 tons of imports consist of miscellaneous paper and paper products. The latest domestic production statistics are given in Table III. Most of this capacity has been installed in the last ten years.

The board industry relies on export markets. The United Kingdom, its main potential market, has proved difficult to crack. Scandinavian competition in price and quality has been severe and the establishment of the European Free Trade Association threatens the preferences that the Union now enjoys. But as technical difficulties are ironed out, South Africa's two hardboard factories should be more competitive, aided by the low cost of raw materials and low wage rates.

Lumber Industry

Apart from the pulp and paper industry, the other wood-using industries in South Africa now consume 100 million cubic feet of domestic roundwood a year and import an equivalent amount. The mines are by far the biggest users of South African wood. Their importance in the future depends chiefly on the rate of development of the new mines in the Orange Free State and far west Rand. Eucalyptus and wattle are the main timbers used for mine supports. Poles are the other major unsawn timber product, accounting for 10 per cent of the Union's production. The discovery of suitable impregnation methods is leading to the more extensive use of eucalyptus and wattle poles. They are still cheaper than steel or concrete and the rapid expansion of electrification in the Union is stimulating demand. Sleepers made from South African eucalyptus are also gaining increasing acceptance because of superior impregnation methods. Previously all sleepers were imported from neighbouring African territories which have more durable indigenous woods and which still supply one-half of the Union's requirements. The South African Railways buy 65 per cent of the sleepers, the gold mines the remainder. In the future, concrete sleepers with a life expectancy of 60 years will become the chief type used.

The other major user of hardwoods is the furniture industry. It obtains 90 per cent of its wood from abroad, mainly from Brazil, Mozambique, West Africa, Southern Rhodesia and Asia. Efforts are being made to encourage greater use of the local eucalyptus and imports can be expected to decline. The furniture industry is also turning more and more to other materials, such as metal, plastic and veneered core-stock. Most of the two million cubic feet of flooring used in South Africa is imported from Scandinavia, Central Africa, Japan and the United States.

The wooden box industry is at present the biggest user of softwoods but structural usage will expand more quickly and some time in the future should overtake it. Wooden boxes for industrial use have lost ground to cardboard, which is lighter, cheaper, accepts printing better, and is easier to handle. Only in beverage cases does wood now hold any substantial part of this market. For agricultural produce, wooden boxes are still used almost exclusively, especially for the export of fruit. The box industry's future prospects depend largely on the growth of these exports.

The future for South African pine as a structural timber is important to the British Columbia lumber industry. If lumber does not become more popular as a residential building material, increasing South African production can be expected to keep pace with normal market growth, leaving imports at their current level but reducing their share of the market. After 15 to 20 years, mature domestic pine will probably cut imports as large logs become available in sufficient quantities. But lumber also has stiff competition from substitute materials such as steel window and door frames and various types of board for ceilings and partitions. One can only hazard a rough guess about the future. Much depends on how the millions of cubic feet of pine that will become available in the future is used.

Development in Swaziland

In the High Commission Territory of Swaziland, a 100-thousand-ton pulp mill is scheduled to get into production in the latter part of 1961. It will produce unbleached sulphate pulp and will export the entire output. About one-half will go to the United Kingdom where it will be bleached and the rest will be exported direct to other world markets. The mill will cost $25 million and is a joint venture of the Colonial Development Corporation (CDC) of the United Kingdom Government and Courtaulds Limited. Pulpwood will be drawn from 100,000 acres of forest planted by the CDC. Swaziland has over 200,000 acres of coniferous forests and adjoins the eastern Transvaal, South Africa's major forest area, which has 60 per cent of South Africa's pine plantations. ●

SYRIA: drought cuts exports

Poor crops of cereals, important Syrian export, have increased trade deficit. Fall in exchange reserves has compelled import restrictions but Canadian exports have not suffered.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE Syrian economy is suffering from the effects of poor crops for three successive years. The latest official estimates put the 1960 wheat crop at 350,000 tons and barley at 150,000—considerably less than half the amounts produced in a normal crop year. Lack of pasture may force the Syrian authorities to import large amounts of hay to feed to sheep and goats.

Prospects for cotton, grown on irrigated land, are much better and production in the current season is expected to reach 98,500 tons. Most of this will be exported but a drop in the export price of cotton has decreased revenue from this source.

Cereal exports normally constitute a major item in the Syrian balance of trade and this year's drought means a probable loss in income of $150 to $250 million. Apart from foreign exchange earned through exports, the trade deficit is partly covered by oil transit royalties from the Iraq Petroleum Company and the Trans-Arabian Pipe Line Company, revenues from the tourist and transit trade, and remittances from Syrians abroad.

Gold reserves fell from $24 million in 1958 to $19 million at the end of 1959. Foreign exchange holdings decreased from $33 million in 1956 to $14 million in November 1959. Syria therefore concluded a stand-by agreement with the International Monetary Fund authorizing her to withdraw $7.5 million during a six-month period to meet her foreign exchange needs.

Because of smaller cereal exports and consequent lack of foreign exchange, the import of automobiles and automobile chassis, motorcycles, washing machines, refrigerators and stoves has been prohibited. This ban will be reviewed in 1961, when the results of the next grain harvest are known.

Another measure aimed at discouraging imports is the obligatory cash deposit with a private bank of 40 per cent of the value of import orders at the time of applying for an import licence. (For raw materials and other essential goods the deposit is cut to 15 per cent.) The import licence is not issued until the deposit has been transferred to the Central Bank. These regulations mean that imports can no longer be purchased or sold to the consumer on credit. The value of orders abroad is restricted by the cash reserves of the individual importer, which are blocked until final delivery of the merchandise. Import activity in general has decreased and importers are not optimistic about short-term prospects.

A further measure designed to conserve foreign exchange and control banking activities is the ruling that government and public administrations can no longer make deposits with commercial banks and derive interest from them. All deposits must now be made with the Central Bank, without interest. The

Bank's restrictions on the purchase of foreign exchange have brought a rise in the free-market dollar and increased the price of imports.

The United Arab Republic Government is making an effort to encourage the building of industries in the Syrian Province as well as in Egypt. The Second Five-Year Plan, to cost an expected S£208.5 million, came into effect on July 1, 1960. It emphasizes the development of the petroleum, metallurgical and manufacturing industries and the training of workers to supply these with manpower.

Other projects originally included in the first five-year plan are to be carried out; they include an oil refinery at Kamishlie, a pulp and kraft paper plant, a fertilizer plant and petroleum storage tanks. The construction of the railway line linking Lattakia on the Mediterranean to Kamishlie in northeastern Syria is now under way; cost will total about S£400 million. It will permit the cheap transport of over one million tons of goods a year, including cereals and other agricultural products from the inland grain areas to the Mediterranean and imports from the port of Lattakia into the heart of the country.

The Syrian authorities also hope to have in operation within three to five years a completely modern airport about ten miles southeast of Damascus. Construction of this airport is to be put up for international tender in 1961.

Last year Syria's exports dropped sharply to S£356.2 million from S£640 million in 1958. The smaller grain harvest and the fall in the world prices of agricultural products were the chief causes of the decline. Imports too fell last year—to S£636.7 million from S£729.6 million, following the restrictions on the import of luxury goods and of other goods produced locally. The trade deficit decreased from S£309.6 million in 1958 to S£280.5 million in 1959. Exports during the first quarter of this year reached S£111.4 million and imports S£211.3 million, compared with S£86.3 million and S£156.4 million in the first quarter of 1959.

Canadian exports to the Syrian Region rose from Can.$766,792 in 1958 to $1,073,528 in 1959, with barley accounting for just under two-thirds of the total. Other commodities shipped included steel plates, sheets and strips; woollen outer garments, wool rags and waste; medicinal preparations; Douglas fir lumber, and tires. In the first six months of this year, our sales reached $293,000 compared with $181,000 in the first half of 1959, when no barley was sold.

Imports into Canada from Syria in 1959 reached Can.$188,790, compared with Can.$200,422 in 1958. In the first quarter of 1960 they totalled Can.$3,670 (1959, Can.$3,929) and consisted almost entirely of tobacco.

Prospects for sales of Canadian manufactured goods in Syria are not encouraging, in view of current import restrictions and the gradual industrialization taking place. However, there is a market for building materials, newsprint, kraft and other paper, milk powder, nylon and rayon yarns. The Syrian market is extremely price-conscious and the Canadian exporter should bear in mind that it is difficult to compete with the prices quoted by European and Asiatic countries. ●

Peru's Industries Import Raw Materials

PERU'S industrial development has increased the demand for raw materials and, though factories tend to use local supplies whenever possible, many have to be imported.

Industrial production increased from $37 million in 1942 to $436.5 million in 1959, with the most significant development taking place since 1950. From 1950 to 1957, it rose by 4.7 per cent on the average and, following a 0.8 per cent decrease in 1958, increased again in 1959 by 4 per cent over the previous year.

Peruvian industry comprises some 4,500 firms, representing a capital investment of over $218 million. The most important products turned out are textiles, flour, petroleum byproducts, beer, cement, footwear, alimentary pastes, rubber tires, processed milk, paper, cottonseed oils (refined, deodorized, raw and vegetable lard), beverages (alcoholic and non-alcoholic), metal containers and soaps.

Peru is steadily diversifying her range of manufactured products. Recent examples are:

—a wire plant, initially producing 250 tons per month

—a plant producing electric subterranean cables

—an electrode plant, producing electrodes and soldering materials

—a plant making alloys of brass, white anti-friction metal and printers' metal

—a new $13 million synthetic fertilizer plant that will produce annually 1,500 tons of nitric acid, 25,000 tons of ammonium nitrate, 18,000 tons of ammonium sulphate, 1,000 tons of ammonium anhydride, and hydrogen.

During the period January-April 1960, approximately 25 new enterprises were registered to make such things as nylon yarns, liquors, pharmaceuticals, wire, textiles, machines and tools, plastics, zippers, tiles, car bodies, canned foodstuffs, bicycles, radios, basic paper products, industrial gases, metal goods, aluminum heels for footwear, tire vulcanizers, and steel furniture. The capital investment in these new companies exceeds $2.5 million.

The use of local raw materials whenever possible is particularly evident in the manufacture of textiles, leather footwear and edible oils. However, Peru must import chemicals and other raw materials for her tanneries, pharmaceutical laboratories, textile, paint, wine and mining industries. Canadian exporters should explore the market possibilities for these products, keeping in mind that price and credit are important factors.

—J. S. BRUCE, *Office of the Acting Commercial Secretary, Peru.*

Commodity Notes

Aircraft

BRAZIL—Delivery of ten aircraft entirely manufactured in Brazil was made recently to the Brazilian Aeronautical School by the Fabrica de Avioes de Galeao (Galeao Aircraft Plant), formerly "Fokker do Brasil". These three passenger planes will be used for training Brazilian Air Force pilots. The aircraft is a revised model of the Fokker S-2 and has a maximum speed of 300 kilometres per hour and a cruising speed of 130. The cost of each plane is reported to be approximately Cr.$6 million—Rio de Janeiro.

Aluminum

JAMAICA—The Aluminum Company of America, the fourth company to enter this island to mine bauxite, will soon embark upon a U.S.$15 million program for building a plant, port and harbour. Construction is expected to take from 2 to 2½ years. Bauxite exports account for 8.4 per cent of Jamaica's gross national product and Alcoa's arrival will increase production by a million tons a year. The aluminum companies represented here are Alumina Jamaica Ltd., a subsidiary of the Aluminum Company of Canada, and the two locally registered companies of the Kaiser and Reynolds organizations in the U.S.—Kingston.

SPAIN—Spain's aluminum production in 1959 reached 22,642 tons, an increase of 6,494 tons over 1958. (In 1935 output was only 1,000 tons.) The new ENDASA plant at Avilés, a government-controlled company, is largely responsible for this increase. When the two new plants at La Coruña and Vigo begin operations, Spain's annual capacity will total 60,000 tons. During 1959 aluminum ingot worth some 30 million pesetas was exported—Madrid.

Batteries

CEYLON—A new company, the Battery Corporation of Ceylon Ltd., will manufacture automobile batteries in Ceylon. Machinery for this project has been ordered from Germany and the factory is expected to go into production during the early part of 1961. During the first year 10,000 batteries will be made with a final target of 40,000 a year, the island's annual demand. At the moment 85 per cent of Ceylon's batteries are imported and the other 15 per cent made locally. There are over 120,000 automobiles registered in Ceylon—Colombo.

Calcium Carbide

INDIA—Industrial Chemicals Limited has commenced production of calcium carbide in its new plant in south India with an annual capacity of 10,000 long tons. This is the third and by far the largest calcium carbide plant to be established in India. The two existing units have a combined annual capacity of only 4,125 metric tons. Because India's imports of calcium carbide in 1959 totalled approximately 8,500 metric tons, the Industrial Chemicals plant should make her self-sufficient—New Delhi.

Dairy Herds

VENEZUELA—The Minister of Agriculture has announced that 40 million bolivars, which represents almost half of the funds expected for the program of expanding livestock production, will be used to finance the development of dairy herds—Caracas.

Insulated Cable

INDIA—A plant to make rubber-insulated and thermoplastic wires and cables will be set up in the State of Gujerat. It will cost Can.$1.4 million and a British firm, Johnson and Phillips Ltd., is expected to collaborate in the venture—Bombay.

Mine-Shaft Boring Machine

AUSTRIA—The Oesterreichische Alpine Montangesellschaft has started production of a mine-shaft boring machine based on the Wohlmeyer process and intended principally for mining and tunnel construction. This is said to be the first fully automatic one-man machine that can hollow out rock faces efficiently without dynamite. Using dynamite, a seven-metre advance can normally be made in 24 hours; it is claimed that with the new machine, a five-metre advance is possible in one hour. Uninterrupted work at no reduction of speed under varied rock conditions is feasible with remote-control instruments installed in the machine—Vienna.

Motor Vehicles

CEYLON—According to the Commissioner of Motor Traffic, registered motor vehicles in Ceylon at the end of 1959 totalled 123,447 compared with 112,216 in 1958, an increase of 11,231. Because the rate of duty is higher on larger cars, most of Ceylon's automobile imports consist of smaller models from Britain and the Continent—Colombo.

Paper

VENEZUELA—The Export-Import Bank has granted a credit of $1.5 million to C.A. Venezolana de Pulpa y Papel (Venepal) to finance the construction of a pulp and paper plant in Caracas. The "Venepal" plant uses sugar cane bagasse for its pulp and produces paper for sacks, linerboard, and corrugated paper—Caracas.

Paper Bags

UNITED STATES—Louisiana stands second in national production of paper bags. Output in 1958 totalled $77.5 million, exceeded only by New York's $104.7 million. Value of the shipments included not only the bags themselves, but also secondary products considered primary in other industries, plus receipts for contract work, resale of products, etc.—New Orleans.

Paper Mill

GUATEMALA—Central America's first paper mill, the $2.5 million plant set up by Industria Papelera Centroamericana S.A. at Los Cerritos, Escuintla—60 miles south of Guatemala City—has recently concluded test runs and has gone into production. Financed by Guatemalan and U.S. capital, it has a Foudrinier machine (110″ trim, 1,000 ft. per minute maximum speed) and a daily capacity of from 40 to 50 short tons for kraft, bond and tissue papers in all sizes and grades. At present 25 per cent of the raw materials used are produced locally. By December, when sugar cane bagasse will also be used, 50 per cent of all raw materials will be Guatemalan. When kenaf becomes available within the next three or four years, local raw materials will be used exclusively—Guatemala City.

Petrochemicals

UNITED STATES—The Middle South, which includes Arkansas, Louisiana and Mississippi, is included among areas being considered for location of a $50 million complex of petrochemical plants. Monochem, Inc., a new company formed by U.S. Rubber Company and the Borden Company, initially will convert hydrocarbons in natural gas into chemicals for plastics. Several sites along the Mississippi River have been optioned—New Orleans.

Photographic Supplies

PORTUGAL—Authorization has been granted to set up the company Turaphot Portuguesa Lda. It will produce films for photography, radiography, and cinema use and special types of paper used in photography, photo-technical processing, and X-ray—Lisbon.

Pulp and Paper

SWEDEN—Plans for ASSI's (AB Statens Skogsindustrier) new sulphate and paper mills at Lövholmens Bruk, Piteå, are nearing completion, and building will begin shortly. Kraft paper for the packaging industry will be the main product and plant capacity will total about 100,000 tons a year.

Bäckhammars Bruk AB, Björneborg, manufacturers of sulphate pulp and kraft paper, are to invest $6 million over the next two years. A new paper machine is scheduled to go into operation early in 1962 and the sulphate mill is to be extended—Stockholm.

Steel

UNITED STATES—Florida became the leading state along the Atlantic Coast in the import of steel-mill products in May 1960, according to the American Iron and Steel Institute, with imports that totalled 23,159 tons. New York trailed with 22,601. Texas was the biggest importer of steel with 47,938 tons, and New Orleans brought in 22,574—New Orleans.

Steel Tubes

INDIA—The Government of India has licensed an Indian firm to start manufacturing steel tubes. The factory, which will be located near Nagpur in the State of Maharashtra, will have a capacity of about 50,000 tons a year and will cost about Can.$2 million—Bombay.

Telephone Equipment

BRAZIL—By the end of 1962, 85 per cent of the telephone equipment used in this country will be domestically produced. The changeover will be gradual, in line with the program established by the Council of SUMOC (Superintendency of Currency and Credit of the Bank of Brazil)—i.e., 30 per cent of products of national origin in 1960, 50 per cent in 1961 and 85 per cent by the end of 1962.

Standard Electric and Ericsson and Siemens, the local manufacturers of telephone equipment, have undertaken to produce units for 65,000 lines in 1960,

88040-1—3½

80,000 in 1961 and by 1962 have an annual capacity for 95,000 lines—Rio de Janeiro.

Timber

NEW ZEALAND—The Timber Export Duty Revocation Order, 1960, removes the duty payable on certain classes of white pine and kauri when exported from New Zealand; no type of timber now pays any export duty. However, all timber is still subject to the Export Prohibition Regulation, 1953, and the exporter must obtain an export permit—Wellington.

Tires

BRAZIL—During the first three months of 1960, 1,440,080 pneumatic tires were made in Brazil, using 8,800 tons of natural rubber. There were over 408,000 automobile and over 342,000 truck and bus tires produced. The remainder consisted of tires for bicycles, tractors and aircraft—São Paulo.

FRANCE—Société Africaine Michelin will build a 6,000-ton-a-year tire plant at Hussein-Dey, Algeria. The project will cost about $6 million. Most of the output will go to Algeria, with certain amounts slated for Morocco and Tunisia—Paris.

Whalemeat

BRAZIL—The Sociedade de Pesca Taiyo Ltda, a subsidiary of the Taiyo Fishery Co. Ltd. of Kobe, Japan, has established a whaling station in Cabo Frio, State of Rio de Janeiro. In its initial stages the company is employing mostly Japanese technicians and equipment. Operations began in July and whalemeat is now on the market—Rio de Janeiro.

Exporters to Meet

TRADE "clinics" covering various trading areas of the world will be one of the features of the Canadian Exporters' Association annual convention, to be held at the Seigniory Club, Montebello, Quebec, on October 17 and 18. Officers of the Department of Trade and Commerce plus experienced exporters will discuss with the delegates such pertinent exporting problems as markets, terms, insurance, financing, publicity, the use of trade fairs, etc. The clinic on the 17th will examine the United States and Latin America; on the 18th, the focus will be on Commonwealth and Colombo Plan countries, the Communist countries, the European Common Market and the European Free Trade Area. For further information about the convention, write to the Canadian Exporters' Association, 276 St. James St. W., Montreal 1, Canada.

New England's Electronics Industry

Dramatic growth of electronics manufacturing in a region close to Canada may mean opportunities for supplying Canadian components, particularly for defence contracts. This report includes a useful list of major New England electronics companies.

J. C. DEPOCAS,
Consul and Trade Commissioner, Boston.

NEW ENGLAND has made a big contribution to the growth of the electronics industry in the United States, despite a lack of raw materials and the handicap of high transportation costs. Today, thanks mainly to development in Massachusetts, the area ranks high in the electronics field and in certain branches is the undisputed leader.

There are currently 700 electronics plants in the New England states, compared with 770 in an area including California and ten other Western states. The area adjoining Boston has 500 plants, as against 461 in the Los Angeles area and 144 around San Francisco. Route 128, which runs in a semicircle around Boston, has been nicknamed the "Main Street" of industrial electronics; the four-mile stretch along this route on the edge of the city of Waltham is known as "Electronics Valley". (Out of a total of 216 industrial plants, Waltham has 98 electronics factories.)

Two factors have proved important in the growth of the industry in New England. One is the good supply of skilled labour, both men and women, available at lower cost than in some other parts of the United States. Second, such famous institutions as Harvard, M.I.T., Northeastern, Lowell Tech, and Worcester Polytech furnish a continuous supply of engineers and scientists. In addition, laboratories sponsored by these educational institutions are engaged in a substantial program of research and development for the Government.

Further Development Coming

The electronics industry, with 98,000 workers, now ranks third as an employer of New England labour, just after textiles and non-electrical machinery. Two-thirds of the industry is located in Massachusetts; Connecticut is in second place. However, the larger companies that are expanding now and have further growth in mind are looking northward; already Lewiston, Nashua, North Winshaw, Woonsocket and

LEADING NEW ENGLAND ELECTRONICS FIRMS

(With headquarters in New England)

Name	Number of Plants	Number of Employees	Total Assets (1957-1959)	Annual Sales (1957-1959)
			(in thousands of dollars)	
Aerovox Corporation New Bedford, Mass.	1	1,000+	$12,700	$22,000
Manufactures electronic components, including several varieties of capacitors, resistors, and test instruments for testing resistance and inductance.				
Baire-Atomic, Inc. Cambridge, Mass.	1	250/500	3,400	7,036
Primarily engaged in the design, development, manufacture and sale of optical and atomic electronic products.				
Barry Controls, Inc. Watertown, Mass.	2	250/500	2,998	4,434
Manufactures shock vibration and noise isolators. Also acts as engineering consultant on related problems.				
Clarostat Mfg. Co. Inc. Dover, N.H.	1	1,000+	2,472	7,207
Manufactures transistors, diodes and testing equipment for transistors.				
Edgerton, Germeshousen & Grier, Inc. Boston, Mass.	1	500/1,000	877	5,675
Engaged in research and development work on special electronic apparatus including stroboscopes, flash tubes, high-speed and electric-flash photography, transient cathode-ray equipment, oscillography and special types of recording photographic devices, timing and control equipment.				
Electronics Corp. of America Cambridge, Mass.	1	500/1,000	8,398	8,037
Produces electronic controls for automatic control, recording and monitoring of industrial processes and manufacturing operations. Develops and produces explosive extinguishing systems for installation on aircraft and in industrial plants. Designs and engineers special products and equipment for Navy and maritime industries.				
Epsco, Inc. Cambridge, Mass.	1	500/1,000	5,560	6,070
Manufactures high-speed data-processing instruments, equipment, systems, and components, and electrocardiographs.				
Foxboro Co. Foxborough, Mass.	1	1,000+	26,840	33,481
Manufactures indicating, recording and controlling instruments for temperature, pressure, flow and liquid level.				
The Ganewell Co. Newton, Mass.	1	250/500	15,539	20,746
Manufactures and installs fire-alarm and police-signal systems. Also produces potentiometers.				
General Communications Boston, Mass.	1	100/250	1,894	3,774
Manufactures basic electronic equipment, principally coaxial switches and interrogator equipment for the Government.				
General Radio Co. West Concord, Mass.	1	500/1,000	8,864	12,027
Specializes in laboratory measuring, monitoring and production test equipment. Products include broadcast monitors, signal generators, wave analyzers, audio oscillators, frequency meters and voltmeters.				
High Voltage Engineering Corp. Burlington, Mass.	1	250/500	5,913	5,769
Manufactures electrostatic generators and accelerators for medical, scientific and industrial uses. Also manufactures nuclear high-voltage equipment.				

Waldoboro are new points on the electronics map. Among the companies which are opening new plants or thinking of expanding are Raytheon, Sylvania, CBS Electronics, Itek, and Clevite Transistors Corporation.

The automobile industry is now entering the picture. A.C. Spark Plug, a division of General Motors, is moving into Wakefield. Gabriel Co. of Cleveland, manufacturers of shock absorbers, will make microwave antennas and systems at Millis, Massachusetts. Ford has opened a small space-research laboratory in Natick. These are considered only the first steps by these firms which may be planning to develop their own products instead of limiting themselves to the manufacture of components for other companies' designs. Among the other non-New England firms in operation in New England are Avco Manufacturing Corporation of New York; Bomac Laboratories, a subsidiary of Varian Associates of Palo Alto, California; Dalamatic Corporation and Marion Electrical Co., both subsidiaries of Minneapolis Honeywell of Minneapolis; RCA of New York; Sigma Instruments, subsidiary of Fisher Pierce Co. Inc.; Western Electric, General Dynamics, etc.

Dependent on Defence

One conclusion to be drawn from the figures for factory sales and future production, on page 17, is that New England has only a minor share of the business in consumer electronic products and this share is not expected to increase during the next decade because the difficulties which stand in the way cannot be easily overcome. New England manufacturers are comparatively remote from the large American markets. Consequently, transportation costs put them at a disadvantage in competing against manufacturers more centrally located.

The New England electronics industry is now prospering, but it cannot forget or ignore the fact that it derives its strength from defence

LEADING NEW ENGLAND ELECTRONICS FIRMS

(With headquarters in New England)

Name	Number of Plants	Number of Employees	Total Assets (1957-1959)	Annual Sales (1957-1959)
			(in thousands of dollars)	
Hermes Electronic Co. Cambridge, Mass.	1	100/249	1,447	2,643
Is engaged in research into development and manufacture of foreign communications systems. Also does research and production for government contracts on crystal filters, ultra-stable oscillators and digital products.				
Itek Corp. Waltham, Mass.	1	500/1,000	13,300	25,057
Produces microwave spectrum analyzers, multipulse gating units, and variable frequency power supplies. Also does research and development work.				
Laboratory for Electronics, Inc. Boston, Mass.	1	1,000+	9,413	20,410
Manufactures electronic instruments and equipment, including navigation systems, radar, and components of computation systems. Also does electronic development and research work of a classified nature for government agencies.				
Microwave Associates Burlington, Mass.	1	250/500	2,997	4,327
Manufactures radar components, UHF tubes, RT tubes and magnatrons. Does engineering consultant and research work.				
National Co., Inc. Malden, Mass.	2	250/500	5,112	7,434
Manufactures radio-receiving and transmitting equipment. Other products include special testing equipment.				
The Raytheon Co. Waltham, Mass.	34	40,000+	153,428	375,156
Does basic research in the general field of applied electronics, nucleonics, microwave, ceramics, irradiation and sonics. Produces microwave and power tubes, radar, radio communication and missile systems, as well as the component parts.				
Sanborn Company Waltham, Mass.	1	500/1,000	6,454	13,002
Manufactures medical diagnostic apparatus, including cardiographs and metabolism equipment. Also manufactures electrical industrial amplifier and recording systems.				
Sanders Associates, Inc. Nashua, N.H.	2	1,000+	5,371	10,659
Manufactures electronic units which include guided missile systems and navigation aids. Also provides engineering development, designing and consulting services on related electronic products.				
Sprague Electric Co. North Adams, Mass.	3	1,000+	29,416	43,194
Manufactures various types of electrical capacitors, resistors and filters.				
Technical Operations, Inc. Burlington, Mass.	2	100/250	2,984	3,368
Activities include mathematical research, chemical research and development work in the field of electronics.				
Tracerlab, Inc. Waltham, Mass.	1	500/1,000	7,042	10,324
Engaged in development, manufacture and sale of nucleonic instruments and equipment to detect, measure and utilize radioactive elements, and industrial control apparatus employing such elements. Also handles and processes radioactive chemicals for resale.				
Transistron Electronic Corp. Wakefield, Mass.	1	1,000+	22,780	30,913
Develops and manufactures semi-conductor products. Output includes silicon and germanium transistors, gold-bonded germanium and silicon diodes, and silicon rectifiers.				

Trans-Sonics, Inc. Burlington, Mass.	1	100/250	1,676	3,251

Produces precision transducers, including types specifically designed for the measurement of absolute and differential pressures, gas and liquid temperatures, air-mass flow, liquid level altitude and vertical speed.

Texas Instruments Metals & Controls Div. Attleboro, Mass.	1	1,000+	53,591	91,954

Produces nuclear fuel elements and components, thermostat controls, circuit breakers, precision switches and temperature controls.

Electronics products are grouped under three main headings—consumer, components and military. Factory sales for the national industry in 1957 and 1959 were:

Year	Consumer	Components	Military	Total
		(in millions of U.S. dollars)		
1957	2,500	1,520	2,890	6,910
1959	2,650	1,520	4,950	9,120
of which the New England share was as follows:				
1957	130	190	300	620
1959	132	190	535	857

The same source that compiled the above information (using the berru projection method of estimating) gives the following figures for future U.S. production:

Year	Consumer	Components	Military	Total
		(in millions of U.S. dollars)		
1960	2,840	1,700	2,650	10,790
1965	3,740	2,500	13,001	19,250
1970	4,270	3,400	11,005	18,720
of which New England's share is expected to be:				
1960	139	217	688	1,044
1965	165	332	1,561	2,058
1970	166	469	1,437	2,072

spending by the U.S. Government and that many of the fundamental decisions that affect it are not made locally but in the Pentagon. A decrease in defence outlays would vitally affect many industries in many parts of the country, but a reduction in government contracts would be more serious for the New England electronics manufacturers than, say, for those in Calfornia. Present plans for expansion may have to be modified if the situation changes, since New England firms depend so heavily upon military needs and cannot look to the manufacture of consumer goods to take up the slack.

Published statistics indicate that about half the loading of the U.S. electronics industry is in defence, of which a good portion is concerned with the defence of the U.S./Canada region. The military co-operation of the two countries has involved the integration of defence systems and it has been more economical for major items to be supplied from U.S. companies, with a consequent increased defence expenditure by Canada in the United States. To offset this and permit Canadian participation in defence development and production, arrangements have been made to waive the Buy American Act and for the use of duty-free entry certificates for certain Canadian supplies.

Thus where Canadian industry has competence in items which can be used in defence, it has the opportunity to compete in the U.S. Such opportunities will be greater in the New England area because of its geographical proximity to the centres of the Canadian electronics industry. ●

First Trip?

ARE you planning a first visit to investigate foreign markets? Seasoned business travellers offer some suggestions:

One, don't try to cover too much ground. Two, don't tie yourself down to a rigid schedule. Three, inquire about holidays abroad before you leave or you may find yourself twiddling your thumbs in a half-deserted city.

A Canadian export manager when he was new to the job hurried down to Latin America and in ten weeks visited 18 countries. He discovered that travel fatigue accumulated and his efficiency declined. Today he advises the novice to restrict himself to less than six weeks of travelling and not to cover more than four or five countries. To keep in top form, he recommends about 3½ weeks.

If you are a first-time traveller, you will want to become familiar with the business climate and the demands of the market and you cannot foresee how long this will take. That's why too much advance planning of your trip can be a drawback. This is particularly true if you intend to choose agents: you should not make a hurried decision because it may mean a wrong choice.

Veteran export managers have additional advice to offer. Don't attempt to appraise a market too quickly and while you are still immersed in the competitive situation there. Move on to the next country, sort out your impressions, and then reach conclusions and make recommendations. Your perspective will improve with distance. "Record the facts on the spot," says one exporter, "but analyze them and make your decisions elsewhere."

"Record the facts" brings up the problem of reports. Most travellers find it essential to write up or dictate notes on business calls immediately, while the discussions are still fresh in their minds. Few do more than this while they are still on the wing, but some airmail a fuller report, section by section, back to home office. This serves as a draft of the final report.

Most companies supply report forms that include an "action box", for recording matters that require action immediately or within a short time. This makes follow-up easier.

NIGERIA B

This young Nigerian herding his family's cattle belongs to … Fulani, one of the two main tribes in the Northern Region a… the biggest cattle-owners. Cattle-raising, an important industry, … largely carried on in the dry savannahs of the north that are free fr… the tsetse-fly scourge. Cattle hides from this region are export…

THE Federation of Nigeria, which achieved its independence on October 1, 1960, has the largest population of any African country, a variety of terrain, of people and of natural resources, and carefully framed plans for economic development.

Along the coast of Nigeria, the land is swampy or overgrown with mangrove trees. Back of this belt lies the tropical forest, where oil palms, cocoa and mahogany trees flourish. The northern part consists of open, parklike country and grass savannah and merges eventually with the Sahara. The tribes living there raise cattle and goats (morocco leather comes from their Sokoto goats) and grow cotton and peanuts, important export crops.

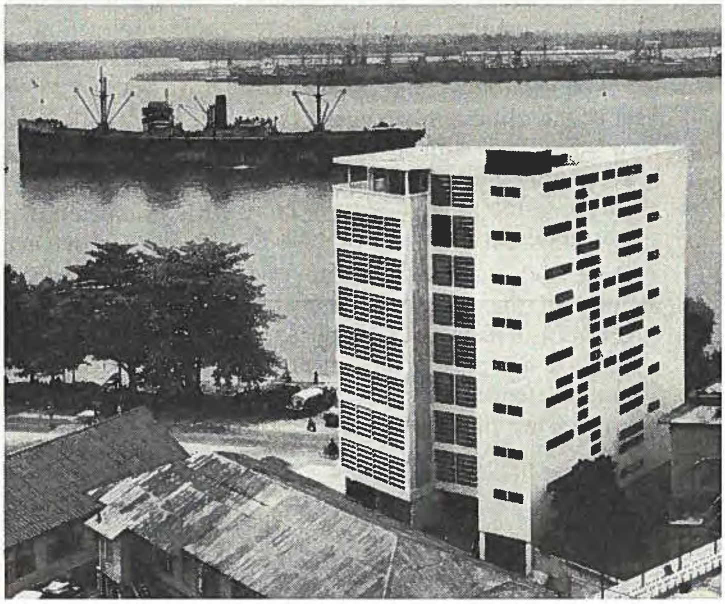
Most Nigerians make a living from agriculture, either by working small subsistence plots or by raising the products that make up 85 per cent of total exports—palm kernels, palm oil, peanuts, rubber, cocoa, cotton, bananas and benniseed. Shipments of these eight commodities earned an estimated £133 million in 1959. Marketing of the main agricultural exports is carried on by four regional marketing boards, which protect producers against price fluctuations and provide funds for development of these crops.

Though agriculture is pre-eminent, industry too is expanding. Palm oil processing and the weaving of cloth were the first industrial enterprises. Since 1947, progress has quickened and Nigeria now has factories making plywood, cement, plastics, soap, cigarettes, beer, aluminum products, and so on. The "Made in Nigeria" pavilion at the Nigeria Exhibition opened in Lagos on Independence Day contains displays by over 110 manufacturers.

The country's mineral resources include tin, columbite and coal. Greatest interest centres around oil, obtained from wells in the Eastern Region. The first crude was exported in February 1958 and it is now being shipped at the rate of 800,000 tons a year.

In the years ahead, Nigeria will need foreign capital and enterprise in developing natural resources and creating industries. With this help, and her own vigorous efforts, the new Nigeria hopes to outstrip her record of the past ten years. ●

Lagos, capital of Nigeria, is a Federal District and also one of the two main ports in the country. Beyond the modern Co-operative Bank Building in the foreground lies the harbour and Apapa Wharf. About 363,000 people live in Lagos.



COMES A NEW NATION

The coal mines at Enugu, Eastern Region, provided the country with about 685,000 tons in 1959-60. The railways used about half of this and the Electricity Corporation one-fifth, but switch to oil is beginning to affect sales.

Nigerians produce cocoa, mainly on smallholdings; account for about one-seventh of world crop. Agricultural experts are training farmers in the spraying of plants to control disease.

The oil palm grows in Nigeria's tropical-forest belt; the palm oil and palm kernels it yields were sold abroad by 1785; now lead all other exports, earn £39 million every year. More palm-oil mills are now being built.

Cotton is raised chiefly in the Northern Region; is delivered at ginneries like this one, run by the Regional Marketing Board. Ginneries also distribute seed from high-yielding cotton.

Trade and Commerce Goes to Nigeria

EARLY this year, the Minister of Trade and Commerce announced the establishment of an office of the Trade Commissioner Service in Lagos, Nigeria. In mid-September, just before the celebration of Independence Day, Howard W. Richardson arrived in Lagos to take up his duties as Commercial Counsellor to the High Commissioner for Canada in Nigeria.

Up to this time, the Commercial Secretary for Canada in Accra, Ghana, has had the added responsibility of promoting trade with Nigeria. Until the beginning of 1959, our sales there were restricted by import controls; in 1958, totalled only $337,000. The relaxation of these controls in January 1959 immediately improved the trading opportunities and last year our exports jumped to $978,000. Flour bulks largest in our sales to Nigeria (over two-thirds by value of our 1959 total) but we also ship automobiles and parts, aluminum products, shoe and mining machinery. As Nigeria's industries expand, the demand for machinery and equipment and for raw materials should grow, and as national income increases, the opportunities for selling staple consumer goods should become more promising.

Mr. Richardson brings to the development of our trade with Nigeria experience acquired in three widely separated posts—Bogota, Colombia; Athens, Greece; and Guatemala City, Guatemala, where his territory included all of Central America. Born in Essex, Ontario, he graduated with a Bachelor of Commerce degree from Queen's University and entered the Trade Commissioner Service after war service with the Canadian Army.

At present Mr. Richardson is operating in temporary quarters but expects to be settled and able to handle trade inquiries or correspondence from Canadian businessmen after November first. ●

More about Nigeria

1960 the Year of Independence

Commerce in Nigeria, vol. 3, no. 3. Official Organ of the Lagos Chamber of Commerce, Inc.

Business Conditions in Nigeria

Foreign Trade, Ottawa, May 7, 1960, p. 6.

Economic Survey of Nigeria 1959

Published by the National Economic Council. Printed by the Federal Government Printer, Lagos. 132 pages, plus 4 maps.

The Federation of Nigeria

External Affairs, Ottawa, April 1960, p. 578-83. Published monthly by the Department of External Affairs, Ottawa.

Focus on Nigeria

International Trade Review, New York, January 1960, p. 21. Published monthly by the International Division of Dun and Bradstreet, Inc., New York.

Handbook of Commerce and Industry in Nigeria

Compiled and published by the Federal Department of Commerce and Industries, Lagos. Reprinted December 1957. 255 pages, plus map supplement.

Investment Possibilities in the Eastern Region of the Federation of Nigeria

Eastern Region of Nigeria Official Document no. 11 of 1960. Government Printer, Enugu. 45 pages.

Nigeria: Colorful Land Going Places

New Leader, New York, February 1960, p. 10-11. Published weekly in New York by the American Labor Conference on International Affairs.

Nigeria Deploys Its Attractions

Times Review of Industry, London, February 1960, p. 66-67. Published monthly by the Times Publishing Company Limited, London.

Nigeria on the Eve of Independence

World Today, London, March 1960, p. 101-9. Published monthly by the Royal Institute of International Affairs, London.

Nigerian Industry Expands, Creates Demand for Imports and Investment

Foreign Commerce Weekly, Washington, July 18, 1960, p. 8. Published by the United States Department of Commerce, Washington, D.C.

Markets in Brief

NIGERIA

Area: 373,250 square miles.

Population: 36 million (estimate).

Climate: tropical to sub-tropical. Southern areas tropical, with 70-150 inches of rain per year. Northern areas sub-tropical, with minimum of 20 inches per year of rain, a dry season and wide temperature variation daily.

Language: English is the language of business.

Currency: linked to sterling. £N.=£1 sterling=Can.$2.74, approximately.

Weights and measures: avoirdupois and linear.

Capital: Lagos, at sea level.

Chief ports: Lagos/Apapa, Port Harcourt, Sapele, Warri, Degema, Calabar, Victoria and Tiko.

Marketing centres: Lagos (population) 363,000; Ibadan 500,000; Kano 130,000; Enugu 63,000; Ogbomosbo 140,000; Oshogbo 122,000; Katsina 52,000; Abeokuta 84,000; Onitsha 76,900; Port Harcourt 72,000; Ilesha 72,000.

Economy: based on agriculture—(palm kernels and palm oil; cocoa; peanuts, oilcake and meal; cotton and cottonseed; rubber and benniseed, with some African woods and hides and skins.)

Total Nigerian imports: 1959—U.S.$502.4 million; 1958—U.S.$467.3 million.

Chief imports: 1959 (in U.S. dollars)—food, beverages and tobacco $74.5 million; transport equipment, including road vehicles, $71.7 million; machinery and parts, other than electric, $44.5 million; cotton fabrics, $42.5 million; synthetic fabrics, $23.2 million; chemicals and pharmaceuticals, $29.7 million; mineral fuels and lubricants, $29.1 million.

Chief suppliers: 1959 (in per cent of total imports)—United Kingdom 45.7, Japan 10.5, West Germany 6.7, United States 4.4, Netherlands 5.4.

Value of imports from Canada: 1959—$977,395; 1958—$336,720.

Chief imports from Canada: 1959 (in per cent)—wheat flour 71, passenger vehicles 15.

Total Nigerian exports: 1959—U.S.$458 million; 1958—U.S. $380 million.

Chief exports: 1959 (in U.S. dollars)—palm oil and palm kernels $111.3 million, cocoa $107.2 million, peanuts and peanut products $94.6 million, rubber $32.5 million, cotton and cotton seed $23 million, timber (logs and sawn) $16.9 million, tin ore $11.8 million.

Chief markets: 1959 (in per cent of total exports)—United Kingdom 50.2, Netherlands 16.2, West Germany 8.3, United States 7.3, Italy 4.6.

Value of Canadian purchases from Nigeria: 1959—Can. $3,086,419; 1958—Can.$2,374,130.

Chief Canadian purchases: 1959 (in per cent of total)—cocoa beans 86, crude rubber 12.

Dollar exchange: freely available.

Prices: quote in sterling, c.i.f. Lagos or Port Harcourt.

Samples: commercial samples of negligible value and advertising material having no other value are exempt from import duty.

Trade agreements: Canada has no separate trade agreement with Nigeria. The Nigerian tariff structure does not provide for Commonwealth preference.

Import controls, documentation, customs tariffs, marking and labelling: all goods from Canada except sugar, coal, petroleum products, gold and gold products and used clothing may enter Nigeria without import trade control licences. Consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail recommended; letters 25 cents per half-ounce.

For detailed information on this market write to:

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

or (after November first)

Commercial Counsellor
Office of the High Commissioner for Canada
P.O. Box 851
Lagos, Nigeria.

Fairs and Exhibitions

Blackpool Fancy Goods Fair World Wide

THE *International Gifts and Fancy Goods Fair* held at Blackpool in February each year has become one of the outstanding exhibitions of its kind in Europe, attracting buyers from all over the world. Canadian exporters of giftwares might well consider the opportunities for selling their products by exhibiting either directly or in co-operation with their British agents.

From a modest beginning at Harrogate in 1950 with 17 exhibitors, the fair has grown enormously; last year there were over 1,000 exhibitors, using 350,000 square feet of display space. For the 1961 event an additional 20,000 square feet has been secured to meet the steadily expanding demand for space.

The fair is international in scope, with products exhibited in 1960 from Austria, Belgium, Canada, Czechoslovakia, Communist China, Denmark, France, West Germany, the Netherlands, Hong Kong, Italy, India, Japan, Norway, Spain, Switzerland, Sweden, and the Middle and Far East. The merchandise shown covers a wide range. On display in February were brassware, copperware, silverware, jewellery, lamps, lampshades, table mats, fine art reproductions, pipes, lighters, leather goods, travel goods, handbags, stationery, umbrellas, clocks and watches, fine china, glassware, pottery and wrought iron.

During the five days of the 1960 show, over 30,000 buyers attended, including some 5,000 to 6,000 from outside the United Kingdom. The charges to exhibitors are small by Canadian standards. Thus, for a relatively modest outlay, manufacturers may obtain reactions to their products from a wide range of possible customers. Canadian firms interested in exhibiting at next year's fair (January 30-February 3) should write for more information to The Fancy Goods Association, St. Dunstan's House, Carey Lane, London E.C. 2.

—A. WORDEN EVANS,
Trade Commissioner, Liverpool.

Commercial Publications Exhibit

CANADIAN exporters who are able to ship factory equipment and materials to British Guiana are invited to contribute to a display of commercial pamphlets, brochures and other advertising literature in the

Two of the attractive food stands in the Canadian exhibit at the British Food Fair, *which ran at Olympia London, from September 1-17. These two Canadian firms displayed (left) pure strawberry jam, tropical conserve, pickles, relish and dills; (right) macaroni products, spaghetti sauces, raviolis, meat balls and soups. Sampling and selling created interest; the young lady on the left offers free cocktail pickles, the one on the right a hot dish that she has whipped up from a container on the shelf.*

Colony. The invitation comes from the Chairman of the Industrial Committee of the Royal Agricultural and Commercial Society in Georgetown. This exhibition of commercial publications was originally set up by the International Co-operation Administration. It is a display only: books may not be taken away. According to the chairman, the exhibit fills a deep need in supplying publications designed to assist the Guianese to shorten their "period of groping" as they move towards their industrial revolution. Manufacturing, he says, is a new activity and they expect to have to study its many aspects. Manufacturers and consultants interested in extending their contacts overseas should submit material to the Royal Agricultural and Commercial Society, R.A.C.S. Building, Church Street, Georgetown, British Guiana.

Nigeria Stages an Independence Exhibition

ONE of the big events that marked Nigeria's Independence Day celebrations on October 1 was the opening of the *Nigeria Exhibition,* sponsored by the Federal Ministry of Commerce and Industry. The theme of the exhibition is "Nigeria Today and Tomorrow".

Set up on the banks of a lagoon on Victoria Island, Lagos, the exhibition includes government displays (federal and regional), a fun fair (with traditional dancers, bands and playground), an arena and, biggest of all, a trade section. Here over 240 exhibitors, some of them from foreign countries, show their goods. The "Made in Nigeria" pavilion, which is the largest, accommodates over 100 local manufacturers grouped by industry—engineering, food, furniture, pharmaceuticals, printing, textiles and soft drinks. In the "Export" pavilion, 80 per cent of the space is given over to products handled by the Marketing Boards, such as cocoa, cotton, peanuts, bananas, palm products and benniseed. The remainder of the space is allotted to lesser exports—hides and skins, oil, rubber, timber, tin and columbite. The show runs until October 22. *(See also "Nigeria Becomes a New Nation", pages 18 to 21.)*

Opportunity to Exhibit in Hong Kong

THIS year, for the first time since 1954, the *Exhibition of Hong Kong Products* has been expanded to include overseas companies or their agents in Hong Kong. The show, the eighteenth since its founding, runs a full month, from the first week in December to the first week in January 1961.

According to C. M. Forsyth-Smith, Canadian Trade Commissioner in the Colony, this exhibition presents an excellent opportunity for Canadians to show their goods to the Hong Kong consumer. It is directed mainly at the general public and the products on display are mainly consumer goods for sale on the spot. Perhaps, as Mr. Forsyth-Smith suggests, Canadian companies who have agents in Hong Kong may wish to exhibit on some expense-sharing basis with their agents. The show will also be useful for Canadian importers who would like to see what Hong Kong manufacturers have to offer. Interested businessmen should write to Mr. Forsyth-Smith, P.O. Box 126, Hong Kong, as soon as possible.

Coming Up in Paris . . .

International Automobile and Cycle Fair, Paris, November 6-16. Apply: M. Paul Panhard, Président, Grand Palais, Port J, Paris.

International Sporting Goods Fair, Paris, November 12-15. Apply: M. Bénard, Président, 149 rue Saint-Honoré, Paris.

In Tunisia and the U.A.R.

EGYPT—*World Agricultural Exhibition, Cairo,* February 15-March 30, 1961. Apply: Exhibition Committee, Central Ministry of Agriculture, United Arab Republic, Cairo.

TUNISIA—*International Fair of Tunis,* October 16-31, (held every year in mid-October). Products include minerals and petroleum, and machinery and services connected with the mining industry; canned goods, including vegetables, fruit and fish. North African handicrafts will also be displayed. Apply: Mahmoud Zerzeri, President, Committee of the International Trade Fair, Tunis.

International Vertical Fairs in '61

AGRICULTURAL PRODUCTS, MACHINERY—*63rd International Agricultural and Animal Farming Fair,* Verona, Italy, March 12-20. Apply: Fiera di Verona, Piazza Bra, Verona.

41st International Agriculture and Agricultural Machinery Exhibition, Brussels, Belgium, February 12-19. Apply: Salon de l'Agriculture, 29 rue de Spa, Brussels.

International Agricultural Machinery Show, Paris, France, March 7-12. Apply: Union des Exposants des Machines et d'Outillage Agricoles, 95 rue Saint Lazare, Paris.

AUTOMATION—*International Exhibition of Measurement, Control, Regulation and Automation,* Paris, May 9-17. Apply: Palais du C.N.I.T., 20 rue Carpeaux, Paris.

BABY GOODS—*International Trade Fair for Baby Goods,* Cologne, Germany, Januray 6-9. Apply: Verband der Kinderwagenindustrie und Verwandter Zweige, Cologne.

ENGINEERING—*Plant Maintenance and Engineering Show,* Chicago, Illinois, January 30-February 2. Apply: Clapp & Poliak, Inc., 341 Madison Avenue, New York 17.

ELECTRONICS, RADIO, TELEVISION—*4th International Radio and Electronic Components Show,* Paris, February 17-21. Apply: Salon International des Fabricants de Pièces détachées Radio et Electriques, 23 rue de Lubeck, Paris 16.

FOODSTUFFS—*International Sugar Exhibition,* Amsterdam, Netherlands, April 11-19. Apply B. H. Wellman, Netherlands Association of Confectionery Manufacturers, Marnixstraat 380, Amsterdam.

FURNITURE—*International Furniture, Upholstery and Wood Processing Industries Suppliers Fair (INTERZUM),* Cologne, April 14-17. Apply: Messe-und Ausstellungs, G.m.b.H., Postschliebfach 1, Cologne.

HANDICRAFTS—*25th International Trade Fair of Handicraft Products,* Florence, Italy, April 24-May 14. Mostra-Mercato Nazionale dell Artigianato, Piazzo della Liberta 1, Florence.

HEATING—*International Heating and Air-Conditioning Exposition,* Chicago, February 13-16. Apply: International Exposition Co., 480 Lexington Avenue, New York 17.

PHARMACEUTICALS

Iran Steps Up Imports

Over the next five years, Iranians will buy considerably more than their present $14 million worth of pharmaceuticals from abroad. Iranian manufacturers, who rely on imported raw materials, are still far from meeting local demand.

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

IRAN is a large importer of pharmaceuticals, bringing in some $14 million worth in 1959. The market, though sizable for Iran's growing population of some 20 million (75 per cent of whom are peasants), is not without its problems. The following data on market prospects may therefore be helpful to Canadian pharmaceutical suppliers who are considering Iran as an outlet for their products.

The principal supplying countries, with approximate percentages, are the United States 30, Switzerland 21, Germany 16, France 10 and the United Kingdom 8.

Today almost 400 foreign pharmaceutical firms of varying sizes—including, of course, the better known suppliers—are shipping their products to Iran. The market for certain products (including antibiotics), is saturated at present and importers/distributors have little alternative but to dispose of their stocks at sacrifice prices. The list of drug products imported into Iran is extensive and includes, among others, the categories shown in the accompanying table (1958-59 import figures are approximate).

Import Regulations Strict

An ad valorem customs duty of 10 per cent is applied to patent liquid medicines, tinctures and liquid extracts. All other pharmaceutical products are free of import duty.

The import of serums, vaccines, patent medicines and antibiotics is subject to the decision of the Health Committee, composed of representatives of the Ministry of Health, Medical and Pharmaceutical College, and Customs. If the Iranian authorities consider the product acceptable, the importer must present foreign invoices showing the c. and f. value of the products before import licences will be considered.

The Health Committee's regulations are strictly enforced and make it difficult for new products to enter the market. The principal requirements are:

- The Health Committee will only consider registering foreign pharmaceutical products that have been sold in the country of origin for not less than five years.
- Leaflets and other literature reflecting the results of the studies by well known scientists of the country of origin should accompany the applications submitted to the committee.
- All pharmaceutical products must be supported by certificates issued by the Ministry of Health in the country of origin. These certificates must be witnessed by an Iranian consulate.
- Suppliers of pharmaceutical products to Iran must be the manufacturers of the products they intend to export.

IRANIAN IMPORTS OF PHARMACEUTICALS

Products	Imports from main supplying countries ('000Can.$)		Total imports 1958-59 ('000Can.$)
Antibiotics, para-amino salicylate compounds and isoniazid	United States	1,500	
	Germany	330	2,300
	Britain	130	
	France	120	
Drugs principally used in the treatment of leprosy, cancer and trachoma	France		26
Bismuth injectable compounds, arsenic compounds	United States	182	
	Germany	90	
	Britain	78	430
Penicillin and its compounds	United States	455	
	Germany	182	922
	Switzerland	65	
	France	78	
Patent liquid medicines the base of which is wine and/or alcohol	Switzerland	935	
	United States	260	1,950
	Germany	250	
	France	250	
Tinctures and liquid extracts, alcoholic or not	Switzerland	71	
	France	23	130
	Britain	14	
Other pharmaceutical products	Switzerland	1,571	
	United States	1,500	6,831
	Germany	1,300	
	France	1,140	

Retail prices are controlled by the Iranian authorities. In general, they allow antibiotics to be sold at 44 per cent over the c. and f. prices and specialty products at mark-ups of 70 per cent over the c. and f. quotations.

Local Industries

There are only about five plants of any importance producing pharmaceuticals in Iran and these use principally imported raw materials. Additional factories will be built over the next two years, one important one by the Pahlavi Foundation in affiliation with a responsible British pharmaceutical firm. In an effort to promote new industries, including pharmaceutical plants, the Iranian Government, under the Production and Exports Promotion Act of 1955, has managed to attract increased foreign interest. Concessions under the Act vary from exemption from payment of income tax for five years when factories are located beyond a radius of 60 kilometers from Tehran, to duty-free imports of processing machinery for a number of listed industries.

Market Is Competitive

It is important to bear in mind that, in general, Iran is a price market and consequently very competitive. Shipments are made on the basis of sight drafts and, at times, on generous payment terms varying from three to six months. The more prudent approach to the Iranian market at the moment is to ensure that between 25 and 40 per cent of the c. and f. value is covered by irrevocable letter of credit or cash against documents on arrival of the goods at the Persian Gulf seaport of Khorramshahr.

Despite the present stringent health regulations affecting the introduction of new products, Iran will continue to increase imports of pharmaceuticals over the next five years. Domestic industries, at present meeting a small part of the demand, will not begin to satisfy local needs for some time. ●

Egypt Reclaims Land

POPULATION pressure in Egypt has increased the need for more arable land; in ten years, Egypt's population of 24 million will rise to 40 million at the present rate of growth. Several interesting and novel schemes for reclaiming the desert and the saline land below sea level have been devised to meet this need.

The Second Five Year Development Program, 1960-1965, includes projects to reclaim 585,000 acres of desert and semi-desert. This will add almost 10 per cent to the present six million acres under cultivation. Because water is essential to these schemes, they can be grouped under the following headings: better utilization of the annual Nile flood water; finding new water resources; and more efficient use of existing water supplies.

Egypt's most publicized reclamation project, the Aswan High Dam, is designed to catch the annual flood water of the Nile. When it is completed, it will store 130 billion cubic meters of water for the irrigation of two million acres—or 30 per cent of the currently cultivated land. It will take ten years to complete the High Dam and another ten before the maximum benefits are felt. However, upon completion it is hoped to irrigate desert land as well as to convert areas of basin irrigation (one crop per year) into perennial irrigation (two or three crops per year).

Three projects now under study by an Italian consortium, Italconsult, will result in more water for irrigation. Its investigations have revealed large underground sources of water below the water table of the Nile Delta. This can be pumped to the surface economically and used for land reclamation in Upper Egypt. A scheme for conserving some of the wasted irrigation water is also under study. Fresh Nile water will be blended with water already used for irrigation and this re-use will enable more land to be irrigated. By these and other methods, Italconsult estimates that 175,000 acres of desert can be brought under cultivation at a cost of $80 to $90 million. Half the cost is to be met by the U.A.R. in local currency and the remainder will be financed from the 25 billion lira revolving credit agreement made this year between Italy and the U.A.R.

The Egyptian-American Rural Improvement Service (EARIS), has undertaken, with a $15 million grant from the United States and $10 million from the U.A.R., land reclamation and land settlement work southwest of Cairo and southeast of Alexandria. Both areas are below sea level and require leaching and desalting of the soil. Afterwards land settlement will begin with the erection of houses, schools, mosques, hospitals, shops and other social amenities. Altogether, 36,000 acres are to be cultivated of which nearly half is now under crops. Disregarding the cost and availability of water, two million acres of land below sea level behind the Mediterranean coast can be drained and made arable.

A scheme known as the New Valley Project will bring water from underground sources for irrigation in a part of the Sahara west of the Nile Valley. This area already has 25,000 acres under cultivation and plans call for the drilling of artesian wells to irrigate an additional 15,000 acres.

That progress can be made is demonstrated in Al Tahrir province, where what was desert six years ago has been transformed into 25,000 acres of valuable farm land.

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

Advertising Abroad

In Greece, consumers are slow to experiment with new brands and appealing advertisements in the press or on radio must break down this resistance.

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

CANADIAN suppliers who wish to advertise in Greece need not worry about lack of advertising agencies or of advertising media. They may, of course, worry about cost but should be more concerned over the psychologically correct approach to a public with a cultivated taste and little money to allow experimentation with unknown advertised commodities. Because of the low average per capita income (a very unevenly distributed $290 in 1959), Greeks do not like, nor can they afford to risk, changing often from one brand to another. Thus they are reluctant to accept advertisements at face value. In fact, they are inclined to take many of them with a grain of salt until they can establish by trial or trusted testimonial that the advertised product is a good one.

Despite this, Greek consumers are becoming more and more advertising-minded. Increased local production is gradually limiting imports to better quality goods that cannot yet be made locally. At the same time, an improving standard of living gives shoppers a widening choice of purchases. But the Greek trading instinct is strong and, with or without advertising, Greek men, women and children are all anxious to get the best and the most for their money.

Although they are not yet resigned to the fact that more and more space in the daily papers and more and more time in radio programs are taken by advertising, Greeks will not turn a deaf ear nor close their eyes to an appealing advertisement. Like North American buyers, if they can afford it they will probably try the new product. In buying durable goods (household appliances, for instance) Mr. and Mrs. Poulos or Miss Ackis—who will visit many shops and compare prices, qualities and sales pitches before making up their minds—will probably be more influenced by a clever salesman than by advertising.

In Greece, the two most important media are the press and radio. There is no television and billboards, posters, etc., are still uncommon. New advertisements have recently become more numerous in the Athens-Piraeus metropolitan area (over one-quarter of the total population and the most important market in the whole country). Filmstrips are also becoming popular and rank third in importance.

Newspapers and Magazines

The daily newspapers are the most important advertising medium, taking an estimated 33 per cent of total advertising put out in the country. They reach every corner of the land and nearly every home. The Greeks are avid newspaper readers and illiteracy is not high. (A large proportion of the 24 per cent of over-ten-year-olds who are illiterate represents the elderly group whose shopping decisions are made by younger members of their families.)

During 1958, daily circulation of all newspapers in Greece averaged 368,000 copies (of which 235,000 was of the Athens-Piraeus capital area dailies), divided evenly between morning and evening papers. The appended table lists the Athens-Piraeus dailies in order of importance by time of publication and in order of importance by commercial advertising in 1959. It is generally agreed that each newspaper has

NATIONAL DAILIES IN ATHENS AREA

In order of importance by time of publication

Morning papers

Kathimerini (The Daily)
Acropolis (The Acropolis)
Eleftheria (The Liberty)
To Vema (The Tribune)
Avghi (The Dawn)
Ethnikos Keryx (The National Herald)

Afternoon papers

Ta Nea (The News)
Athinaiki (The Athenian)
Apoyevmatini (The Afternoon Daily)
Vradyni (The Evening Daily)
Ethnos (The Nation)
Anexartitos Typos (The Independent Press)
Estia (The Hearth)

In order of importance by volume of commercial advertising in 1959

Kathimerini (The Daily)
Eleftheria (The Liberty)
Acropolis (The Acropolis)
To Vema (The Tribune)
Ta Nea (The News)
Ethnos (The Nation)
Athinaiki (The Athenian)
Ethnikos Keryx (The National Herald)
Vradyni (The Evening Daily)
Avghi (The Dawn)
Apoyevmatini (The Afternoon Daily)
Anexartitos Typos (The Independent Press)
Estia (The Hearth)

three or more readers. Thus the daily press reaches about 25 per cent of the population and is an effective and powerful advertising medium. It has the largest share of the total press advertising and ranks first in advertising volume.

Advertising rates are more or less standard and comparatively high (special discounts are often obtainable from the smaller newspapers). The leading Athens daily will charge Drs.30 to Drs.80 ($1.00-2.60) per centimeter per column per day, depending on the day and the size of the advertisement (Sunday rates are over 30 per cent higher than those for weekdays).

The number of pages in Greek newspapers is limited to a maximum of 84 pages per fortnight (12 issues) per newspaper. Before the New Year and Easter, additional pages are allowed—for the New Year, six pages a week for four weeks prior to New Year's, and for Easter six pages a week for two weeks before. The maximum number of pages allowed annually is 2,220.

Weekly magazines come next in importance as advertising media and the six better known ones have a combined circulation of 400,000. They go to families and are a good choice for advertising special articles to reach the particular group that reads each. Cosmetics, for instance, if they are not too expensive and not top quality, should be advertised in one of the magazines favoured by the poorer and less educated classes, whose belles will buy them because the prices come within their means. Advertisements for expensive perfumes, on the other hand, will get attention in a more expensive magazine read by wealthy Athenian women.

Business magazines are limited in number but they reach the persons who have a real need for products associated with their trade. These magazines cover the automotive trade, architecture and construction, aviation, shipping, engineering, and chemicals, but their circulation is small and they are read in addition to, not instead of, the daily newspaper.

Radio Stations

Radio is gaining in significance as an advertising medium as the number of homes owning receivers increases, but its share of total advertising is still less than 10 per cent. The government-owned EIR (National Broadcasting Foundation), with a network of powerful medium and short-wave stations, is on the air 24 hours a day. A number of programs are broadcast and all of them include advertising. There are also about 15 smaller local transmitters, not part of any chain and scattered throughout the country, that also accept advertising. Radio sets are licensed by the EIR on payment of a quarterly fee so that there is a fairly accurate record of the number of sets. In the important Athens-Piraeus metropolitan area, about 80 per cent of all homes own a radio. In Greece's second city, Salonica in Northern Greece, this percentage falls to 70 and in smaller markets it is as low as 50. Rates are standard and reasonable but advertising programs are still considerably below West European and North American standards.

Filmstrips

Filmstrips are gaining in popularity. They are shown at the beginning of each of the five shows in indoor cinemas during the winter and the two shows in open-air cinemas during the summer. (Theatres also pull down an "advertisements" curtain just before the performances.) Filmstrip advertising, however, is not yet as effective as press or radio, either because many of the strips are not of very high grade, or because it reaches a rather limited public.

Advertising Agencies

Advertising is rather a new profession in Greece. Although it started some 35 years ago and developed to some extent before World War II, it is only in the past decade that it has made real progress. At present there are some 20 agencies, with staffs ranging from 3 to 45 people, in the capital area; many of these are well organized and efficient. Some have North American contacts but definite affiliations have not yet been established. Given plenty of initiative and co-operation from the local agent of the foreign firm, the better agencies can decide on the best form of advertising for a product.

Greece is a small but interesting market for many Canadian suppliers, who would be well advised to consider advertising for promoting sales. Many local agents request their principals to undertake or at least assist in an advertising program. Others ask only for suggestions and for cuts or blanks to be printed for point-of-sale distribution. Whatever the Canadian supplier's participation, there is no doubt that a well-planned advertising campaign will benefit his sales.

The office of the Canadian Commercial Counsellor in Athens will be happy to answer any inquiries from Canadian firms seeking more specific information on advertising in Greece. ●

Trade and Tariff Regulations

Ceylon

IMPORT CONTROLS ON TEXTILES AND GARMENTS—The Controller of Imports and Exports, Ceylon, has announced that, effective August 12, 1960, individual import licences are required for all textiles and garments imported into Ceylon from the dollar area, including Canada.

Dominican Republic

IMPORT CONTROLS—All imports into the Dominican Republic of over $1,000 in value are now subject to prior import registration. Effective May 9, 1960, all commercial imports and exports exceeding $1,000 must be registered in advance on a "Statistical Form" with the Special Import-Export Co-ordinating Committee of the Dominican Republic's Central Bank.

After registration, this form must be stamped by the Central Bank and copies supplied to the importer, commercial bank, and customs. Import quotas for some products, such as motor cars and electrical appliances, have already been established.

Before shipping, Canadian exporters should await confirmation that the Dominican importer has received proof of recording by this Export-Import Committee.

South Africa

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

Increase in duty on:

1. All ladies' gloves
2. The following leather gloves:
   (a) all men's and ladies' unlined leather gloves
   (b) fleecy-lined leather gloves
   (c) men's and ladies' leather gloves lined with knitted wool
   (d) (i) wrist fur-lined men's and ladies' leather gloves
   (ii) full fur-lined men's and ladies' leather gloves
3. Plastic inflatables
4. Olive oil
5. Diesel locomotives (mechanical, hydraulic and electric)
6. Wooden garden trellis

Reduction in duty on:

1. Glucophage, a tablet for the treatment of certain types of diabetes

Rebate of duty on:

1. Downproof woven cotton fabrics for the manufacture of sleeping bags
2. Plasticized nitrocellulose and spun paper yarn for the manufacture of igniter cord
3. Mica (plates) for the manufacture of electrical elements
4. The following for the manufacture of polyurethane foam plastics:
   (a) polyether resins (polypropylene glycol)
   (b) butyl tin laurate catalysts
   (c) amine catalysts
5. Parts and sub-assemblies thereof for the manufacture of very high frequency mobile radio communication equipment
6. High grade chrome ore for the manufacture of high carbon ferro-chrome
7. Asbestos yarn for the manufacture of insulated electrical wire
8. Metal pressings and components for the manufacture of seats for motor vehicles.

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

United Kingdom

TEMPORARILY IMPORTED SAMPLES—Subject to certain conditions, commercial samples may be imported temporarily for soliciting orders in the United Kingdom without payment of customs duty or purchase tax. This concession may be claimed by commercial travellers and other representatives of firms abroad, or by persons or firms established in the United Kingdom. The conditions under which free entry may be claimed have been summarized in leaflet form. Requests for copies of this leaflet should be addressed to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

OCDM INVESTIGATION INTO IMPORTS OF HARD FIBER CORDAGE AND TWINE PRODUCTS—On September 7 notice was given in accordance with the provisions of section 8 (the so-called national security escape clause) of the Trade Agreements Extension Act of 1958 and OCDM Regulation No. 4, that the Director of the Office of Civil and Defense Mobilization has ordered an investigation to be undertaken to determine whether or not hard fiber cordage and twine products are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. In a previous investigation, concluded in May 1958, a determination was made that no threat to national security then existed. The current investigation will be concerned primarily with developments affecting cordage imports and the domestic industry since May 1958.

Trade Commissioner on Tour

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

Winnipeg—Oct. 11-12 Vancouver—Oct. 13-21

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

Businessmen who wish to see Mr. Gilbert 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.

Tours of Territory

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from October 16-22.

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

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit Dallas and Fort Worth in Texas, Tulsa and Oklahoma City in Oklahoma, and Little Rock in Arkansas, towards the end of October.

R. D. SIRRS, Vice Consul and Assistant Trade Commissioner in New York, will visit Philadelphia from October 10-11, Harrisburg October 12, and Pittsburg from October 13-14.

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

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Campbell at Kingston, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Harris at New Orleans, and Mr. Sirrs at New York.

Paints and Varnishes

The Market in Hong Kong

Hong Kong manufacturers of paints and varnishes make most varieties used in the Colony and exports are substantial. Certain specialty paints are still imported but there is stiff competition from traditional suppliers and local producers.

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

THE paint and varnish industry in Hong Kong, like most of the Colony's industries, lives largely on export earnings. About one-half of the average annual production of 11,000 long tons (about two million gallons) is exported to adjacent South East Asian countries; the remainder is consumed in the domestic market. Many of the industrial finishes sold in Hong Kong are used in factories that make goods for export. It can be estimated therefore that some 65 per cent (or about 7,000 tons), of total production is exported, either directly or indirectly. Several local producers even plan to set up branch plants in the smaller South East Asian countries.

Industry Is Expanding

Commercial production of paints, lacquers and varnishes began in Hong Kong in 1932 and grew rapidly up to World War II, when the four operating factories closed down. After the war, both the Government and private industry needed paint in vast quantities for reconstruction work. This sudden demand provided the impetus for the recovery and expansion of the local paint industry. Before the war the principal buyers preferred to import well known brands even though they were more expensive. But with the short supply of imported paints in 1946, consumers turned to the home product. Hong Kong's industry expanded to take advantage of this opportunity and has continued to progress steadily, maintaining a regular supply to the local market and at the same time increasing exports to neighbouring countries. Today there are some ten factories operating, nine of which are locally owned and managed; the other,

Hong Kong manufacturers are steadily expanding the range of their output to include most varieties of paints, from the industrial to the decorative. These girls are using Hong Kong-made paints in the finishing of rattan baskets, in the paint spraying department of China Paint Mfg. Co. Ltd. in Hong Kong.

though locally managed, is associated with the English firm of Pinchin, Johnston and Associates Ltd. The industry now employs over 600 workers at wages varying from Can.$25 to Can.$100 a month.

Although about 65 per cent of all paints made in Hong Kong are the cheaper, general-purpose oil paints, the local industry makes a surprising variety, including emulsion, oil, plastic emulsion, synthetic, rubberized and epikot resin paints, plus many kinds of lacquers, marine varnishes and fabric dopes. The following is a detailed list of these products:

Emulsion paints
Linseed oil paste paints
Ready-mixed linseed oil paints
Distempers
Anti-corrosive primers
Marine paints
Anti-fouling paints
Non-slip deck paints
Tarpaulin-dressing paints
Blackboard paints
Flat enamels
Hard-gloss paints
Quick-drying enamels
Oil and gasoline-resistant enamels
Chemical-resistant finishes
Heat-resistant finishes
Furniture lacquers
Automotive lacquers
Cold cure lacquers
Translucent lacquers
Bituminous finishes
Wrinkle finishes
Hammer finishes
Concrete protective coatings
Paint removers
Thinners

The Government does not keep paint production and consumption statistics, but it does record imports, exports and re-exports. The following are estimated figures for 1958, approved by the local industry (1958 figures were considered the most representative):

Estimated Production and Consumption 1958

	(long tons)
Production	11,000
Plus imports	2,050
Sub-total	13,050
Minus exports	5,100
Sub-total	7,950
Minus re-exports	750
Net domestic consumption	7,200

The total amount of paint, varnish and lacquer produced in Hong Kong is divided about equally between industrial and decorative finishes. Of the 5,500 long tons of industrial finishes produced, about 70 per cent is used in local factories and the remaining 30 per cent is exported; of the decorative finishes, 60 per cent is exported and 40 per cent consumed by the domestic market. The industry's biggest customers are Thailand, Malaya, British Borneo, the Indo-Chinese States and Burma; the major suppliers are the United Kingdom (by far the largest), Denmark, the United States and Communist China. Imports during 1959 are shown in the following tables.

Hong Kong Imports of Paints, Enamels, Mastics

	1959 Quantity ('000 lb.)	1959 Value (HK$)
United Kingdom	2,587	4,139
Denmark	285	681
United States	226	481
India	132	215
Malaya	76	176
West Germany	10	87
Netherlands	29	120
Communist China	87	82
Japan	113	182
Norway	21	33
Other countries	82	234
Total	3,648	6,430

Hong Kong Imports of Lacquers and Varnishes

	1959 Quantity ('000 lb.)	1959 Value (HK$)
Communist China	50	234
Indo-China	130	220
Thailand	53	199
United States	56	119
United Kingdom	38	78
Netherlands	40	39
Other countries	16	56
Total	383	945

Imports of paints have remained relatively stable over the past five years, though lacquers have shown a steady downward trend. This may be attributed to the recent successful advance in the local manufacture of these more specialized protective and decorative coverings.

Despite the postwar expansion of the local paint industry, substantial quantities of paints and a certain amount of lacquers are still imported. It is estimated that 17 per cent of Hong Kong's consumption of some 7,200 long tons of paint and varnish comes from abroad. There are several reasons for this. Traditional U.K. suppliers are strongly represented here and capitalize on the preference that still exists for British products. Marine and underwater compositions not yet manufactured in Hong Kong must also be brought in. In addition, the three armed services are committed to draw U.K. supplies, which meet British defence specifications, for their needs in the Far East; it is estimated that about 10 to 15 per cent of paints imported into Hong Kong are used for this purpose. Local factories are at present developing paints to meet British specifications, however, and it is to be expected that these imports will decline in a few years. United States sales to Hong Kong generally consist of specialty marine paints and finishes. Although some of these go into the local export shipbuilding trade, most of them are sold to U.S. shipping companies that demand paints of U.S. origin.

Few Import Regulations

Hong Kong is usually thought of as a tariff-free port, and though this is largely true, there are a few commodities that are dutiable. One of these is light hydrocarbon oils—paint imports are therefore dutiable on their hydrocarbon-oil content. The applicable rate of duty is HK$1.25 (equivalent to about 22 Canadian cents) per imperial gallon of oil. Local manufacturers importing oils for making paint and paint products for re-export are allowed a drawback of duties paid. There are no import regulations that preclude any country from selling paints in the Hong Kong market. Import licences are not needed and dollar exchange is readily available. Packing in both U.S. and imperial gallons is acceptable, though the U.S. measure, used by most local producers, is generally more successful.

Sizing Up the Competition

Over the past seven years, Canada has sold no paints, varnishes or lacquers to Hong Kong, and with expanding local production and the preferred position of British suppliers, this situation is unlikely to change. Chemical raw materials including nitro-cellulose, cellulose acetate, pigments, synthetic resins and latexes for the Hong Kong paint industry are supplied largely by Western European countries, especially the Netherlands, the U.K. and West Germany. The linseed, tung and wood oils come mainly from Communist China, India and the United Kingdom, and most solvents are obtained from local oil companies. Canada has supplied small amounts of aluminum paste, synthetic latex and compounded solvents, but it is believed that these were not used in the paint, varnish or lacquer industries. ●

The Market in Ceylon

British hold major share of market, but Canadians might sell certain types and also raw materials, aided by preferential tariff and good sales promotion.

I. V. MACDONALD, *Commercial Secretary, Colombo.*

CANADIAN paints and varnishes are not yet a factor in the Ceylon market although total imports, chiefly from the United Kingdom, have been increasing steadily in recent years and in 1959 approached $2 million. There is some local manufacture of paints and therefore a limited market for raw materials used in them.

A local paint and French-polish industry has been in existence in Ceylon on a small scale for many years. Before the war it was carried on by paint importers in the bazaar, some of whom mixed their own paints from imported stiff paints and linseed oil. French polish and spirit varnishes were made by cold mixing. Since the war this practice has declined, as bazaar paint importers find it more advantageous to import their paints ready-mixed from Britain, packed in brightly coloured lithographed tins and sold on the basis of weight; four-, seven- and fourteen-pound tins are the usual sizes.

French polish is no longer produced in significant quantities in Ceylon. The practice now is for local merchants to import it in 10- and 40-gallon drums (chiefly from about four British manufacturers) and repack in glass bottles under their own brand names.

Paint production was begun in Ceylon as a wartime emergency measure and now includes oil-based house paint, synthetic resin enamels, and PVA emulsion paints. Local capacity is probably sufficient to meet about 25 per cent of Ceylon's annual consumption but has not reached this market volume because of import competition, despite concessionary rates of duty on raw materials and reasonably high British preferential and general tariffs on finished products as follows: paints 25 and 30 per cent, varnishes 35 and 45 per cent. Duty on lead pigments, titanium dioxide, pigment colours, linseed oils and linseed stand oil is 2½ per cent British preferential and 12½ per cent general, and on natural gum turpentine, 2½ and 7½ per cent.

In addition to the single manufacturer of good quality paints in Ceylon, a number of small enterprises are engaged in mixing imported stiff (paste) paints with linseed oil and turpentine and offer their products locally at low prices. The concessionary rates of duty on raw materials are extended to these paint-mixing establishments as well as to the manufacturer.

Size of Market

Ceylon imported in 1959 approximately 57,000 cwt. of paint worth about Rs.7.5 million; 24,000 gallons of varnish valued at Rs.300,000, and 3,200 gallons of painters' colours valued at Rs.1.2 million. (Figures for the first quarter of 1960 show a slight decline from the same period of 1959.) Because import figures are not broken down by types and qualities it is not possible to assess directly the significance of the total figure for potential Canadian exporters. However, local importers have advised that a very large proportion of sales are of well known high-quality U.K. branded lines of general purpose ready-mixed paint, aluminum paint, emulsion paint, air-drying enamels and (to a lesser extent) marine and other special purpose finishes. Another popular type of coating is supplied by a British portland cement company and marketed under the trade name "Snowcem". This product has largely replaced the cream-tinted limewash which was formerly used on the exterior of lime-plastered buildings throughout the island. However, leading U.K.

CHIEF IMPORTS OF VARNISH, PREPARED PAINTS, ETC., INTO CEYLON

	1957		1958		1959	
Country of Origin	**Quantity** (gallons)	**Value** (Rs.)	**Quantity** (gallons)	**Value** (Rs.)	**Quantity** (gallons)	**Value** (Rs.)
Varnish:						
United Kingdom	15,259	202,593	11,867	158,532	19,677	260,140
India	3,025	21,258	2,351	17,660	2,722	22,617
Singapore	103	953			48	5,610
South Africa	6	26				
Belgium					578	5,225
West Germany	100	1,163			157	2,284
United States	441	5,030	157	2,280	254	2,766
Total, including all suppliers	20,128	243,461	14,638	181,789	23,648	301,719
Painters' Colours and Enamels:						
United Kingdom	2,752	649,324	1,953	605,383	2,894	887,384
West Germany	36	10,452	8	3,255	31	7,741
Italy			4	117,254	19	165,910
Japan	21	6,098	19	3,589	110	22,118
United States	127	31,363	4	939	151	32,361
Total, including all suppliers	3,049	702,251	1,998	730,977	3,211	1,117,369

	1957		1958		1959	
Country of Origin	**Quantity** (Cwt.)	**Value** (Rs.)	**Quantity** (Cwt.)	**Value** (Rs.)	**Quantity** (Cwt.)	**Value** (Rs.)
Prepared Paints, Enamels, Lacquers, Varnishes, Artists' Colours, Siccatives (Paint Driers) and Mastics:						
United Kingdom	33,151	4,314,120	39,475	4,838,553	54,768	7,085,585
Australia	180	43,584	91	21,156	108	26,969
India	884	62,646	511	50,079	1,054	87,063
Malaya	621	69,494	694	65,305	311	31,338
Singapore	113	11,072	85	12,424	66	8,300
Belgium	428	12,720	259	7,352	392	17,782
Denmark	18	2,582	79	13,590	86	19,611
West Germany	207	26,275	40	9,219	127	21,104
United States	2,143	193,366	698	138,645	819	139,281
Total, including all suppliers	37,898	4,757,411	42,064	5,177,217	57,844	7,451,279

(Canadian \$1=Rs.5.00 Ceylon currency)

brands—which are supported by consistent local advertising—are ICI's Duco, Dulux and Pentalite; Jensen and Nicholson's Robbialac, and those of the Red Hand Composition Company, Goodlass Wall and Company, British Paints, Permoglaze, Thos. MacIntyre and Company and the Walpamur Paint Company. Of these the ICI products are by far the most widely sold, followed by Thos. MacIntyre and Walpamur. Non-Commonwealth imports have been small but picked up slightly in 1959; chief supplier was the Paraffine Company of San Francisco (Pabco brand).

Packing for the most part conforms to British imperial standards although other measures are acceptable, for the present at least, provided that the British equivalent is stated on the label. Most paints are sold on the basis of the imperial gallon, although stiff paint and some cheaper quality ready-mix paints are sold on the basis of weight in one- to 28-pound tins, net weight. Attractive packaging and labelling accompanied by sales aids such as colour cards, showcards, leaflets and advertising are usually necessary to promote sales, but price can be an important factor, especially in the bazaar trade. British firms supplement their agents' efforts by sending out their own representatives regularly to assist in pushing their paint brands; as a result of these combined efforts, the market has become very brand conscious. The prominence of brand names is an obstacle to the introduction of Canadian paint but tends to ensure a more permanent return on promotion outlays. Sales promotion does not usually involve easier payment terms on the part of the overseas supplier. Letter of credit terms are common, particularly for new connections, and consignment shipments are practically unknown.

Canadian Opportunities

Because of the entrenched position of traditional suppliers enjoying lower freight rates, Ceylon will not be an easy market in which to introduce Canadian paints. However, there are no restrictions on imports of this product from the dollar area and Canada, with Britain, enjoys a tariff preference on paints, varnishes and raw materials. Best prospects are for sale of better quality, alkyd-resin-based enamels for wood and metalwork and PVA-based emulsion paint. Special Canadian anti-corrosive and marine paint might also find a good demand where it has already proved its acceptability in export markets. A cement-bound coating of the type used widely for exteriors in Ceylon should find good openings if it is competitively priced. Local traders recall a Canadian brand of cement-based paint that sold well before the war but was barred from the market by dollar exchange restrictions.

Demand for good quality paint in Ceylon is expanding. Canadian manufacturers should explore the possibilities here, keeping in mind that three important ingredients for success are a competitive product, adequate sales promotion, and an ambitious representative. In selecting agents and importers, the Canadian Commercial Secretary is always ready to assist Canadian firms. ●

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 1.02564.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 26	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01182	84.60	(1)
Austria	Schilling		.03768	26.54	
Australia	Pound		2.1912	.4564	
Bahamas	Pound		2.7390	.3651	
Belgium and Luxembourg	Franc		.01954	51.18	
Bermuda	Pound		2.7390	.3651	
Bolivia	Boliviano	Free	.00008534	11,717.83	
British Guiana	Dollar		.5706	1.75	
British Honduras	Dollar		.6848	1.46	
Brazil	Cruzeiro	General Category*	.004266	234.38	*Sept. 6 (2)
		Special Category	.001826	547.61	
		Official selling	.05155	19.40	(3)
Burma	Kyat		.2048	4.88	
Ceylon	Rupee		.2054	4.87	
Chile	Escudo	Free	.9268	1.07899	(4)
Colombia	Peso	Certificate	.1455	6.87	
Congo, Republic of	Franc		.01954	51.18	
Costa Rica	Colon	Official	.1736	5.76	
		Controlled free	.1466	6.82	
Cuba	Peso		.9750	1.02564	tax 2%
Czechoslovakia	Koruna		.1354	7.38	
Denmark	Krone		.1417	7.06	
Dominican Republic	Peso		.9750	1.02564	
Ecuador	Sucre	Official	.06500	15.38	
		Free	.05702	17.54	
Egyptian Region, United Arab Rep.	Pound	Official	2.7998	.3572	
		Export account selling	2.4100	.4149	
El Salvador	Colon		.3900	2.56	
Fiji	Pound		2.4676	.4052	
Finland	Markka		.003047	328.19	
France, Monaco, etc.	New Franc		.1990	5.02	(5)
French Territories, Africa, etc.	Franc		.003980	251.26	(6)
French Pacific	Franc		.01095	91.32	(7)
Germany	D Mark		.2338	4.28	
Ghana	Pound		2.7390	.3651	
Greece	Drachma		.03250	30.77	
Guatemala	Quetzal		.9750	1.02564	
Haiti	Gourde		.1950	5.13	
Honduras	Lempira		.4875	2.05	
Hong Kong	Dollar	Free*	.1712	5.84	*Sept. 16
		Official	.1712	5.84	
Iceland	Krona	Official	.02566	38.97	(8)
India	Rupee		.2054	4.87	
Indonesia	Rupiah	Official	.02167	46.15	(8)
Iran	Rial		.01287	77.69	
Iraq	Dinar		2.7300	.3663	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 26	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7390	.3651	
Israel	Pound		.5417	1.85	
Italy	Lira		.001571	636.54	
Japan	Yen		.002709	369.14	
Lebanon	Pound	Free	.3062	3.26	
Mexico	Peso		.07800	12.82	
Netherlands	Florin		.2586	3.87	
Netherlands Antilles	Florin		.5211	1.92	
New Zealand	Pound		2.7390	.3651	
Nicaragua	Cordoba	Effective buying	.1477	6.77	
		Official selling	.1383	7.23	
Nigeria	Pound		2.7390	.3651	
Norway	Krone		.1369	7.30	
Pakistan	Rupee		.2054	4.87	
Panama	Balboa		.9750	1.02564	
Paraguay	Guarani	Official	.007927	126.15	
Peru	Sol		.03621	27.62	
Philippines	Peso		.4875	2.05	
Portugal & Colonies	Escudo		.03403	29.38	(9)
Singapore and Malaya	Straits Dollar		.3196	3 13	
Spain and Dependencies	Peseta		.01625	61.54	
Sweden	Krona		.1889	5.29	
Switzerland	Franc		.2265	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2725	3.67	
Thailand	Baht	Free	.04607	21.71	(8)
Turkey	Lira		.1083	9.23	(8)
Union of South Africa	Pound		2.7390	.3651	
United Kingdom	Pound		2.7390	.3651	
United States	Dollar		.9750	1.02564	
Uruguay	Peso	Free	.08534	11.72	(10)
Venezuela	Bolivar		.2910	3.44	
West Indies Fed.	Dollar		.5706	1.75	(11)
	Pound		2.7390	.3651	(12)
Yugoslavia	Dinar	Official	.003250	307.69	(8)
		Settlement rate	.001547	648.20	

*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.

Businessman's Bookshelf

Capital, Interest and Profits

By Burton S. Keirstead. 180 pages. $3.75.

WHAT governs the formation of new investment capital? How are interest rates determined? These questions are just as important to businessmen as to economists and, in his new book, Burton S. Keirstead has produced answers that will be of interest to both. Written in a straightforward style (which has profited by the author's four previous works), this is a book for practitioners as well as students.

The newcomer to economic theory will find that Professor Keirstead has provided a concise review of past contributions to his subject matter. He will also find, however, that they are promptly rejected. For the economic "models"—which tend to treat capital, interest and profits in splendid isolation—Keirstead substitutes a hypothesis in which the three elements work together in a practical relationship. What, he asks, is responsible for the creation of new capital? The decision of entrepreneurs to invest. And why do they invest? Because, after considering general expectations about the national economy and particular expectations within their own market, they foresee a profit. The rate of interest, contrary to traditional opinion, is not the prime consideration in this decision nor is the interest rate itself a product of that hoary concept, "abstinence".

Capital, Interest and Profits is a book in which some cherished economic theories are laid by the heels. It will probably be the center of controversy for some time to come and for that reason, among others, it is well worth reading.

Published by: The Macmillan Company of Canada Limited, 70 Bond Street, Toronto, Ontario.

Acronyms Dictionary

Gale Research Company. 192 pages. $10.00.

ACRONYMS, in case you don't know, are words formed from the initial letters of other words. Some of these, such as NATO, CARE, UN, etc., are widely current but others you may find confusing. If so, this unusual dictionary will help. It is a guide to the alphabetical designations of associations, societies, non-profit organizations, international organizations, United Nations agencies, business firms, colleges and universities, aerospace and electronic equipment and terms, transportation facilities, military terms and general terms. In all, there are over 12,000 listings.

Because the main emphasis is on acronyms in use in the United States, it has some drawbacks from the Canadian point of view. However, for the businessmen who has to deal with today's "alphabet soup" it is a good reference.

Order from: Gale Research Company, 34th Floor, Book Tower, Detroit 26, Michigan.

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Commonwealth Economic Committee. 412 pages. $4.75.

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